CRA Update: Will the CERB Be Extended Again?

Description

The COVID-19 pandemic has forced governments all around the world to be very creative. Work stoppages to contain the outbreak have ravaged the global economy. The Canadian federal government launched the Canada Emergency Response Benefit (CERB) in the spring. This allowed citizens to apply for financial relief through the Canada Revenue Agency (CRA) website.

CRA 2020: The scale of CERB is staggering

In order to provide immediate financial relief, the CRA streamlined the process and virtually eliminated a review of applications. As of June 4, Ottawa has spent $43.51 billion in CERB payments for 8.41 million applicants.

The government estimates that the program will carry a final cost around $60 billion. In the middle of June, Justin Trudeau and the ruling Liberals elected to extend the CERB program for an additional eight weeks.

Could the program be extended again?

The June CERB extension occurred in the face of significant political pressure for the ruling Liberals from the NDP. This extension is expected to cost approximately $17 billion. A slew of new CRA programs have pulled Canada further into a fiscal hole.

However, the unemployment rate remains in the mid-teens as we move into July. Many Canadians are facing a dire financial situation. The CERB is a crucial lifeline for millions.

Canada's gradual reopening has fared better than its southern neighbour, which should allow for many Canadians to return to regular work and move away from reliance on the CERB. However, there are no guarantees in an economy that has been throttled by a global pandemic. The need for another CERB extension, or a permanent solution, may arise in 2020.

Two ways to gobble up passive income

In late May, I'd discussed how those facing an expiring CERB could build their own passive income stream. One of the best ways to achieve this is through a Tax-Free Savings Account (TFSA). This allows investors to scoop up dividends completely tax free. Below are two of my favourite income-yielding equities to grab right now.

Polaris Infrastructure (TSX:PIF)(NYSE:PII) is a Toronto-based renewable energy company. Its shares have climbed 20% in 2020 as of early afternoon trading on June 30. The stock last had a price-to-earnings ratio of 11 and a price-to-book value of 0.7., putting Polaris in attractive value territory as we head into July.

On May 8, Polaris declared a quarterly dividend of $0.15 per share. This represents a strong 5.7% yield. The market share for renewable energy providers is set to expand this decade. This is a dividend stock worth owning for those seeking long-term passive income.

Shaw Communications (TSX:SJR.B)(NYSE:SJR) is a Calgary-based telecommunications provider. Its stock has dropped 13% in 2020 so far. Shaw stock last possessed a forward P/E ratio of 17 and a favourable P/B value of 1.8. Investors can expect to see its third quarter fiscal 2020 results on July 10.

This stock last paid out a monthly dividend of $0.09875 per share, which represents a 5.3% yield. Telecom service has become even more essential with so many Canadians forced to work from home. This is a solid stock for those seeking passive income to replace their CERB payments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PII (Polaris Industries Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:PIF (Polaris Renewable Energy)
4. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

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

Category

1. Dividend Stocks

2. Investing

Date
2025/08/25
Date Created
2020/06/30
Author
aocallaghan