



Canada Revenue Agency 2020: Are You Eligible for Relief?

Description

The COVID-19 pandemic and its impact on our society have presented an historical challenge. Fortunately, many governments around the world have acknowledged the vital need to provide financial support to their citizens. Canadian provinces and cities began pursuing widespread lockdowns in March. At the time, I discussed some of the ways the Canada Revenue Agency was [looking to provide relief](#).

Today I want to discuss the kind of financial relief that is available and who is eligible. Moreover, we can take a look at how to approach the investing side right now. Let's dive in.

Canada Revenue Agency: CERB eligibility

Earlier this month, I discussed the Canadian Emergency Relief Benefit (CERB) and [how to apply](#). Unfortunately, many Canadians will be unable to qualify for the benefit in these dire times. The Canadian Centre for Policy Alternatives recently estimated that 1.4 million Canadians will fall outside the eligibility net.

What is the Canada Revenue Agency asking for to qualify for the CERB? An applicant must not have applied or received CERB or EI benefits for the same eligibility period. The applicant must not have quit their job voluntarily. They must be at least 15 years of age to apply.

The Canada Revenue Agency also stipulates that the applicant must have earned a minimum of \$5,000 (before taxes) in the last 12 months or in 2019 from employment income, self-employment income, or provincial or federal benefits related to maternity or paternity leave.

Finally, the applicant must have stopped or will stop working due to the COVID-19 outbreak. Those who are eligible for CERB can expect a taxable \$500 per week payment for a four-week period. It will be paid by direct deposit or by cheque if direct deposit information is not on file.

Eligibility for mortgage deferrals

The CERB is a needed boon, but it still may not cover expenses for many Canadians. Fortunately, the government has introduced mortgage deferrals for Canadian homeowners. Canada's top banks are complying with the federal government to grant deferrals to those in financial difficulties right now.

For example, **Scotiabank** mortgage owners can access the program from the bank's website. An applicant is eligible for a mortgage deferral if they, or any member of their family, has become unemployed or experiences a material reduction in income due to COVID-19. Earlier this month, the Canadian Bankers Association (CBA) reported that the Big Six banks had deferred more than 10% of the mortgages in their portfolios.

Taxpayer flexibility in 2020

Finally, the Canada Revenue Agency is also offering relief to taxpayers in this crisis. The income tax filing date for individuals was extended to June 1, 2020, and the payment date for the 2019 tax year was pushed back to September 1, 2020.

The measures taken by the federal government are encouraging. However, Canadians should expect more stimulus to come as the lockdowns appear certain to stretch into the middle of May and perhaps beyond. Businesses in hospitality will be especially vulnerable with weeks of revenue lost. Foolish readers should keep up to date with any new changes announced by the Canada Revenue Agency in 2020.

Investing in this environment

Markets were wracked by volatility in March, but have enjoyed a rebound in April. Shares of Scotia are down 25% in 2020 so far. The bank will release its Q2 2020 earnings on May 26.

Scotiabank stock last possessed a favourable price-to-earnings ratio of 7.7 and a price-to-book value of 1.0. Shares are trading at the low end of its 52-week range. The bank last paid out a quarterly dividend of \$0.90 per share. This represents a tasty 6.8% yield.

Banks are facing a tough challenge in this environment, but they remain a great long-term hold. Scotia boasts a flawless balance sheet. When the lockdowns eventually subside, it and its peers will turn back into attractive profit machines.

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