



Canada Revenue Agency: 3 Things to Know Before You File Your Taxes

Description

The Canada Revenue Agency is gearing up for tax season. That means you should be, too. The longer you wait to file your taxes, the more likely it is you'll miss the deadline. If that happens, you'll have to pay penalties. At this stage in the game, you should already have your documents in order and be prepared to file in the next few weeks. But there's still enough time to get your information together, so you can claim all the deductions and credits you're entitled to. In this article, I'll explore three broad categories of things you need to know before you file your taxes this month. We can start with new tax breaks.

New tax breaks

The Canada Revenue Agency introduced several new tax breaks in 2019 and 2020. Here are three of the most notable ones:

- The Canadian Journalism Labour Tax Credit: A credit on 25% of the cost of hiring a journalist. It was introduced in 2019.
- The Digital News Tax Credit: A 15% credit on up to \$500 worth of [digital news subscriptions](#). It was introduced in 2019.
- The work from home tax credit: A \$2-per-day tax credit for days spent working from home. It covers up to a [maximum of \\$400](#). It was introduced in 2020.

Taken as a whole, these and other tax credits can save you a lot of money. If you want to know *all* of the tax breaks you can legally claim, speak with an accountant. They will be able to save you every dollar you're legally entitled to.

COVID-19 benefit impacts

If you received COVID-19 benefits in 2020, you have to pay taxes on them. That includes the CERB as well as *all* of the various "recovery benefits" (CRB, CRCB, CRSB) you received. Benefits are taxed normally, at your marginal tax rate. If you didn't return your benefits, you'll have to pay taxes on them

by the payment deadline.

Speaking of which, my third and final point is about that deadline, so let's explore it in detail...

One single deadline

In 2021, the tax-filing deadline and the payment deadline are on the same date: April 30. This is different from 2020, when the filing deadline was extended to June, and the payment deadline was extended all the way to September. If you're self-employed or have a side hustle, and you haven't paid in full yet, you might want to start making those payments. Being behind on your taxes is a real drag.

The payment deadline is especially important for investors. If you hold dividend stocks like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), you have to pay taxes on them every single year. You may have heard, "you don't pay tax if you don't sell," but that's not entirely true. If your shares pay dividends, you have to pay taxes on them. The only exception is if they're held in tax-sheltered accounts.

At today's prices, Fortis stock yields 3.7%. That means you get \$3,700 in cash back on a \$100,000 position. The taxes on that could be substantial — even factoring in the dividend tax credit. If you hold stocks like FTS in taxable accounts, make sure you set aside some money for taxes. You don't want to end up in a situation where you're paying interest on the amount owing.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/27

Date Created

2021/04/06

Author

andrewbutton

default watermark

default watermark