



Have a Child? The CRA Could Give You \$300 Extra

Description

The mental stress, physical strain, and [financial burden](#) of parents in Canada will linger for the rest of 2020. Schools in the majority of provinces will reopen next year for fear of the coronavirus. If you are a parent, you should know that the federal government enhanced the Canada Child Benefit (CCB).

Due to the school closures and [added childcare responsibilities](#), the Canada Revenue Agency (CRA) is giving out an extra \$300 per child for the 2019-20 benefit year. The one-time increase is effective in May 2020.

Pre-condition

The CCB is money parents can use to pay or spend for what their families need. However, the lockdown will add pressure to parents staying home with children. The total enhancement package will cost the federal government about \$2 billion.

There is a pre-condition if you want to receive the \$300 extra. As of May 2020, you should have filed your 2018 tax return, aside from having an eligible child in your care. If not, submit it as soon as possible.

Another increase in July

Another CCB increase is coming in July, as announced by Prime Minister Justin Trudeau. The hike should be in place as part of the 2020-21 benefit year. With the increase, the maximum annual benefit will amount to \$6,765 per child under age six (\$563.75 per month) and \$5,708 per child aged six through 17 (475.66 per month).

Take note that the future increase is in addition to the \$300 one-time special CCB payment in May 2020. Bear in mind too that the CCB reduces gradually as income increases. Thus, the amounts here are the maximum you can receive.

Investment window

The CCB plus the extra-payment opens an investment window to parents who are not cash strapped. They can use the benefit for its intended purpose and free up savings for investment. The investment income can boost the family's income

Investing will enable parents to create passive income. However, you couldn't cherry-pick stocks in the present market environment. Your choice must be a high-quality, dependable dividend stock.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is a no-brainer option. You will be investing in the largest publicly listed company in Canada with a dividend track record of 150 years.

Now is an excellent time to take a position while the stock price is below \$100. Market analysts are forecasting a capital appreciation of 15.5% in the next 12 months should the market stabilize. Meanwhile, you can compound your savings with its 4.67% dividend.

RBC took earnings hit in Q2 fiscal 2020 (quarter ended April 30, 2020). Net income fell to \$1.41 billion from \$3.23 billion in Q1 2019 due mainly to the \$2.83 billion loan loss provision. All top six banks are increasing the provisions for credit losses.

This \$134.21 billion bank is taking appropriate actions to mitigate the increased uncertainty due to the pandemic. The dividends are safe, given the low 53.78% payout ratio.

Priceless responsibilities

While you cannot quantify the value of parenting, the one-time CCB payment is a big help now, more than ever. The increase in July should further lessen the financial hardship of parents in 2020.

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Date

2025/07/08

Date Created

2020/06/05

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