



Canada Revenue Agency: Are You Eligible for \$2,000/Month in Emergency Cash?

Description

In response to the ongoing COVID-19 pandemic, the Canada Revenue Agency has rolled out a number of benefits for Canadians. The biggest one is the Canada Emergency Response Benefit (CERB). Worth \$2,000 a month for up to four months, it provides significant relief for out-of-work Canadians. For those who have lost their jobs due to COVID-19, it's a much-needed break.

Here's how to determine whether you are eligible to receive it.

How to determine if you're eligible

The CERB is a program for unemployed Canadians who [aren't receiving EI](#) during the [COVID-19 pandemic](#). The two main categories of people covered by the CERB are self-employed Canadians and employees who have already tapped out their available EI. If you're in either of those categories and did not leave your job voluntarily, you should be eligible.

However, there is some fine print you need to be aware of. In order to receive the CERB, you can't have earned less than \$5,000 in the 12 months before applying, or *more than* \$1,000 in the 14 days before applying. The \$1,000 maximum just means that you have to wait a few weeks before applying if you were recently laid off.

The \$5,000 12 month minimum, on the other hand, could prove a real barrier to getting the CERB if you're long-term unemployed.

How it impacts investors

If you're an investor, investment income could impact your eligibility for the CERB, particularly if you invest in small business projects that generate non-eligible dividends. Under the Canada Revenue Agency's rules, small business payouts are not eligible for the dividend tax credit (hence "non-eligible dividends").

Any dividends received from such small business enterprises will count as income toward the CERB. On the one hand, these dividends will help you meet the \$5,000 12 month minimum. On the other hand, they could prevent you from getting the CERB by putting you over the \$1,000 14 day maximum.

Dividends from publicly traded stocks, on the other hand, don't factor into the CERB one way or the other. If you're unemployed and getting substantial dividends from a stock like **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)), you should still be eligible.

As a publicly traded company, income or capital gains from Fortis shares is considered investment income—totally separate from employment income. In theory, you could hold a \$1 million position in Fortis paying out \$35,000 a year in dividends and still be eligible for the CERB.

That said, the Canada Revenue Agency's rules are changing all the time. It's quite possible that they could come out with rules excluding dividend recipients from CERB eligibility. To be really safe, you'll want to hold stocks like Fortis in a TFSA or RRSP.

Holding stocks in a TFSA guarantees that income they produce won't be counted as taxable income. Receiving income in an RRSP, on the other hand, means that it won't count toward taxable earnings until you withdraw it in retirement.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

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