



CRA: Is Basic Income Coming in 2021?

Description

The COVID-19 pandemic forced governments around the world to take unprecedented measures in order to avoid a health calamity. Canada proved to be one of the most aggressive countries providing for citizens who were struggling financially. Like its peers, Canada suffered huge job losses in the wake of widespread lockdowns.

The federal government introduced the Canada Emergency Response Benefit (CERB) in March 2020, which allowed Canadians to apply for a \$2,000/month payment quickly through the Canada Revenue Agency (CRA).

Some suspected that this may be the roots of what will one day become a guaranteed basic income. Could this revolutionary social policy become a reality sooner than we think?

Today I want to explore why the federal government may push a basic income payment that would be implemented through the CRA. Moreover, I also want to look at an income alternative for investors.

Why the CRA could introduce a basic income in the future

In the late summer, Justin Trudeau and the ruling Liberals laid out a plan to [phase out](#) the CERB. Up until then, millions of Canadians had relied on CERB payments to sustain themselves through a difficult economic period. Fortunately, the federal government revealed that it would modernize employment insurance (EI) and introduce new benefits through the CRA.

[Earlier this month](#), I'd discussed how Canadians could apply for the new Canada Recovery Benefit (CRB), as well as the Canada Recovery Caregiving Benefit (CRCB) and Canada Recovery Sickness Benefit (CRSB). Like the CERB, these benefits are also temporary. Meanwhile, EI is also capped out at 26 weeks.

The COVID-19 pandemic has dealt lasting damage to the Canadian service sector. This means that many jobs that were lost may never return, at least in the capacity they existed before. Because of this, Canada and the CRA may need to get more creative with a long-term benefit.

Basic income: What do Canadians think?

A basic income is a theoretical public program that would provide a periodic payment to all citizens. Just as with the CERB and the three new benefits, this would probably be administered through the CRA. However, Canada has shied away from the “universal” aspect of the basic income. If a basic income does arrive, it will likely serve as a social services program with income and wealth eligibility requirements.

In June, the Angus Reid Institute unveiled a survey that showed strong general support for the idea of a basic income. Of the 1,500 Canadians surveyed, roughly 59% said they would support a Universal Basic Income (UBI) at either \$10,000, \$20,000, or \$30,000. Interestingly, support has marginally fallen since the survey was taken in 2016.

Strong public support and a liberal minority reliant on the support of the New Democrats could produce the perfect storm for a basic income pitch in 2021.

Forget the CRA: Here's an income alternative for investors

Whether a basic income arrives, Canadian investors should be hungry to generate passive income. Fortunately, this can be accomplished with discipline and a little bit of knowledge. Even better, income generated through a Tax-Free Savings Account (TFSA) means that you will not see a slice of your payment kept by the CRA.

Superior Plus is a promising stock for those looking to generate income in their TFSA. This company is engaged in the energy distribution and specialty chemicals businesses in Canada, the United States, and Chile. Its shares have climbed 3.3% in 2020 as of close on October 22.

The stock last had a favourable price-to-book value of 2.0. Superior Plus offers a monthly dividend of \$0.06 per share. This represents a strong 5.8% yield.

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Date

2025/09/10

Date Created

2020/10/24

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