



Canada Recovery Benefit (CRB): Who Can Apply?

Description

The new Canada Recovery Benefit (CRB) came into effect last week to replace CERB. With the economy still on the mend and the pandemic threatening to slow down job growth, the CRB will be an important financial lifeline.

Canada Recovery Benefit (CRB) application

The CRB payments go to successful applicants for up to 26 weeks. Eligible CRB applicants receive \$500 per week in two-week periods. This time, the CRA withholds 10% in taxes at source, so the net amount would actually be \$900 for the two weeks.

When a person files their annual tax return, the CRA determines the final tax payable based on total income.

CRB applications must be made every two weeks. Canadian residents can apply up to a total of 13 eligibility periods.

The CRB start date is September 27, 2020. The last period to apply is scheduled to end September 25, 2021.

A CRB application form is not yet available. According to the CRA, details on how to apply for the CRB will be available on October 12, 2020.

Canada Recovery Benefit (CRB) rules

Similar to the CERB extension, Canadian residents that are at least 15 years old can apply for the CRB. Applicants must be available and searching for work. In addition, there is a minimum prior-income threshold. A CRB application can only be made if a person earned at least \$5,000 in either 2019, 2020, or in the 12 months preceding the application.

People who only worked a bit in these periods would have to check their earnings to see if they qualify for the CRB.

According to the CRA, only people who do not qualify for Employment Insurance (EI) can get the CRB. The CRA [says](#) the CRB payment is designed to help self-employed and other Canadian residents that earn employment income but fall outside the EI program.

Contract employment and work in the gig economy would be two examples.

Income must drop at least 50% compared to the previous year due to COVID-19 before a person is eligible to apply for the CRB. This requires an applicant to check on prior earnings in the respective timeframe.

How CRSB, CRCB, EI and other benefits impact the CRB

People who apply for or receive the Canada Recovery Sickness Benefit (CRSB), the Canada Recovery Caregiver Benefit (CRCB), EI, QPIP, short-term disability, or workers' compensation are not eligible to apply for the CRB.

It is important to check the CRA information on these other benefits.

What happens after the CRB ends?

The CRB ends in one year, but people can only collect for 26 weeks. Hopefully, most people who lost income due to COVID-19 will be back to work by the end of next September. That's the government's ideal outcome.

The pandemic, however, won't be the last major economic crisis we face.

As such, it makes sense to start building our own emergency benefit fund. One way to do this is to use the Tax-Free Savings Account (TFSA) to hold investments in top-quality dividend stocks.

All income earned inside a TFSA goes straight into your pocket or can be used to build the size of the fund. That's right; the CRA can't touch any of the TFSA profits. In addition, it helps support [pension earnings](#), as the CRA and doesn't use TFSA income determine the OAS pension recovery tax.

Best stocks to own in a TFSA?

The best companies tend to earn decent profits in all economic situations. Their stocks pay reliable [dividends](#) and have long track records of increasing the payouts.

Fortis and **Canadian National Railway** are good examples.

A single \$10,000 investment in Fortis 25 years ago would be worth more than \$200,000 today with the dividends reinvested.

Fortis owns utility businesses. These essential services tend to be recession-resistant. Fortis raised the dividend in each of the past 46 years. Investors who buy the stock today can pick up a 3.7% yield.

Canadian National Railway is another great stock for a TFSA. A \$10,000 investment in CN stock just 20 years ago would be worth \$260,000 today with the dividends reinvested.

It sounds unbelievable, but the \$20,000 invested between Fortis and CN has turned into \$460,000.

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