



CRB Applications Open Today! What You Should Know

Description

The Canada Revenue Agency (CRA) is opening the application window for the most-awaited Canada Recovery Benefit (CRB). The CRA will give \$1,000 CRB before tax bi-monthly for up to 26 weeks. This unemployment benefit is for those who have been receiving Canada Emergency Response Benefit (CERB) and don't have an Employment Insurance (EI). If you are eligible for the CRB, login to your My CRA Account and fill out the application form.

But before you fill the application, you should know a few things the CRA has introduced in the CRB that were not there in the CERB.

What you should know about the CRB

There is a reason why the Justin Trudeau government did not extend the CERB and instead replaced it with CRB and EI. The CRA has designed CRB to help employed, self-employed, part-time workers, and freelancers who don't get unemployment benefits return to work even if the pay is low.

Hence, the CRA has introduced some stringent requirements for CRB. The CRA will accept your CRB application if you are unemployed due to COVID-19 and are actively searching for a job. It would reject your application if you got fired because of performance or employment disputes or you voluntarily quit the job after September 27.

The CRA is also giving CRB to those who are working but at reduced pay. You can get the CRB if your weekly income for the benefit period was 50% lower than the average weekly income you earned in 2019 or the last 12 months. This will particularly benefit part-timers and self-employed who didn't earn much as the business was low.

There is another requirement. You [can't refuse to take up reasonable work](#) that was offered to you. The government is trying to create jobs for everyone. Hence, if you reject work, the CRA will suspend your CRB by 10 weeks and even reduce your benefit period to 16 weeks from 26 weeks.

How to apply for the CRB

The CRB application process is similar to the CERB, but the timing is different. You can only apply for a two-week period. You have to reapply every time you want to claim the benefit. The CRA website [has listed 26 periods](#), with each period of 14 days starting from Sunday and ending on the next Saturday.

You can apply for a particular period earliest on the following Monday and the latest within 60 days from that Monday. After 60 days, the application window for that period will close, and your benefit will lapse. For instance, for the September 27–October 10 period, you can apply anytime between October 12 and December 11.

The CRA will pay you \$900 after deducting a 10% tax at source from the \$1,000 benefit payment for those two weeks.

What should you do with your CRA cash benefit?

The CRA is using the taxpayer's money to give these benefits. By giving cash benefits, the government is accumulating billions of dollars of fiscal deficit. This means when the economy stabilizes the CRA could increase taxes, lower benefits, and raise interest rates.

This is a good time to invest some of your CRB money through the Tax-Free Savings Account (TFSA). The business uncertainty has made some fundamentally strong stocks cheaper. All investors are diverting their cash either in technology stocks or gold stocks. Real estate stocks have become cheaper as they face a risk of rent and mortgage defaults. But the industry would generate good returns in the long term.

An efficient and cost-effective way to invest in real estate is through REITs. **SmartCentres** ([TSX:SRU.UN](#)) is Canada's largest retail REIT. Its stock is down 35%. It is trading at its all-time low as the lockdown impacted its rent collection and occupancy rate.

However, SmartCentres' rent collection has improved from 74% in April to 84.8% in July. It will improve further as shops and malls reopen. The REIT faces a risk of rent defaults from small retailers. But the government's mortgage subsidy and its sufficient liquidity would help it withstand the loss and still pay dividends. It's a good opportunity to lock in an 8.8% dividend yield for a lifetime.

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TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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