Canada Revenue Agency: How to Apply for the CERB

Description

Statistics Canada has estimated Canada's unemployment rate at 7.8%. Over 1.1 million Canadians have lost their jobs primarily as a result of the ongoing COVID-19 pandemic. This is an astonishing 780% higher than the peak job loss figure of 125,000 experienced during the 2008-09 financial crisis.

To help people affected by the virus and economic fallout, the Canadian government has introduced the Canada Emergency Response Benefit (CERB) program.

The CERB program provides a payment of $2,000 a month for a period of up to 16 weeks. You can check out the eligibility rules here, but below I'll provide the basics on how to apply.

Canada Revenue Agency provides guidelines for CERB application

Canadians can apply for the CERB over the phone, with an automated phone service, or online, using their CRA My Account. Once the application is submitted, benefit payments will be delivered by direct deposit in three business days, or by cheque (if direct deposit information is not on file) in up to 10 business days. It's important to keep your direct deposit and mailing information up to date with the CRA.

Canadians applying for the CERB need to know that these benefits are taxable. Recipients will need to report these payments on next year's tax filing. The CRA will also allow you to repay the CERB if you return to work earlier than expected or have applied to this program but are not eligible for it.

Will unemployment rates rise higher?

The government has announced several relief packages for businesses and individuals. But there is a strong possibility that the COVID-19 pandemic will result in a recession.

Businesses are shut, borders are closed and people are largely staying at home. Consumer demand has fallen and oil prices have plummeted. Canada has high exposure to the energy sector making its economy vulnerable in a downturn.

At the time of writing, the West Texas Intermediate (WTI) oil was trading at US$11 per barrel, down 83% from its price of US$63 in January this year. Oil demand has been hit hard as economies have come to a standstill.

Oil companies may contribute to higher unemployment rates

Canadian oil companies such as **Vermilion Energy** (TSX:VET)(NYSE:VET) are feeling the heat. The company trimmed its dividends twice in March before finally announcing the suspension of its dividends on April 15. In 2019, Vermilion paid dividends of $2.76 per share compared to its earnings per share of $0.21, making the dividend suspension inevitable.

Vermillion Energy forecasts to save $500 million by reducing capital expenditure, suspending dividends, and focusing on cost-cutting measures. The stock is currently trading at $4.76 which is a massive 87% below its 52-week high.

According to Yahoo Finance estimates, Vermilion's earnings might fall from $0.21 in 2019 to -$1.21 in 2020. Its sales are estimated to fall a massive 32.3% to $1.18 billion this year. Comparatively, analysts expect sales to rise by 8.2% and earnings to improve to -$0.62 next year.

Vermilion has a forward price-to-sales ratio of 0.45 and a price-to-book ratio of 0.32. It is trading at a lower multiple for a reason. Further, its debt of $2 billion and cash balance of just $29 million might make investors nervous as profit margins will plummet this year, significantly impacting cash flow.

The verdict

The combination of oversupply and a massive decline in demand has hit oil companies hard. The United States, which is the largest oil consumer in the world, has experienced a 30% decline in demand in the last month.

If the lockdown continues, cash strapped energy companies will be hurt the most. Alternatively, if countries are able to bring COVID-19 under control, economies should start functioning at optimum levels which will move oil prices higher.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:VET (Vermilion Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Energy Stocks
3. Investing

Date
2025/08/21
Date Created
2020/04/22
Author
araghunath