



Are You Self-Employed? Don't Miss the CRA's Income Tax Dates

Description

Are you self-employed? The Canada Revenue Agency (CRA) considers a freelancer, small-business owner, or gig/contract worker as self-employed. The agency has a different tax-filing deadline for self-employed workers, and that is June 15. If you file your returns before June 15, you can get several benefits from the CRA.

Attention self-employed individuals: The CRA has many benefits for you

Being self-employed increases your paperwork. Being your own boss means you are your accountant and tax consultant. Hence, it's important you stay updated with the CRA benefits. If you file your 2020 taxes on or before the deadline, you can avail of the following benefits:

- Avoid a 5% late-filing penalty.
- Get one-year interest relief, which means you have until April 30, 2021, to clear your 2020 tax dues before the CRA charges interest. But you can get this relief only if you received a COVID-19 benefit and earned less than \$75,000 in 2020.
- Get the timely Canada Recovery Benefit (CRB), as your income information will be updated in the CRA system, automating the qualification process.

No CERB repayment for self-employed workers if...

Before you file your returns, the CRA has also clarified confusion regarding the Canada Emergency Response Benefit (CERB). For the self-employed, the CRA generally considers net business income (revenue minus operating expense). This created confusion that only those individuals whose net business income was at least \$5,000 in 2019 can get the CERB. In this confusion, many self-employed individuals repaid their CERB.

But the CRA [clarified](#) that it is looking at the gross income for the \$5,000 minimum income qualification. For instance, Joey is a barber, and he earned \$6,000 in revenue in 2019 and spent \$3,000 in operating expense. His net business income is \$3,000, and he qualifies for the CERB if other eligibility conditions

are met. This is because his gross income was more than \$5,000.

The CRA used the gross income for the CERB, because most small businesses make little profits, as their operating expenses are high. So, even if you have repaid the CERB in all this confusion, the CRA will return you the benefit if you have filed your 2019 income tax returns.

Understand that you need to file your income tax returns regularly and keep all your personal details updated with the CRA. Only then can the CRA assess your eligibility and give you the various cash benefits like the goods and service tax (GST) refund and the CRB/CERB on time.

Avail of the CRA's TFSA benefits

While reading the CRA updates, note that it has set the 2021 Tax-Free Savings Account (TFSA) contribution limit at \$6,000. You can invest up to \$6,000 in the TFSA, on which you won't get any tax benefit, but your investment income will be tax-free.

Note that the TFSA is an investment account. If you are a professional stock market trader and are using the TFSA for intraday or frequent trading, the CRA will treat your TFSA investment income as business income and levy tax on it. Hence, it's better to adopt a passive investing style for TFSA.

A good passive investing stock could be **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). The company is currently going through a bad phase, as the pandemic and the chip supply shortage has impacted auto markets. BlackBerry is no longer the mobile phone maker. It has switched to software providing cybersecurity, endpoint security management, encryption, and embedded systems.

Its revenue fell 15% in fiscal 2021 after reporting a 15% revenue growth in fiscal 2020. As the chip supply increases and the electric vehicle (EV) sales recover, the demand for BlackBerry's QNX platform will surge. The company expects a 10% revenue growth in fiscal 2022.

Investor takeaway

The trick to passive investing is identifying cheap stocks with significant upside potential. Chasing a stock's rally might give you moderate returns, but holding a [value stock](#) can give you unprecedented returns. Those who invested \$1,000 in **Shopify** in 2015, when it was just beginning to grow, have earned more than \$33,300. I am not saying BlackBerry can replicate Shopify's growth. But it has the potential to double or triple your money in the next five years.

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Author

pujatayal

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