Canada Revenue Agency: New $500/Week CRB Could Be a Lifesaver

Description

The Canada Emergency Response Benefit (CERB) was a vital program that helped Canadians face the financial challenges brought by COVID-19 lockdowns. After two extensions, the CERB finally ended on September 27, 2020. The government wanted to encourage Canadians to return to work and had to stop handing out CERB money due to the immense financial pressure.

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The traditional Employment Insurance (EI) program was renewed to help Canadians who still could not find work. However, the relaxed EI qualification requirements still did not cover those who were self-employed or had employment income that did not qualify them for EI.

Fortunately, the Canada Revenue Agency (CRA) announced the launch of the Canada Recovery Benefit (CRB) as a lifeline for Canadians who are not eligible for EI benefits.

How to apply for CRB

Applying for CRB is simpler than for CERB. You need to register for the benefit on the CRA's website and submit your application every two weeks. You cannot claim more than two weeks in each CRB application. You can claim the benefit up to 60 days after the benefit period.

For instance, the first CRB benefit period is from September 27 to October 11. You can apply for the benefit period at the latest by December 10.

Better than CERB

The CRB is arguably better than the CERB program. Both programs pay out $500 per week to applicants, but there are key differences. The CRB eligibility periods will last from September 27, 2020, to September 25, 2021. You can apply for CRB for any 26 weeks during this time and receive up to $13,000.

Both CERB and CRB are taxable benefits. However, the CRA will deduct the 10% withholding tax for

CRB payouts before applicants receive the benefit. It means that the actual amount you can receive after collecting all the payments is $11,700. This way, you don't need to worry about counting the benefits as part of your taxable income for the next tax season.

You can also claim CRB, even if you earn more than $1,000 per month. The only condition is that your annual income should not be more than $38,000 after excluding the CRB.

Create your own passive income

Government programs like CERB and now the CRB can bridge the income gap for out-of-work Canadians. However, I think you would agree that it is better if you don't have to rely on the government aid for financial challenges in the future. You can create your own passive-income stream that pays you on your terms without expiry dates or eligibility requirements.

A portfolio of reliable dividend-paying stocks in your Tax-Free Savings Account (TFSA) can help you earn substantial and tax-free income for however long you remain invested in the stocks. An ideal stock to begin building such a portfolio could be **Enbridge** (TSX:ENB)(NYSE:ENB).

Enbridge is a battered energy sector stock that runs a relatively low-risk business model than its peers. It allows the energy company to earn a stable income that it can use to finance its dividend payouts. The oil and gas infrastructure company is a long-term staple pick for investors looking to capitalize on its reliable dividends.

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Enbridge is trading for $38.63 per share at writing. At its current valuation, the stock is paying its shareholders at a juicy 8.39% dividend yield. Such high dividend yields are typically alarming. In Enbridge's case, the company has a wide economic moat that can allow it to continue paying its dividends, despite the financial challenges.

Foolish takeaway

The CERB was a vital lifeline, and the CRB is also playing a critical role in helping Canadians who have been affected by COVID-19 lockdowns. However, creating your own passive-income stream could provide you with more financial freedom in the future. A diversified portfolio of dividend stocks like Enbridge in your TFSA can help you create a passive-income stream for this purpose.

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