



## Canada Revenue Agency: Are You Eligible for the CERB?

### Description

Over one million Canadians have lost their jobs last month due to the COVID-19 pandemic, which means the countries unemployment rate now stands at 7.8%, according to Statistics Canada. Earlier this month, the Canada Revenue Agency [introduced the](#) Canada Emergency Response Benefit (CERB) in response to rising unemployment rates.

The CERB will provide financial support to employed and self-employed Canadians who have been impacted by the coronavirus. The Canada Revenue Agency will pay \$2,000 for a 4-week period for up to a period of 16 weeks.

So, who is eligible to receive CERB?

### Canada Revenue Agency lays down eligibility rules

According to the Canada Revenue Agency, you need to meet certain requirements to be eligible for the CERB. You need to reside in Canada and you have to have been fired or laid off, not quit your job voluntarily. Applicants need to be over the age of 15 and should have earned over \$5,000 (before taxes) in the last 12 months or in 2019.

This income earned can be via self-employment or traditional employment. Canadians receiving provincial or federal benefits for paternity or maternity leave are also eligible for the CERB.

Additionally, the CERB is available to Canadians who do not expect to receive more than \$1,000 (before taxes) from employment or self-employment income for at least 14 days in a row during the 4-week payment period, in case you have or will stop working due to the COVID-19.

Finally, Canadians who have applied for employment insurance or CERB through Service Canada are ineligible to apply for the same with the Canada Revenue Agency. The CERB eligibility periods are fixed for a four-week cycle. You can re-apply for the CERB (after every four-week period) if the above situations persist.

Workers who are unable to continue work after April 6, 2020, can file for the CERB. The eligibility periods and availability are from March 15 until October 3 this year.

## Several companies have announced job cuts

Due to countrywide lockdown, several businesses are shut, thereby driven unemployment rates higher. Domestic and international travel has come to a standstill, completely decimating companies in the tourism industry.

**Air Canada** ([TSX:AC](#)) first announced a temporary layoff of 16,500 employees last month, including 15,300 members of its unionized workforce and 1,300 managers. The company also announced a company-wide cost reduction and capital deferral program and targeted at least \$500 million in savings.

In order to improve liquidity, Air Canada intended to draw operating lines of credit amounting to \$1 billion. The company's senior management and board of directors agreed to forego a part or whole of their salary.

Shortly after Air Canada announced this lay-off, the Canada Revenue Agency announced a Canada Emergency Wage Subsidy (CEWS) program. This program is intended to help companies keep employees on their payroll as it will reimburse employers who have suffered a revenue decline of over 30%. On April 8, Air Canada stated that it will apply for the CEWS and retain its affected workforce to its payroll.

Air Canada stock is trading at \$18.12 and has lost close to 66% in market cap in just over two months.

## Unemployment rates are unprecedented

The Canadian government has pumped in billions of dollars to help residents and employers alike. However, the impact of the COVID-19 pandemic will have a huge toll on global economies sending a number of countries into recessions.

During the financial crisis of 2008-09, Statistics Canada [reported peak job losses](#) of 125,000. The current figure of 1.1 million is 780% higher.

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