



## Beware! The CRA Can Take Away Your CRB Payments in 3 Ways

### Description

Did you get your Canada Recovery Benefit (CRB) payments for October? The Canada Revenue Agency (CRA) is giving \$900 in benefits payments every two weeks. Those who applied for all the four weeks of October together will get \$1,800 after tax on November 2. If you depend on the CRB to make ends meet, the benefit is only until 26 weeks, which is approximately six months. And the CRA can take back your CRB.

### How can the CRA take away CRB?

The CRA has designed the new CRB to help people living in Canada, including [immigrants](#), get back to work. It can take back the benefit in three ways.

You can get the CRB if you can't get employment or are earning less than 50% of your average weekly income because of COVID-19. If you are working and also claiming the benefit, make sure your total income for this year (excluding CRB) is less than \$38,000. If your annual income exceeds \$38,000, then the CRA will take back some or all of your CRB payment at the rate of \$0.5 for every dollar of surplus income.

For instance, Jim is a tax consultant. He got a project that ended in early October and paid him \$3,000. However, he had no work since October 10. He can get CRB for the October 11-24 period. In 2020, he collects a total of \$2,700 in CRB payments for three periods. During the 2020 tax filing in April 2021, his annual income excluding CRB is \$42,000, a surplus of \$4,000. The CRA will take back \$2,000 in CRB payments ( $\$4,000 \times 50\%$ ).

Note that the \$38,000 annual income includes Canada Emergency Response Benefit (CERB) and other COVID-19 benefits you collected in 2020. While the annual income is the direct way the CRA will take back CRB, there are two indirect ways as well.

### The CRB penalty

The CRA is serious when it states that you must be actively searching for a job if you want to avail of the CRB. And to prove that it means it, the agency has imposed a penalty for those who refuse a reasonable job/work.

If the CRA finds out that you are refusing decent work, it will slash five periods from your 13 CRB periods. This means you will only get 16 weeks of the benefits payment. And if there is another instance, it will deduct five more periods. Indirectly, it will take away your chance to get a CRB. Moreover, it will suspend you from applying for the benefit for 10 weeks.

## The CRB tax implication

Another way the CRA will take back your CRB is through taxes. The benefit is taxable. It is already taking back \$100 every period from your \$1,000 CRB payment as tax deducted at source. The CRB payment will be added to your 2020 taxable income, and you will have to pay tax according to the tax bracket your income falls.

## There is one benefit the CRA can't take away

The CRA can take back CRB as well as CERB, but it can't take back the investment income you earn through your Tax-Free Savings Account (TFSA). Invest \$5,000 in **RioCan REIT** ([TSX:REI.UN](#)), which is paying a 10% dividend yield. You won't get this kind of interest in any bank. And this dividend income will continue for a lifetime.

Many investors were concerned that RioCan would cut dividends. But its [third-quarter earnings](#) reassured investors that dividends are here to stay. It earns money through rent from retail tenants. Its rent collection has improved to more than 93% from 73% in the previous quarter. Its occupancy rate is falling, but it is signing new leases, and the rent collection from stable tenants will bring sufficient cash flow to maintain current dividends.

Your \$5,000 investment in RioCan will give you \$500 in annual dividend income. The stock will recover to the pre-pandemic level of \$27 when the economy normalizes in three years. By the end of 2023, you will have \$10,500 in your TFSA, and the CRA can't take it away from you.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Coronavirus
2. Dividend Stocks
3. Investing

### Date

2025/08/25

### Date Created

2020/10/30

### Author

pujatayal

default watermark

default watermark