



## CRA 2020: Are Huge Changes Coming to the CERB?

### Description

Earlier this week, I'd discussed some [important developments](#) for taxpayers ahead of the June 1, 2020, filing deadline. The other topic I'd discussed was the Canada Emergency Response Benefit (CERB). Applications for the "third phase" of CERB payments opened earlier this month and will extend into early June. The Canada Revenue Agency (CRA) has already seen the adoption of radical policies to combat the COVID-19 pandemic. Are there more surprises on the horizon?

### CRA: The CERB explosion

The CERB provides a taxable \$500 monthly payment to Canadians who are eligible. Those who are eligible suffered a job loss or a significant reduction in wages. Over two million Canadians lost their jobs in April. Provincial governments are set to re-open in the weeks and months again, but there will be no quick fix to the economic destruction the lockdowns have wrought.

As of early May, over 11 million Canadians had applied for the CERB. The CRA had already made payouts to over eight million applicants. These stunning numbers illustrate how dire this economic crisis is. The CERB has become a lifeline for many Canadians who have been pushed to the edge of financial disaster. However, as I'd discussed above, these payments have a time limit. Could the CRA change this in the weeks ahead?

### Are changes coming to the CERB?

This past week, fellow contributor Vishesh Raisinghani asked whether CERB payments could [become permanent](#). After all, the Trudeau Liberals were voted into a majority government back in 2015 with Universal Basic Income on their platform. There were a few municipal pilots since the election win, but even these were very narrow in scope.

The continuation of CERB payments via the CRA could represent a realization of this revolutionary idea. History shows us that it is not so easy to withdraw a popular and radical social spending program. CERB applicants who have received payments from a job loss in March will see the program conclude

in July. Provincial re-openings are progressing at a snail's pace, which means the jobs lost are unlikely to return in great numbers by the end of the summer. An extension of the CERB may be on the table in 2020 and beyond.

## An alternative: Invest in income-generating equities

For those who have received CERB payments from the CRA in 2020, and even those who haven't, now is a good time to explore alternatives as a back-up plan. Fortunately, the stock market pullback has driven down the price of some attractive dividend stocks.

**Enbridge** is a Canadian energy behemoth. Like its peers, it has been hit hard in 2020 as the price of oil and gas plunged due to cratering demand. Shares of Enbridge have dropped 11% in 2020 as of close on May 21. However, the stock has increased 12% month over month at the time of this writing.

There is a lot to like about Enbridge right now. Shares last had a favourable price-to-book value of 1.4. Enbridge last declared a quarterly dividend of \$0.81 per share. This represents a monster 7.3% yield. Moreover, the company has achieved dividend growth for 24 consecutive years.

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