



## CRA Update: A New and Improved \$2,000 CERB (The CRB!)

### Description

Millions of Canadians are concerned about the ending of the Canada Emergency Response Benefit (CERB) on September 27, 2020. However, as soon as it ends, the program is resurrecting into an [improved version](#). The Canada Response Benefit (CRB) is the new \$2,000 CERB.

On October 12, 2020, the opening salvo was when the Canada Revenue Agency (CRA) began accepting CRB applications. Notwithstanding the technical glitches, 240,640 people applied for the new COVID-19 taxable benefit. The applicants were Canadian workers and self-employed individuals who do not [qualify for Employment Insurance](#) (EI).

### Same amount as CERB

Like CERB, the replacement will pay the same \$500 per week, but only up to 26 weeks instead of 28. CRB is the pandemic lifeline in the recovery phase, where job losses are still the government's primary concerns. Businesses in Ontario and Quebec are shutting down again due to the rising cases of COVID-19.

The differences with CERB are the eligibility periods. For CRB, each eligibility period is specific – two weeks. It will begin and end on particular dates. When you apply, you'll receive a net amount of \$900 (10% tax withheld) for the period that you applied for, and you must apply for each period.

### Program duration

There'll be a total of 13 eligibility periods (every two weeks). Period one has lapsed (September 27, 2020, to October 10, 2020), while the second will commence on October 11, 2020, and conclude on October 24, 2020. The whole nine yards begin on September 27, 2020, and expires on September 25, 2021.

According to the CRA, you may apply for benefits retroactively for any period up to 60 days after that period has ended. Please note, however, that the payment will stop when you reach the maximum

\$13,000 CRB. If you need to confirm or monitor the number of periods you received the CRB, go to the “COVID-19 Support Payment Application Details” in CRA My Account for your application history.

## Passive income idea

If your finances allow, it would be best to let your money work this time. You can build an emergency fund and a lasting CRB-like income. The Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)), for example, is a buy-and-hold stock. Purchase the asset today and hold it forever.

The largest bank in Canada pays a 4.44% dividend and currently trades at less than \$100 (\$97.34 per share). Its low 54.76% payout ratio confirms the safety and sustainability of dividend payments.

A \$50,000 investment will generate \$2,220 in passive income. Those owning \$540,550 worth of RBC shares are earning the CRB monthly equivalent. In a Tax-Free Savings Account (TFSA), all earnings are tax-free.

Royal Bank is a blue-chip company with a dividend track record of 15 decades. It's second only to Shopify in terms of market capitalization but is averaging \$12.23 billion in net income. The e-commerce platform has yet to show profitability, whereas the reputation for stable capital position precedes the Royal Bank of Canada.

## CRA reminder

If you want faster CRB releases, register for direct deposit as the payment mode. Similarly, the CRA advises applicants to file their 2019 tax returns to prevent snags or delays in application processing. CERB is out, but CERB is in!

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