



CERB Extension: Here's How You Should Choose the Right CRA COVID-19 Benefit

Description

The Justin Trudeau government has finally replaced the one-for-all Canada Emergency Response Benefit (CERB) with Employment Insurance (EI) and Canada Recovery Benefit (CRB). Many people are already familiar with EI as they have been paying a premium for the same. What's new is the Canada Revenue Agency (CRA) CRB — but wait! There's more. The CRA is also [bringing](#) additional benefits for sickness and caregiving for non-EI claimants.

Are you eligible for the CRA COVID-19 benefits?

All three recovery benefits that fall under the CRA umbrella have three pre-requisites. They are only available to:

- Canadians above 15 years of age, with a valid Social Insurance Number, who are not eligible for EI or any other benefit.
- They lost their job or took a 50% income cut because of COVID-19 and not voluntarily.
- They earned a minimum of \$5,000 last year or this year or 12 months from the application date.

If you meet all three conditions, you clear the first base of qualification. Your work conditions and family health may vary in these uncertain times. The CRA has designed the recovery benefits to help you through difficult weeks when you are having trouble making ends meet, or your household or area is suffering from COVID-19.

- You can get the CRB if you lost your job or got a 50% pay cut because of COVID-19 related reasons and are actively searching for work.
- You can get the [Canada Recovery Sickness Benefit](#) (CRSB) if you fall sick or contract COVID-19 and have to self-isolate.
- The CRA is also giving the Canada Recovery Caregiving Benefit (CRCB) to one person in a household for one period. You can avail of this benefit if you have to take unpaid leave from work to care for dependents for COVID-19 related reasons.

For the latter two benefits, sickness or caregiving should have affected 50% of your working hours. All three benefits will give you \$500 a week for up to 26 weeks, except for the sickness benefit, which will give you \$500 a week for two weeks. These COVID-19 benefits are available for a year till September 25, 2021 and will add to your taxable income.

Choose the right CRA COVID-19 benefit

Choosing the right CRA

Here's an example. Jeremy is a single father of a seven-year-old and owns a barbershop from which he earns around \$2,000 a month. There is a COVID-19 outbreak where he lives, and all schools and shops are closed. As they are under lockdown, even the babysitter is not available. In this case, he is eligible for the CRB as well as CRCB. Which benefit should he apply to?

He should apply for the CRCB and save the 26 weeks of CRB for times when his business is low.

Here's another example. Jane is a freelance writer who works from home. She contracted COVID-19 and was hospitalized for 14 days. This hampered her work by 70% for those 14 days. She is eligible for both CRB and CRSB. Which benefit should she apply to?

She should apply for CRSB.

Choose the right investment for your benefit

The \$500 a week benefit, along with your work income, leaves you with ample liquidity to invest in stock markets through the Tax-Free Savings Account (TFSA). Most virus stocks are already trading at inflated valuations. You can diversify your risk and also benefit from the stock price appreciation of tech stocks by investing in the **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)).

The XIT ETF has holdings in 18 tech stocks trading on the **Toronto Stock Exchange**, with **Shopify** and **Constellation Software** commanding 50% of its holdings. When the tech stocks rallied between April and August on the back of CERB liquidity, Shopify and Constellation surged 155% and 16%, while the XIT surged 57%.

When the tech stocks dipped in September due to concerns around CERB alternative, Shopify and Constellation fell 17% and 3%, while the XIT fell 8.7%.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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Author

pujatayal

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