



## Beyond CERB: You Can Get up to \$1,500 in Tax-Free CRA Cash

### Description

If Prime Minister Justin Trudeau had not extended the COVID-19 benefits for another eight weeks, your Canada Emergency Response Benefit (CERB) payments would have ended by now. But you can't get CERB payments throughout your life. CERB will come to an end in September. But don't be disheartened. You can continue to get other non-pandemic cash benefits from the Canada Revenue Agency (CRA).

The CRA gives low- and mid-income families many benefits on expenses that it feels are necessary for a decent lifestyle. On top of the CRA benefits, different Canadian provinces also give additional cash benefits to its residents. Even after your \$2,000 monthly CERB payment ends in September, you can receive up to \$1,500 a month in CRA cash.

### Canada Workers Benefit

The CRA offers the [Canada Workers Benefit](#) (CWB) of up to \$1,355 to single individuals earning less than \$12,820 a year. For families, this benefit extends to \$2,335 if the family net income is less than \$17,025. This is a refundable tax credit, which means you will receive a refund of the balance amount after adjusting your tax bill.

You will not receive the CWB if your income exceeds \$24,111 and if that of your family exceeds \$36,483. The CRA offers this benefit primarily to low-income families and individuals.

### Canada Child Benefit

If you have children, the CRA pays you the [Canada Child Benefit](#) (CCB) of up to \$6,400 for a child below six years of age and \$5,400 for a child in the six to 17 age group. Over and above the CCB, your provincial government pays you a child benefit.

If you stay in Alberta, you are entitled to receive Alberta Child and Family Benefit (ACFB) of up to \$1,330 for the first child and up to \$665 for the second child if both are below 18 years of age.

I will simplify the benefit amount with an example. Jerry and Jamie are a married couple with two kids below six years of age living in Alberta and have an adjusted family net income of \$24,000. They are eligible to receive up to \$14,795 in CCB and ACFB.

## GST/HST credit

In addition to the CCB, the CRA also gives away goods and services tax/harmonized sales tax (GST/HST) credit to low- and mid-income individuals and families. The GST credit amount depends on your marital status and the number of children under 19 years of age. You can get a maximum amount of \$451 if you are single, \$592 if you are married, and \$155 for every child.

Continuing the previous example, Jerry and Jamie are entitled to receive up to \$902 in GST/HST credit.

## How much CRA cash will a family of four get?

The above benefits add up to \$18,000 a year, or \$1,500 a month, for a family of four living in Alberta. The best part is, you need not add the three cash benefits to your taxable income. You can get this maximum benefit amount only if your adjusted net family income is between \$17,000 and \$24,000. If your family income is below \$24,000, you have little cash to spare after meeting your expenses. Even then you can build savings.

Instead of saving some amount from your working income, you can save \$400 every month from the \$1,500 benefit amount. This \$400 monthly investment will convert to \$4,800 a year, which you can invest through your Tax-Free Savings Account (TFSA).

## Building passive income from CRA cash

If you invest \$4,800 every year in a high-dividend stock, it can earn you passive income. I prefer **RioCan REIT** ([TSX:REI.UN](https://www.scribd.com/document/444444444/TSX:REI.UN)). Its current dividend yield is 9.6%, as the stock fell over 40% year-to-date amid the pandemic worries.

Investing in REIT is like becoming a landlord of hot properties that generate high rental income. RioCan REIT has retail stores in major cities. It rents these stores to big brands like **Loblaws** and **Canadian Tire** with strong creditworthiness. This means its retailer tenants are unlikely to default on their rents and help it survive the pandemic-driven lockdown and recession. Its five-year average annual dividend yield is 5.6%.

If you invest \$4,800 every year in RioCan for the next five years, you will earn \$5,000 in dividend income. Your total portfolio value will be \$42,800 in the next five years. This passive income can give you a monthly income of over \$3,500 for 12 months.

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