CRA to Millennials: 3 Tax Breaks You NEED to Know

Description

The coronavirus has hit Canada hard these last few months. Millions of Canadians are either without work or working far less than before. The Canadian government was quick to offer aid to those suffering during this poor time in our economy. However, even with extensions available, many believe it's time for an overhaul — no one more so than the millennials.

Millennials have a problem with it comes to this recent downturn. While four out of five millennial Canadians have savings, only 50% actually invest. So, all that money you've put aside isn't making you anything, leaving you now with a lump sum that's being eaten away during this crisis.

Luckily, there are a few tax breaks available for millennials to apply for. Let's look at three.

CERB

The Canadian Emergency Response Benefit (CERB) is the most popular benefit you'll hear about. As of writing, the benefit has had 15.44 million people apply, with 8.41 million people receiving benefits. The cost has been a total of $43.51 billion from the government on every level.

Millennials in particular have been applying in droves. It's no wonder, as many are starting up their lives while still paying off debt. There are mortgages, car loans, student debts, and perhaps a new baby to pay for. All of this adds up, with the average cost of a millennial Canadian totalling $12,464.76 if you're living alone and $45,490.92 if you have a partner and the average two kids.

Granted, $2,000 a month sounds great, but there are two problems. First, this is taxable, so you'll pay up eventually. Second, many people who aren't eligible are applying and lying about why they need it. This is causing many to believe there should be an overhaul after it was announced the CERB would be extended. If you're caught abusing the CERB, you might even see jail time. Though, granted, this would be excessive in the view of many analysts. It's more likely CERB fraud could be linked with tax fraud. But still, that's a big risk for $8,000 total.

CCB

Another avenue you can take, especially if you're those parents with two kids, can be to make sure you've registered your children. If not, you're likely missing out on the Canadian Child Benefit (CCB). This benefit takes your annual household income and pays a monthly benefit based on how many kids you have, and that income. You can see more details on how the benefit is calculated here.

Due to the coronavirus, the CCB offers a further benefit to millennials with kids. On May 20, parents were given $300 per child as a one-time payment. Though if you call the Canada Revenue Agency (CRA) after applying, it's likely you can be paid retroactively since COVID-19 is still very much a part of our lives.

CESB

Not a parent? Then it's quite likely you are or were a student. There are a few things millennials can take advantage of in this case. First, there's the Canadian Emergency Student Benefit. This benefit offers students financial aid if they are out of work. This is incredibly likely with many layoffs happening, never mind those who seek seasonal work.

For the next benefit period between May and August 2020, students will receive $1,250 for each four-week period, or $2,000 for each four-week period if they have a disability or dependents. There is also talk of taking the Canada Training Benefit and adapting it for the current situation to expand training programs. This could help take away from some of the pressure on the CERB.

Bottom line

All of these benefits are great, but if you're not investing, it might not be worth it. If you're looking for stable cash, it doesn't get much more stable than dividends from a blue-chip company. Right now, the perfect stock options are banks. Canadian banks fared as some of the best in the world during the last financial crisis and should come out strong again after the coronavirus is in the rear-view mirror.

For my money, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is a great option. While it's one of the largest banks in Canada, it has a much lower share price for those looking to get the biggest bang for their buck. Should the stock reach pre-crash levels within a year, as of writing, that's a potential upside of 28%. Meanwhile, millennials will receive a solid dividend yield of 5.15% as of writing.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Investing

Date
2025/08/26
Date Created
2020/06/28
Author
alegatewolfe