



CRA Tax Filing: How to Read the T4 Slip?

Description

If you haven't already done so, it's time to do your taxes. April 30 is the last date to file your tax returns or the Canada Revenue Agency (CRA) will impose a late filing penalty of 5%. And this penalty will increase by 1% for every month you delay it. If you are worried about your tax bill, then note the CRA has given a one-year [interest relief](#). This means you can clear your tax dues by April 30, 2022, without incurring any interest. The most important document in tax filings is the T4 slip. Here I will discuss everything you need to know about this slip.

What is a T4 slip?

The T4 slip is a tax slip that gives you a summary of all the income you earned from employment and the government benefits during the tax year. It deducts contributions to Employment Insurance (EI) and Canada Pension Plan (CPP). The T4 slip also deducts any advanced income tax you paid. Some taxable benefits include Old Age Security (OAS) and CPP payout for which the CRA issues T4A slip.

For 2020, there is a new [addition](#) of COVID-19 benefits. If you received the Canada Emergency Wage Subsidy (CEWS), the CRA has reported it as regular employment income on your T4 slip. If you received COVID-19 benefits from Service Canada, you will get a T4E slip.

The T4A/E slip will deduct the Canada Emergency Response Benefit (CERB) amount you repaid before December 31, 2020. However, if you repaid the benefit after this date, the CRA will make the adjustment to your slip for the 2021 tax year.

If you haven't received the T4 slip from CRA/Service Canada, you can see it in My CRA Account/My Service Canada Account. You can also contact the agency and get the slip.

What should you do with the T4 slip?

Once you have all the T4 slips, verify the amounts you received and repaid. If there is a discrepancy, reach out to CRA, Service Canada, or your employer and get it rectified. This rectification may take

time, so don't delay.

Once you have all the right amounts in the T4 slip, fill the total amount on line 13000 of your income tax return. Apply the necessary tax deductions and submit your returns. Some deductions apply to every Canadian, like the basic personal amount tax credit and contributions to Registered Retirement Savings Plan (RRSP).

If you find any discrepancy in the T4 slips after submitting your returns, the CRA will make those calculation adjustments to your 2021 returns. It is better to avoid these adjustments as they complicate your tax returns.

Make the most of the one-year interest relief

The CRA has given you one year to pay your taxes. Make the most of this time. Invest some money in a dividend stock through your Tax-Free Savings Account (TFSA). The CRA will not levy any tax on the income you earn from the TFSA. One good stock is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

The telecom operator increased its dividend per share at a compounded annual growth rate (CAGR) of 6.4% in the last 10 years. In 2021, its dividend growth rate slowed to 5% as BCE is investing aggressively in expanding its 5G footprint. The 5G will attach more devices to the internet, which means more subscriptions from the existing customers and new customers. The 5G will increase its cash flows in the long term, thereby increasing its dividends.

BCE has a dividend yield of 6.15%. A \$2,000 investment in BCE stock now will earn you an annual dividend income of \$123. You can use this money to pay some portion of your tax by March 2022.

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