Canada Revenue Agency: CERB Ending, Get an Extra $500 in Tax Relief

Description

Canadians had one heck of a tax season this year. Whether you lost your job, had reduced hours, or remained employed, it didn't matter. Your finances almost assuredly were affected by the pandemic. For many, it meant turning to the Canada Emergency Response Benefit (CERB) for relief.

But applying for CERB meant your taxes were even more insane than usual. Now it's unclear whether those funds will be around for much longer. While many continue to look at emergency benefits for funds, there are still tax relief by other means, that you can continue to take advantage of for several years.

CERB ending?

It's unclear whether the CERB will come to an end this fall, but it looks likely. The federal government is looking to take the funds spent on CERB, and divert it to getting people back to work. That means it's going to be harder to convince the government that you truly need those funds. With jobless rates still at highs not seen in decades, there is more pressure than ever on the government to get Canadians working again.

The biggest change affecting the future of CERB is a new attestation. Canadians must sign a document stating they understand the government is encouraging them to look for work. Canadians must also begin looking for work using the government job bank. Other than that, the same eligibility still applies: you must have made $5,000 at least in 2019 or the last 12 months, and made no *more* than $1,000 for the last 14 consecutive days during the last payment period.

Other relief

There is a new tax relief that you can apply for instead of CERB, and that's the digital news subscription tax credit. This credit gives those that apply a maximum of $500 to cover eligible news organization subscriptions. All you have to do is make sure the subscription is registered with qualified Canadian journalism organization and keep your receipts! You either receive a maximum of $500 to pay back or it will be calculated by taking 15% and multiplying it by the total of all the amounts you paid.

True, it's not much, but it's something. And if you put that cash aside for investment, you can certainly supercharge even $500 into something great. You just have to know where to look.

A dividend top producer

If you're going to take that cash and invest it, there are two things you need to do. First, be prepared to buy and hold a stock for decades. The longer you leave it alone, the more revenue you'll be able to generate. Next, you have to research the right stock.

Blue-chip companies are an excellent place to start, as the companies have decades of historical data to look back on. The companies also have a solid footing for future plans, and strong revenue and dividend growth.

One such company to consider is **Fortis Inc.** (TSX:FTS)(NYSE:FTS). The company rebounded almost immediately after the recent stock market crash, thanks to being a utility company. No matter what, everyone needs to keep the lights on. During a normal market crash, businesses usually keep running. The pandemic created a weird situation, and the company did lose some growth. But it remains strong and stable and able to run with the punches.

Shares have rebounded almost 30% as of writing, with the share price coming up 42% in the last five years. That's five years of steady growth from this company that's been expanding through organic growth and via acquisition.

Its recent earnings were an improvement on the first quarter, with the second quarter yielding $0.56 adjusted net earnings per share, up from $0.54 the last quarter, but still down from $1.66 per share the same quarter in 2019. Yet the company's dividend remains unchanged at 3.57% as of writing.

Bottom line

If you're willing to take that $500 and put it toward Fortis, you could see decades of strong growth. With dividends reinvested, you could turn that $500 into $6,286.24 in 25 years. That's if you didn't add a single penny beyond your dividends. While CERB has its benefits, there's nothing like strong growth to look forward to.

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