CRA Tax Deadline: It’s NOT Extended in 2021

Description

Accountants would have wanted the Canada Revenue Agency (CRA) to grant taxpayers more leeway to file their tax returns. The tax agency extended the filing and payment deadlines in 2020 due to the pandemic. However, the CRA declared February 22, 2021, as the official start of the 2021 tax season instead.

The cut-off date of April 30, 2021, should be four days away when this article comes out. Many tax filers argue that this year’s tax preparation is more complex, not the usual as in previous years. COVID-19 is still around, yet the federal government hasn’t announced an extension despite the pleas by tax specialists.

Arguments

Most accountants, including accounting firms, fear Canadians won’t meet the deadline because the situation isn’t any better than 2020. Their suggestion is to give taxpayers at least one more month to alleviate the stress. Because of public health restrictions, the CRA encourages taxpayers to file their returns electronically for expediency.

The CRA hopes more than 90% of taxpayers will file online like in 2020. Some tax preparers say it may take the CRA up to eight weeks to process the application after receiving the pertinent documents. The tax agency contends that it can process applications within three to five business days for on-time filings.

Furthermore, the CRA recommends electronic filing as it could take them ten to 12 weeks to process paper returns. Late filers risk paying the penalty and interest for late filing. If you were to file your tax returns past the deadline, the penalty is 5% of the balance owing. The CRA charges an additional 1% for each full month the return is late, up to a maximum of 12 months.

Disruption in benefit payments

The primary reason why an extension isn't forthcoming is that it threatens essential credit and benefit payments. According to CRA's spokesperson Pamela Tourigny, the CRA understands the difficulty of Canadians to meet financial obligations. However, taxpayers also depend on or need the much-needed benefits.

Low-key income stock

Canadians have a way to offset their tax payables in 2021. Tax-Free Savings Account (TFSA) users can use the new $6,000 contribution or available contribution room to create non-taxable income. **Timbercreek Financial Corp.** (TSX:TF), a low-key income stock. pays an above-market average 7.62% dividend. Your $6,000 can generate $457.20 in tax-free income. The share price is only $9.08.

The $735. 28 million mortgage investment company provides shorter-duration structured financing solutions. Its clients are primarily commercial real estate investors in Canada. Timbercreek lends against income-producing commercial real estate properties that include office, retail buildings, and multi-residential assets in urban markets.

Timbercreek's top line and bottom lines declined by 20.4% and 50.5% last year versus the full year 2019. Still, the company maintained a conservative portfolio risk position as of year-end 2020. About 90.3% of its mortgage investment portfolio are first mortgages, and 84.9% of the mortgage investments are in cash-flowing properties. Thus far, in 2021, the stock's gain is 7.2%.

Differentiating factor

All CERB recipients must include the emergency benefit as taxable income in their 2020 tax returns. It's the differentiating factor in this year's tax season. Remember, the CRA or Service Canada didn't withhold taxes from the $74.08 billion CERB proceeds. Repayment of inadvertent releases is an issue for some taxpayers.

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