



CRA: Here's How You Can Get \$2,000 in CRB

Description

October has been pretty hectic for the Canada Revenue Agency (CRA) because of the not so smooth transition to the Canada Recovery Benefit (CRB). Many Canadians, especially the ones who had exhausted their Employment Insurance (EI) claims, got stuck in a technical glitch. This led to a two-week delay. Most of these Canadians got their first CRB credit this week.

If you compare the date of CRB payment with the last Canada Emergency Response Benefit (CERB) payment received on September 7, there was a 48-day gap. I had warned against this time gap back in September. The government made CRB payments postpaid rather than prepaid like the CERB.

The two-week benefit period

The CRA introduced many new things in CRB other than the time of benefit payment (after the end of the benefit period). It reduced the benefit period to two weeks instead of four weeks, as was in the case of CERB.

In CERB, the application window opened on the first Monday of the benefit period. So for the benefit period August 30 to September 26, you could apply earliest on the following Monday (August 31). You got the direct deposit by next Monday (September 7). But if you earned \$1,000 in 14 consecutive days, you lose the CERB eligibility for the entire month. This didn't bode well with gig contractors who had work in the first half of the month and had no project for the rest of the month.

The CRB gives contractors and freelancers the flexibility they need with CRA cash benefits as the nature of their work is flexible. You can apply every two weeks you didn't have work or earned less than 50% of your average weekly income. Moreover, you can claim CRB in any of the 13 two-week periods as and when you become eligible till September 25, 2021. It need not be consecutive 13 periods.

For instance, Raj is a wedding planner. He has been out of work as many of his clients delayed their wedding because of the pandemic. He got work in the first half of October and earned \$2,500. But then COVID-19 cases surged, and the government imposed stricter rules on a gathering. He was out of

work for the second half of the month. He can apply for the CRB for the second half.

How can you get the \$2,000 CRB

The earliest that you can [apply for the CRB](#) is the following Monday the benefit period ends and up to 60 days from that. You can make use of this retrospective payment option and apply for the CRB in two consecutive periods at once.

You can apply for the first (September 27–October 10) and second (October 11-24) period any time between October 26 and December 11. But you will have to submit two applications. The CRA will review both your applications and, if satisfied, credit the amount of \$1,800 after deducting a 10% tax.

Make your CRB last longer

The month of October and the CRB delay reiterated the need for a personal benefits pool. The CRA cash benefits will end and leave you with a tax bill in April 2021. Build your benefits pool while you still have a cash benefit. The stock market has been on a bearish tone since September as the economy moves from emergency to recovery. Save \$200 from your CRB payments in a high-dividend stock through your Tax-Free Savings Account (TFSA).

If you are not confident about your choice, go with Warren Buffett and invest where he has invested. **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) recently released its [third-quarter earnings](#), which showed recovery in cash flows and slowing of losses as it works through cost-cutting.

The company is currently in the middle of the industry's worst crisis. The oil prices have declined to a level where oil companies are selling at cost.

Suncor stock has bottomed at \$15, increasing its dividend yield to 5.6% even after a 55% dividend cut in May. The stock will only rise from here as oil demand recovers. It can double your \$200 in five years.

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