



Canada Revenue Agency: 3 Major COVID-19 Benefits for 2020

Description

The COVID-19 pandemic continues to take a toll on individuals and businesses. To combat the dreaded virus, the government of Canada and the Canada Revenue Agency [announced a slew of measures](#) recently. As businesses are shut down, unemployment rates have spiked. Further, consumer demand has plummeted, impacting the top-line growth of several companies.

Let's take a look at how the Canada Revenue Agency is trying to help Canadians in the current situation.

Apply for the CERB with the Canada Revenue Agency

The Canada Emergency Response Benefit (CERB) provides financial support to employed and self-employed Canadians directly affected by COVID-19. Individuals who are eligible will receive \$2,000 for a four-week period. If the situation persists, you'll need to re-apply for the CERB. Canadians can re-apply for the CERB up to a total of 16 weeks.

Canada Emergency Student Benefit

The CESB (Canada Emergency Student Benefit) aims to provide financial support to post-secondary students and high-school graduates who are unable to find work due to the COVID-19. This benefit has been announced for students who do not qualify for the CERB.

The CESB provides eligible students with a payment of \$1,250 for a four-week period. The CESB program will run between May and August 2020.

Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy (CEWS) is provided to Canadian employers whose businesses have been affected by the dreaded coronavirus. Businesses may be eligible for a subsidy

of 75% of employee wages up to a period of 24 weeks. The CEWS program will run between March 15 and August 29 of 2020.

The CEWS will enable businesses re-hire workers previously laid off due to the COVID-19. It will prevent job losses and help companies resume normal operations once lockdown measures are eased.

One of the companies eligible for the CEWS is **Air Canada** ([TSX:AC](#)). The airline giant adopted CEWS for a majority of its workforce. This allowed previously furloughed employees to return on company payroll for the period between March 15 to June 6, 2020.

The airline industry has been one of the worst hit in recent times. The COVID-19 pandemic has led to border shutdowns, bringing the travel industry to a standstill. Domestic travel has also been hit hard, as air traffic is down close to 90%.

Air Canada and peers are part of a capital-intensive business. It is burning through cash quickly and will withdraw from the CEWS program from June. Air Canada now [plans to lay off](#) between 50% and 60% of its total workforce.

While company sales fell 16% in the first quarter, analysts expect an 82% drop in sales in the June quarter. In 2020, Air Canada sales might fall by a massive 50%. Though analysts expect sales to rebound 61.2% to \$16.5 billion in 2021, it will still be 14% below its record revenue figure of \$19.1 billion in 2019.

Further, airline companies, including Air Canada might require a government bailout if the COVID-19 continues to impact global travel. The ongoing macro uncertainty makes travel stocks extremely vulnerable in the current environment.

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