



## Canada Emergency Response Benefit (CERB): What Taxpayers Need to Know

### Description

This week marked the first sign of financial relief for Canadians affected by COVID-19. The federal government's Canada Emergency Response Benefit (CERB) program officially came up and running. The program offers Canadians the chance to make up the income lost due to COVID-19, where those needing relief can apply through the Canada Revenue Agency (CRA).

If eligible, the CERB gives Canadians \$500 per week for up to 16 weeks. This can be welcome relief for the millions of Canadians who have lost income because of COVID-19. In fact, as of writing, almost two million Canadians have signed up for the benefit.

So who is eligible? And what should you expect if you take advantage of the benefit?

### Who can apply to CERB

There has been some contention over the eligibility of CERB, and what it comes down to is lost income. Unfortunately, this doesn't mean you have gone from working 40 hours to 30 hours a week, and need help making up that lost income. What it means is you are making *no* money whatsoever.

If you are currently on Employment Income (EI), you are not eligible. If you are self-employed and cutting back hours, you are not eligible. If you are on maternity leave, you are also not eligible.

However, if you applied for EI and are waiting for it to kick in, then you are eligible for CERB. You can also apply if you are not going to have employment or self-employment for the next 16 weeks, or for a minimum of 14 days. This can be a huge relief for Canadians feeling the immense financial strain that has come with this already horrific pandemic.

If you're unsure whether you fall into these categories, the federal government's website provides a questionnaire you can go through.

## What taxpayers should know

Before you go jumping on this benefit, there are a few things you ought to know. For instance, the government has yet to make clear whether you can apply for CERB if you are voluntarily not working.

Let's say you don't feel safe at your workplace because of COVID-19, but your boss is requesting that you come to work. You are *able* to work, but you do not feel safe to do so, which could mean you aren't eligible.

Another problem is if you are self-employed and apply for the benefit and continue to work, which would mean you actually have to *pay back* the benefit. Finally, the main headline: this is taxable income.

So although the government states they are giving you \$500 per week, it isn't like your Canadian Child Benefit (CCB) payment, for example. This is now your income, so you will eventually have to declare it on [your taxes](#).

## Another option?

Whether the CERB sounds like a good option to you is your choice, but there are other options. Of course, since this is the Motley Fool, I would recommend taking what cash you have and putting it toward some of the stocks that have fallen during the market crash.

A top stock I would choose right now is **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). This is the top banking stock based on market capitalization, and has already gone through the growing pains that many of its peers are currently facing.

The bank has expanded into the United States as well as emerging markets, and into the wealth and commercial management sector, which should provide lucrative income for years to come.

The stock provides a solid 5.04% [dividend yield](#) as of writing, and currently trades 28% below fair value price. When the crisis subsides, this stock should have no trouble reaching that number again, and should continue on its upward trajectory for decades more.

### CATEGORY

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**Date**

2025/08/26

**Date Created**

2020/04/12

**Author**

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