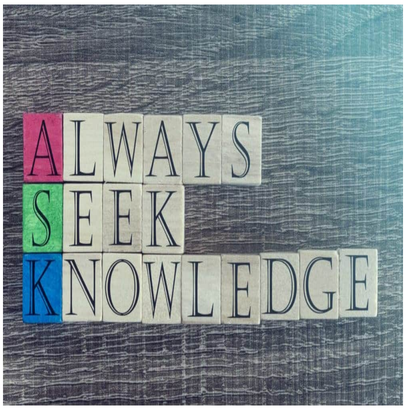

CRA Update 2020: Confused Between CERB and $2,000 CRB? Read This

Description

There was worry among Canadians when the Canada Emergency Response Benefit (CERB) was nearing its final run. Employment Minister Carla Qualtrough was announcing the transition of CERB recipients to the Employment Insurance (EI). However, millions will not qualify if the modified EI was the only CERB replacement.

The anxiety wore off in early October 2020 with the approval of legislation authorizing the continued income support to Canadians still affected by COVID-19. Three new recovery benefit measures were introduced, including the Canada Recovery Benefit (CRB), whose purpose is similar to CERB.

Differences

Employed and self-employed individuals who will not qualify for EI can apply for CRB. The Canada Revenue Agency (CRA), the program's administrator, has begun accepting applications on October 12, 2020. Before applying, it would be best to know the salient features of CRB and how it differs from the original pandemic lifeline.

- **Same weekly amount, shorter duration**

CRB is no different from CERB in so far as the benefit amount is concerned. It pays $500 per week, too, although the period is up to 26 weeks only and not 28 weeks. The taxable benefit is available between September 27, 2020, and September 25, 2021. The maximum amount you could receive is $13,000.

- **Altered payment scheme**

Like CERB, there's a specific start and ending eligibility period. With CRB, it's now every two weeks instead of CERB's four-week period. CRB doesn't renew automatically, so you must apply again after the period has elapsed, and your situation hasn't changed.

- **Tax withheld at source**

While CRB is also a taxable benefit, the CRA will deduct a 10% tax upfront this time. It means that instead of $1,000, you will receive $900, net of taxes, upon release of the benefit.

CRB is not only for Canadians with zero income. You could be eligible if your employment or self-employment income were reduced by at least 50% due to the COVID-19 pandemic.

More lasting income option

CERB and CRB are temporary income support during the emergency and recovery phases, respectively. Dividend investing is an option for Canadians desiring a more lasting income. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) can provide a recurring income stream that could last for decades.

Earn while you sleep from the pioneer in dividend payments. The fourth-largest bank in Canada has been the passive income source of dividend investors for 191 years already. Currently, BMO pays a 5.17% dividend. If you have $20,000 spare cash, your free money could generate $1,034 in extra income.

You hold all the aces if BMO is your core stock holding. The bank is Canada's oldest banking institution that has transformed into a diversified financial services provider. Today, BMO stands tall with its $51.47 billion market capitalization. It's still progressing and adapting remarkably in the digital age.

Expect BMO's earnings to be robust and resilient amid the present headwinds and over the medium term. Its platform in North America is growing, particularly the commercial banking segment, which is making waves in the U.S market. Last, the dividend payments are safe and sustainable, given the 60.5% payout ratio.

Should be well loved like CERB

CRB is a worthy replacement for the well-loved CERB. The new benefit might have specific alterations compared with the original lifeline, although it guarantees that EI castoffs will not be left behind.

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