



## The CRA: Are You Confused About the Transition From CERB to EI/CRB?

### Description

September is a crucial month, as it marks the transition from pandemic-driven lockdown to living with COVID-19. Canada is entering the COVID-19 economy with new benefits. The Justin Trudeau government is transitioning from the \$82 billion Canada Emergency Response Benefit (CERB) to the \$30 billion Canada Recovery Benefit (CRB) and Employment Insurance (EI). But this transition is not as smooth as it seems.

### The transition from CERB to CRB/EI

The \$2,000 CERB helped more than 8.5 million Canadians during March 15 and September 26. Many Canadians depend on the CERB to pay for their bills and food while they are unemployed. It helped more than four million Canadians return to work. But the CRB/EI will not be as generous and easy-going as the CERB.

The eligibility criteria for the CRB/EI will be complicated and the application process might be cumbersome. The CERB was open to every adult working Canadian who lost their income source because of the pandemic. It didn't matter whether you had paid taxes not or whether you had EI or not. The major condition was, you shouldn't have earned more than \$1,000 in working income for the month you claimed CERB for.

### Confusion around EI/CRB

The eligibility for EI and CRB will be different, creating doubts among many Canadians if they will get the benefit or not. Moreover, the CRA (Canada Revenue Agency) is silent about the grey areas, making Canadians more anxious.

For instance, for you to be [eligible for the new EI](#), you need to have worked at least 120 insurable hours (or 3.5 weeks full time) in the last 52 weeks. You should have not exhausted your EI benefits. And you must have lost your job because of COVID-19; this criterion does not clarify if individuals who lost their job for reasons other than COVID-19 would get the new EI.

Those who have exhausted their EI or do not have an EI can apply for the CRB. The CRB will also cover self-employed, gig, and contract workers. Canadians who are not working because they are caring for dependents will be eligible for the Canada Recovery Caregiving Benefit (CRCB). However, they will have to prove that the caregiving reduced their working hours by 60%. This will create further confusion if they qualify or not for the CRCB.

The CERB has been divided into so many parts (EI, CRB, and CRCB) that Canadians are confused about which benefit they

## Confusion around cash benefits spell warning of another market crash

Doesn't this state of confusion remind you of April when the CRA launched the CERB for the first time? At that time, the stock market rallied as the CERB increased the [household disposable income](#) by 10.8% in the second quarter. Canadians put this money in virus stocks like **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)), which surged to crazy valuations.

Hence, it comes as no surprise that Shopify stock fell 20% in September, as the CRA delayed CERB payments because of extra security layers. Moreover, some Canadians cashed out on profits beforehand either to pay their taxes in September or prepare for October expenses in advance. Shopify stock is now oversold, which means it would surge from here, but it might fall further as the confusion around the CRB/EI delays liquidity in the hands of Canadians.

## Investor corner

If you ask me as an investor, Shopify is a stock worth holding for the long term. It has all the elements to grow in the post-pandemic world. Shopify is the platform of choice for retailers looking to create an online presence.

If you missed buying the stock in April and May, when it was rallying 50% and 18%, now is your chance. The stock might not fall below \$900, its 200-day moving average. Hence, don't wait; buy it before it surges past \$1,200.

### CATEGORY

1. Coronavirus
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### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
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