



Brace for Delays: Transition to CRB and EI Leaves Many Canadians Behind

Description

The last week was a busy time for the Canada Revenue Agency (CRA) and Service Canada (SC) as thousands of Canadians applied for the Canada Recovery Benefit (CRB). As per Prime Minister Justin Trudeau, around 240,000 Canadians applied for the CRB on the first day. But there was a technical glitch in the CRA system that scans through various data sets to validate the eligibility of the applicant. In the end, most applicants got a message that they are not eligible for the CRB.

The transition to CRB and EI is leaving many Canadians behind

While the CRA fixes the issue, the transition from Canada Emergency Response Benefit (CERB) to CRB and Employment Insurance (EI) ain't that smooth. Many people are slipping through the cracks. The Canadians who are being left behind are the ones who have used up their entire EI. What's all this chaos?

The Justin Trudeau government [divided the workload of CERB replacements](#); the CRA will look after the CRB and SC will look after the EI. While the plan was good, the implementation was flawed. The CRB is for those who don't have an EI or have [exhausted their EI](#).

The CRA systems that verify the CRB eligibility don't seem to have the updated EI status of all applicants. Hence, the system is treating people who have been receiving EI before the pandemic as eligible for EI and not for CRB. The CRA agents are asking beneficiaries to get a letter from SC about the status of their EI. This information should have been shared between the CRA and SC internally, rather than asking beneficiaries to get the information.

The SC is all worked up with the large inflow of EI claims both online and over the phone. While it is working to process the EI claims, it is also burdened with letter requests from Canadians who have exhausted their EI.

Delays in CRB and EI

Firstly, Canadians are already receiving the CRB and EI after the end of the benefit period. The system glitch and all the additional documentation could delay the benefit payments until November. The CRA has not revealed how many CRB applications it received. But it stated that it has approved 497,100 applications as of October 14. These could probably be the ones who don't have EI at all.

Another segment of the population that could face delays in receiving CRB is gig and contract workers. The CRA might hold back their CRB application for validation and demand income proof like invoice or payment receipts. The validation could delay their CRB payment by as much as four weeks.

Tackle the benefits delays with investments

Those who have been relying on the CRB for their daily expenses are frustrated. If you recollect, investors panicked due to the uncertainty around the CRB and withdrew some of their investments to pay their October bills. Hence, the **TSX Composite Index** fell 5.3% in the first 20 days of September.

If you had invested \$400 from your first \$2,000 CERB payment in a growth stock like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), by now you would now have \$1,000 in your account. And if you invested through the Tax-Free Savings Account (TFSA), this money would be exempt from taxes. You can encash this \$1,000 and get by the two-week delay.

Make the most of the CRA cash benefits

If you used up all your CERB money back then, you could use the CRB to plan ahead and avoid a similar situation in the future. I understand the first two CRB payments of \$1,800 would go into paying overdue bills. But from the third \$900 CRB payment, you could set aside \$50 and put it in Lightspeed stock. It still has the growth potential and can grow another double-digit in the coming year.

Lightspeed's new and improved omnichannel solutions will help retailers and restaurants go back to business in the COVID-19 economy. The post-pandemic economy would accelerate its revenue growth beyond 50% and drive the stock price.

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