



CRA Cash: Your Family Could Receive \$24,000 CERB Payments Now

Description

Canadian families are grateful for the Canada Emergency Response Benefit (CERB). Without the lifeline, it would be a financial disaster for households during the pandemic. The flagship COVID-19 program of the government pays \$2,000 every four weeks up to a maximum of 24 weeks, including the extension.

In a family where husband and wife both lost jobs due to COVID-19, each spouse is eligible for CERB. Thus, a family could receive up to a maximum of \$24,000. If other family members in the same household meet the eligibility criteria, they can also receive CERB payments. Note, however, that the [taxable](#) benefit is due to expire very soon.

Eligibility criteria

The rules governing CERB are clear. You qualify to receive \$2,000 monthly, up to a maximum of six months, if you earned at least \$5,000 in the preceding 12 months. Likewise, if your employment or self-employment income before deductions is \$1,000 or less, you're eligible for CERB.

The remarkable thing about CERB is that there's no limit to the number of people per household that can receive temporary financial support. Thus, a family income could be more than the \$24,000 laid-off couples are receiving. The CRA will no longer disburse CERB after the program expires in August 2020.

Suitable replacement

If the winding down of CERB concerns you, there's a way to bolster your household income post-pandemic. **Canadian Utilities** ([TSX:CU](#)), a dividend all-star on the TSX, can be your permanent income source. This utility stock has a dividend streak of nearly five decades and pays a 5.26% dividend.

You would need to purchase \$230,000 worth of shares to produce at least \$1,000 monthly income, or

50% of the monthly CERB. However, you can take it slow and start small. Assuming you invest \$23,000 only, you will generate \$100 in monthly passive income. The amount is minimal, but the income stream is permanent.

This \$9.09 billion company generates stable cash flow from its regulated electric and gas distribution and transmission assets. Canadian Utilities invests mainly in electricity, pipelines and liquids, and retail energy. About 94% of revenue comes from the home country, while the markets in Australia and Latin America fill the rest.

Canadian Utilities is the perfect CERB replacement. The company rarely suffers from economic downturns, because electricity is vital 100% of the time. Besides, regulators fix the price, which makes cash flows predictable. If it's business as usual, regardless of economic conditions, the dividend payments are non-stop for generations to come.

Tax reckoning

CERB recipients should keep in mind that the CRA treats CERB as taxable income. The tax agency is disbursing the cash gross of taxes, so there will be a reckoning. You must include CERB payments in your return for the tax year 2020 when you file your taxes in 2021.

Since the CRA will not withhold any taxes at source, some CERB recipients are doing [tax planning](#). You can elect not to spend the entire CERB and set aside an amount for tax payment next year. Tax planners recommend leaving at least 20% to cover taxes due on your CERB.

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