



Will the Canada Revenue Agency Extend the \$2,000/Month CERB Payments?

Description

The Canada Emergency Response Benefit (CERB) currently pays Canadians \$2,000 per month if they've applied for the new benefit that's designed to help people who are out of work as a result of COVID-19. But not everyone's thrilled with CERB. Conservative Leader Andrew Scheer is among the most vocal opponents, saying that the benefit discourages some workers from returning to their jobs. Some workers are getting paid more than if they were working.

It's the equivalent of working 40 hours a week for four weeks and earning \$12.50/hour. That's above minimum wage in some provinces. However, unlike with a paycheck from an employer, the CERB payment is before taxes, and thus, the onus is on the recipient to ensure they've [set enough money aside for any taxes](#) that they need to pay on it. But even for workers who make above minimum wage, the incentive may not be there to put in a full workweek and earn a little more than the CERB. And for part-time workers, there's even less incentive to return to work, as the CERB isn't pro-rated based on hours. It's a one-size-fits-all benefit designed with expediency in mind. And that's why it's likely to end.

Why an extension to the CERB may not happen

The one looming question that many CERB recipients have right now is whether the four-month benefit will be extended. Earlier this month, Prime Minister Justin Trudeau did say that the Canada Emergency Wage Subsidy (CEWS), which helps employers cover the cost of employee wages, will be extended until August. However, there's been no word on a possible extension for the CERB. The CEWS helps the economy by paying employers and getting people back to work. And it avoids all the headaches and politics to do with CERB.

A big problem is, there's potential for lots of abuse in the system. From workers refusing to go to work to recipients collecting CERB payments they aren't eligible for, it's become a political issue. *The National Post* reported earlier this month that staff who are processing CERB payments at Employer and Social Development Canada have been instructed to process payments and to defer any questionable claims until a [later period](#).

By extending the benefits, the government would create even more extra work itself. There would be

more follow-ups that it would have to push aside for later. And with provinces already starting to open back up for business, there should be less of a need for CERB moving forward. Individuals who are eligible for employment insurance (EI) could continue to apply for those benefits. The government could also expand EI eligibility for those who aren't.

The main reason for the CERB was to get money out quickly without involving a vetting process. But now, with ample time to plan for the end of CERB, that shouldn't be a problem. By extending the CERB, the government may just end up creating more problems for itself while adding to its debt.

Invest in dividend stocks to help add stability

If you have savings built up, now is a good time to put them to use. Putting money into a Tax-Free Savings Account (TFSA) and investing in a dividend stock like **Fortis** or **BCE** could provide you with stable, recurring income. And unlike the CERB, you won't have to worry about having to pay taxes on it — as long as the investment is in a TFSA. Investing in dividend stocks can be a stable way of boosting your cash flow. And stocks are also likely to rise in value over the long term.

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Date

2025/08/19

Date Created

2020/05/24

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