



CRA Extends Tax Filing Deadline (Again): Why You Should Still File ASAP!

Description

The CRA has [announced](#) that the deadline for filing income taxes has been pushed back another month. The deadline is now September 30, instead of September 1, giving taxpayers some extra breathing room from a timing perspective. However, it may be more financially advantageous to file your taxes as soon as possible.

Continued eligibility for CRA benefits

If the CRA has not assessed your tax return by early September, benefits will no longer be paid to you starting in October. This means that important benefits, such as the Canada Child Benefit (CCB), may stop flowing if you do not file your tax return by early September. This is one reason you may not want to wait to file your tax return.

Capital gains

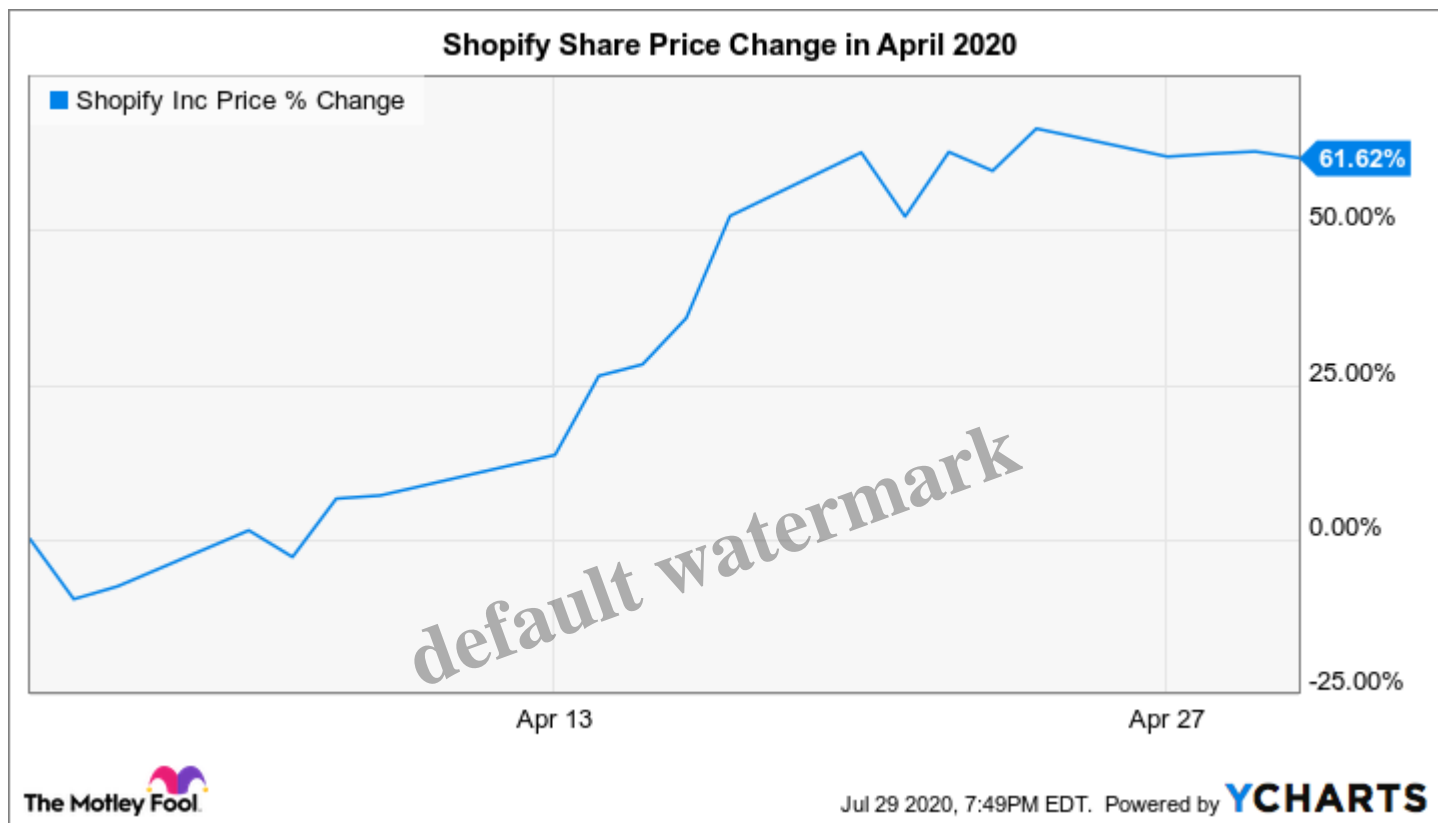
Share prices can do crazy things in the span of a single month. Filing an earlier tax return means getting your tax refund earlier. Getting your refund earlier means being able to invest in great stocks sooner. Being able to invest in a stock one month earlier than you otherwise would have can result in significant additional gains.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) shares increased in price approximately 61% in April earlier this year. April was unique in that it was the month after the fastest market crash in history. However, this certainly was not the only time that a stock increased in price by that magnitude in a single month.

Shopify was in a great place in early April. With the world being forced to stay home, e-commerce was seen as a natural winner. Shopify significantly benefitted from this trend and the share price rocketed higher as the market realized the company's potential during the accelerated shift to e-commerce.

Not having money to deploy in early April when this opportunity presented itself would have meant missing out on significant gains just by waiting one additional month.

That's not to say that Shopify stock is not still a good stock to buy in August, however. That said, Shopify's valuation multiples have become stretched and the share price is much higher than it was in April.



[SHOP](#) data by [YCharts](#)

Dividend payments

Having money to invest at the beginning of the month, instead of the end of the month, can mean the difference between getting a dividend payment and not getting a dividend payment. **The Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) ("Scotiabank") provides a great example.

Scotiabank went *ex-dividend* on July 6. That means that investors who bought the stock before July 6 would have received the [dividend payment](#) on July 29. Investors who bought the shares on or after July 6 would have missed this dividend payment.

Scotiabank's quarterly dividend in July was \$0.90 per share. The average Canadian income tax refund this year has been just over \$1,800. With \$1,800 you could purchase just over 30 shares of Scotiabank. Owning 30 Scotiabank shares by July 6 would have entitled you to a \$27 total quarterly dividend payment on July 29.

Theoretically, buying Scotiabank shares ex-dividend means that you should pay a lower price, since

you do not receive the upcoming dividend. However, there are a number of reasons why one may prefer to collect a dividend from Scotiabank as opposed to receiving an equivalent discount on the share price.

Therefore, having the money to buy Scotiabank shares at the beginning of the month, instead of the end of the month, could be beneficial.

Takeaway

The CRA is trying to take the stress out of tax season for Canadian taxpayers. However, it may be in your financial interest to file your tax return as soon as possible.

If you do wait a little bit longer to file your taxes this year, make sure that you don't miss out on important benefits, capital gains, or dividend payments.

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1. Canada Revenue Agency
2. CERB
3. CRA
4. Scotiabank
5. Shopify

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:SHOP (Shopify Inc.)

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