CRA: 2 Challenges Canadians Faced When Filing 2020 Taxes

Description

April of 2021 is not quite the same as April last year, but it bears many similarities. A new phase of lockdown and pandemic-related challenges to personal finances and general economic conditions (even though the stock market seems stable) have shaken the financial footing of many Canadians.

For 2021 tax seasons, many taxpayers, accountants, and politicians believed that the CRA should have extended the tax deadline like it did in 2020. Many called the federal government to adopt Quebec's stand on this –i.e., to not change the deadline but eliminate late-filing penalties till May end.

One primary reason behind the call to delay the tax deadlines is the challenges Canadian taxpayers faced while filing their 2020 taxes, especially in the last few days.

Technical challenges

The CRA's website started facing some technical issues a day before the deadline. This was the result of an update made to the website, which disabled several essential links. The technical issues forced both DIY filers and accountants to spend hours and hours on the phone line to reach someone from the CRA.

These challenges are nothing new, but in a year when many people put tax filing off till the last days in hopes that the deadline will be moved again, their negative impact can be magnified. Also, millions of Canadians were locked out of their CRA accounts for cybersecurity concerns, which also contributed to the problem.

Accounting and financial challenges

Tax filing is a complicated task for most people, and there are not as many accessible/affordable accountants to go around. The government's own tax clinics might easily get overwhelmed. And when you add the complex issues specific to 2020 returns, like CERB taxation, which many Canadians didn't even know about (let alone had the money for), the call for delaying the deadline or at least lifting late-filing penalties seems in order.

A ray of sunshine

Among hefty new taxes and tax complexities, the good, old deductions like RRSP contributions are like a ray of sunshine through the gloomy clouds. If you have contributed to the RRSP and haven't invested your funds yet, consider buying **Lightspeed** (TSX:LSPD)(NYSE:LSPD) stock. The company had a lacklustre year-to-date performance, but it's still well poised to capitalize on the growth of the robust e-commerce market.

The stagnant valuation is actually a good opportunity, because if Lightspeed retakes its growth route, it will only become more expensive over time. The company is financially stable, and it's slowly growing both its service range and its global reach. While it's not at **Shopify's** level or even in the same domain, it might have the potential of mimicking the growth of the e-commerce tech giant. This makes Lightspeed a powerful addition to your portfolio.

Foolish takeaway

Every tax season comes with its own set of challenges. The 2020 taxes might have more complexities than the previous ones, but if you filed early instead of waiting for the deadline to move, you would have saved yourself a lot of trouble.

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