



Got CERB? The CRA Can Still Reject Your CRB Application

Description

The Canada Revenue Agency (CRA) has been working tirelessly to distribute the Canada Emergency Response Benefit (CERB). Yes, there were a few hiccups in the process, but the benefit helped more than 8.5 million Canadians. Now, the CRA has replaced the CERB with the Canada Recovery Benefit (CRB). If you received CERB, there is a high possibility that you may also get the CRB. But there are instances in which the CRA might reject your CRB application.

The CRB application window for the first period (September 27 – October 10) is open. You can see [if you are eligible](#) for the benefit and apply for it. You can only apply for the CRB if you cannot access Employment Insurance (EI) or have not applied for other COVID-19 benefits.

The CRA can reject your CRB application

The CERB was a popular benefit, but it had its flaws. You could get the \$2,000 benefit payment if you didn't expect to earn more than \$1,000 income for 14 days in a row during the four-week period you are applying. This requirement came under a lot of criticism, as it disincentivized people from returning to work if their job paid them less than \$2,000.

The CRA came up with a solution that required beneficiaries to actively search for the job if they want the CERB payments. But people were still rejecting lower-pay jobs to continue getting the CERB.

Hence, the CRA changed the rules in the new CRB. All other eligibility requirements remain the same as the CERB. But this time, the CRA wants you to actively search for a job and not refuse any decent job. If the CRA finds out that you refused to take up decent work, it would reduce your CRB benefit period from 26 weeks to 16 weeks. Moreover, you won't be able to get the CRB for the next 10 weeks.

The CRA is not only penalizing those who refuse work but also incentivizing those who are taking up lower-paying jobs. If your average weekly income has reduced by 50% or above, the CRA will give you CRB.

Once you apply, the CRA will review your application and credit \$900 after tax in CRB payment into

your account. If your application goes under validation, the payment could take up to four weeks to process.

A better benefit than the CRB

The CRA cash benefits have helped many Canadians pay their bills and buy groceries while they were out of work because of the pandemic. A crisis situation reiterates the need for a savings pool that can give you assured CRB-like benefits, so you don't have to worry about your application being rejected.

The government encourages savings. It created the Tax-Free Savings Account (TFSA) in the 2009 crisis that allowed Canadians to contributed \$5,000 of their after-tax income and enjoy the investment income without worrying about taxes. It's never too late to start saving. Make the most of all CRA benefits and create a personal CRB.

I know many Canadians are not willing to invest their benefits payments. But don't forget, [these benefits will add to your 2020 tax bill](#). If you are out of work, even in April 2021, then you would be in a fix. You won't have any benefits, plus you would have an additional tax bill. It's better to plan ahead while the benefits are still coming.

Leveraging CRA benefits to the optimum

If you set aside just \$100 from your \$900 CRB payments in TFSA, you will have \$1,300 in 26 weeks. Put this money in a stock that gives you at least 10% returns. The pandemic has changed the stock market remarkably. The tech stocks have rallied significantly as pandemic has accelerated the move to digitization. The **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)) can give you diversified exposure to this growth for less than \$50.

The XIT ETF has surged 43% year to date on the back of triple-digit growth from virus stocks like **Shopify**, **Kinaxis**, and **Lightspeed POS**. These stocks are trading at record-high valuations, limiting their growth potential. But the ETF can grow more than 10% in the next 12 months. You can jump on to the rally and benefit from future growth.

CATEGORY

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