



CRA: You Can Get CRB Even if You Didn't Get CERB

Description

The COVID-19 pandemic has created chaos worldwide. The Justin Trudeau government took immediate action and released several cash benefits for Canadians. The Canada Revenue Agency (CRA) rushed to provide the \$2,000 Canada Emergency Response Benefit (CERB) to the general public. However, there were some Canadians who didn't get the CERB. But you can get the new Canada Recovery Benefit (CRB).

The CRA has overcome the flaws of the CERB and tried to make CRB accessible to maximum people living in Canada who need financial support.

You might get CRB, even if you were not eligible for CERB

The CERB was available to all Canadians who met the eligibility criteria from March 15 to September 26. But there was a clause that your CERB payment will stop [if you earn more than \\$1,000](#) in 14 consecutive days of the four-week benefit period.

The CRA has made changes to the new benefit. You can earn \$1,000 in 14 days and still get the CRB as long as this income amount is 50% lower than your average income in 2019 or the last 12 months.

For instance, Jane was working full time in 2019 and earned an average income of \$2,500 in 14 days, or \$5,000 a month. But the pandemic affected her job. She got a new job in July, which paid her \$1,100 for 14 days, or \$2,200 a month. She didn't get the CERB, but she could get the CRB.

The CRB is more flexible than CERB

Another flaw was that the CRA paid CERB and Canada Emergency Student Benefit (CESB) in advance. Many Canadians repaid more than 830,000 of benefit payments to the CRA, as they were not eligible. But the CRA has overcome this flaw in the CRB. This benefit is paid after the end of the period, eliminating all the guesswork around eligibility. The only way the CRA can take back your CRB is if your 2020 annual income exceeds \$38,000. So, you can tackle the repayments during your tax

filings.

Every Canadian could get a maximum CERB of \$14,000 in seven months. But not all Canadians could max out on their benefits, as they did not meet the eligibility for some periods. The CRA has made CRB more flexible; it has reduced the benefits window to two weeks instead of four weeks and extended the term to 52 weeks.

You can apply for the CRB in any of the two weeks you become eligible. You can claim the benefit for a maximum of 26 weeks, or 13 periods, and divide it across the 52 weeks till the CRB is active. This way, every [Canadian can max out](#) their benefits.

The CRB will end, but this benefit will pay you for a lifetime

The CRB will end, but you can make a personal CRB that will give you tax-free passive income for a lifetime. If you have been saving \$100 a week in your Tax-Free Savings Account (TFSA) for the past 10 years, you would have \$52,000 only in contribution. If you invested this money in a security that earned you a 5% annual interest, then you would have \$67,000.

The pandemic has created an opportunity to lock in high dividend yields. **RioCan REIT** ([TSX:REI.UN](#)) is one such stock that has dipped 46% to the 2009 level, as it faces a risk of default in rents by its tenants. But it has security deposits and letters of credit, which can recoup for the lost rent.

Moreover, RioCan has set aside \$20 million in provision for loss and reduced its fair value of investment securities. This has resulted in a net loss of \$351 million in the second quarter. These are not actual cash losses, and they are short term. As the economy reopens, it is seeing an uptick in rent collection. The company has sufficient liquidity and cash flow to withstand crisis without cutting dividends.

Foolish takeaway

RioCan stock could take a year or two to recover to pre-pandemic levels, representing an upside of 85%. In the meantime, it will pay annual dividend yields of 9.8%. A \$35,000 investment will earn you \$3,450 in annual dividend for a lifetime, and your principal amount could grow to \$63,000 in two years.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
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