



## Canada Recovery Benefit (CRB) Update: New Rules on Who Can Apply

### Description

The CRA's new Canada Recovery Benefit (CRB) update spells out the CRB rules that determine who can apply. The CRB includes some new application and payment rules that differ from the CERB extension.

### Who can apply for the Canada Recovery Benefit (CRB)?

The [CRA](#) recently posted the new rules that determine eligibility for the CRB.

The CRB is designed to assist Canadian residents who have suffered income loss due to COVID-19.

The benefit aims to cover people who do not qualify for financial help under the Employment Insurance (EI) program. People who receive EI due to the loss of a job are not eligible to be part of the CRB program.

In addition, CRB is not available to applicants or recipients of a handful of other benefits. These include the Canada Recovery Sickness Benefit (CRSB), the Canada Recovery Caregiver Benefit (CRCB), short-term disability, workers' compensation, or Quebec's QPIP.

To apply for the CRB in one of the 13 periods that each cover two weeks, the person must have been without work due to COVID-19, or saw average weekly employment or self-employment income drop at least 50% compared to the same period in 2019, 2020, or the last 12 months.

For example, a person who earned \$26,000 in 2019 or the past 12 months would use \$500 as their average weekly income for the calculation. As a result, their income for the CRB claim period would have to drop to \$250 or less to qualify for the CRB.

### Additional Canada Recovery Benefit (CRB) eligibility rules

Canadian residents have to be in the country for the CRB claim period.

Applicants must be at least 15 years old with a valid Social Insurance Number.

Income in 2019, 2020, or the previous 12 months must be \$5,000 or higher.

A person didn't voluntarily reduce working hours or quit a job.

The CRB applicant was seeking work as an employee or as a self-employed individual. In addition, a person didn't turn down a job offer in the CRB period.

Individuals must apply for each two-week period. This would mean a maximum of 13 applications need to be made to collect the CRB for the full 26-week limit.

The CRA says it will verify the CRB claims.

## How much does the Canada Recovery Benefit (CRB) pay?

The CRB is a bit different than CERB. On the surface, the total is the same at \$500 per week. In both cases, the payment is considered taxable income.

However, CERB paid \$2,000 per month and left the tax collection for later when the individual files the annual return.

In the case of the CRB, the CRA withholds 10% of the payment. Each period is for two weeks, not four. Therefore, each CRB payment is \$900. Individuals might have to pay more tax on the payments later when they file their personal tax returns.

The CRB payments max out at 13 periods, or 26 weeks. Any two-week period from September 27, 2020, to September 25, 2021, qualifies.

## How to get \$1,712.50 per month tax-free for years

The Canada Recovery Benefit and other pandemic benefits will end in 2021. Canada is a rich country, but the government might not have the same firepower available in future years to deal with the next financial crisis.

As such, it makes sense to start building our own crisis safety nets. Fortunately, the [TFSA](#) is a perfect vehicle for creating a personal emergency fund.

Small investments in high-quality [dividend stocks](#) inside a TFSA can be used to start a savings portfolio that uses the distributions to buy new shares. Over time, the power of compounding can turn modest initial amounts into significant savings for a crisis or retirement.

In fact, a portfolio can grow to the point where people can live off the dividend payments.

For example, a \$5,000 investment in each of **Enbridge**, **Fortis**, and **Bank of Nova Scotia** 25 years

ago would now be worth \$130,000, \$110,000, and \$95,000, respectively, with the dividends reinvested.

That's right; \$15,000 became \$335,000!

The current dividend payments on those holdings in a TFSA would generate annual income of \$20,550, or \$1,712.50 per month.

This is better than the CRB, as it never ends, and all the profits are tax-free.

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