



CRA Update: You Can Get up to \$21,000 if Your Employer Is Using CEWS

Description

It's time to return to work. Those who suffered from pay cuts and reduced hours might want to encourage your employers to register for the [Canada Emergency Wage Subsidy](#) (CEWS). The Canada Revenue Agency (CRA) has set up CEWS to help people stay employed. You are better off having a job with CEWS than being unemployed and living off the Canada Emergency Response Benefit (CERB).

You can get up to \$21,000 by being employed through the CEWS

If you haven't lost your job because your employer is using CEWS, you can get up to \$21,000 in the CRA benefits for 24 weeks ending August 29.

Under the CEWS, the government will pay 75% of your salary, up to \$847 per week, or \$3,388 per month. Your employer will pay the remaining 25% of your salary. So, if you were earning \$4,500 per month and haven't received a pay cut, your salary will remain unaffected. However, this benefit will only last for 24 weeks, and during this time, the CRA will pay a maximum of \$20,300 per employee. Your employer will pay the remaining \$6,500.

The CRA has also offered a one-time special payment of up to \$400 in Goods and Services Tax (GST) Credit. If you have a child, you will also get a one-time payment of \$300 in Canada Child Benefit (CCB).

The CRA will pay you a total of \$21,000 if you are a single working parent. After adding your employer contribution, you will earn \$27,500 in six months ending August.

You can get more in CEWS than in CERB

Being employed under CEWS is better than being unemployed. The earnings gap between CERB and CEWS is \$8,800. The maximum CERB payment you can get is \$12,000, with another \$700 in GST

credit and CCB. If you earn around \$1,000 a month, you are still eligible for the CERB payment, which brings your total six-month income to \$18,700.

However, don't be too relaxed if you still have your job under the CEWS. Your job could be at stake in September if your company is still not able to generate enough revenue to sustain its expenses.

Air Canada [laid off 20,000 employees in June](#) when the first phase of the CEWS ended. It did not extend the subsidy, as the lack of air travel demand significantly reduced its revenue and forced it to downsize its operations.

Prepare for the worst

At present, you are better off than being unemployed. But don't rule out the possibility of being jobless. If you lose your job after September, you won't even have CERB payments to help you with your living expenses. Preparing for the tough times well ahead can save you from the hardships.

Under the CEWS, you are already getting \$8,800 more than in the CERB. Invest this extra amount in stocks that yield a high dividend, and strengthen your passive-income stream. **SmartCentres REIT** ([TSX:SRU.UN](#)) is a good stock that is currently offering more than 9% in dividend yield. If you invest \$8,800 in this stock, you can earn \$800 in annual dividend income.

SmartCentres stock is down 30% from its average trading price of over \$30, as investors' fear that the REIT could struggle to collect rents and could cut the dividend. However, the company maintained its dividend per share during the peak of the pandemic. As the economy reopens and retailers open their stores, the REIT will be able to collect rent from more tenants, allowing it to maintain its dividend per share.

As the economy recovers, SmartCentres stock will also surge to its average trading price of \$30, representing an upside of 44%. In the best-case scenario, you can earn \$4,700 from this stock in one year, \$3,900 in capital appreciation, and \$800 in dividends.

Stay safe. Stay invested

Crisis doesn't come invited. Even if you are well off, it is always better to stay invested and fill your passive-income basket. Stocks can help you compound your income to \$500 or to \$1,000 and beyond...

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TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Author

pujatayal

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