



Do You Know You Can Get Both CERB and CRB in November?

Description

This year has been topsy-turvy as the COVID-19 pandemic forced many businesses to shut down and left many Canadians unemployed. The Justin Trudeau government launched a fiscal stimulus package within weeks, injecting billions of dollars in the economy. As part of the stimulus, the Canada Revenue Agency (CRA) distributed \$2,000 Canada Emergency Response Benefit (CERB) between March 15 and September 26. It ended this benefit and replaced it with the Canada Recovery Benefit (CRB).

Unlike the CERB, the CRA will give you \$900 in CRB every two weeks after deducting a 10% tax at the source. You can claim the CRB for the entire month, but you will have to submit two application forms for two periods (September 27-October 10 and October 11-24).

Get both CERB and CRB in November

Even though the CERB has ended, you can still claim the benefit in November. If you were eligible for CERB in any one of the seven periods till September 26 but didn't claim it then, you can submit a [retroactive application](#). If you are claiming CERB for any of the periods from July 5, you can do so through My CRA Account or phone. But for claims before July 5, you can only apply over the phone. The CRA will verify your application, and if satisfied, credit the \$2,000 benefit payment in five working days.

At the same time, you can also apply for the last four weeks CRB by submitting two applications. The CRA allows you to apply for the CRB until 60 days from the date the application window for a particular period opens. So for the first period from September 27-October 10, you can apply anytime between October 12 and December 11.

Note that the [CRA will take back your CRB](#) if your 2020 taxable income excluding CRB but including CERB exceeds \$37,000. If this is the case, it's better you don't claim CRB this year. The CRB is in place till September 25, 2021. There is ample time for you to claim the benefit next year if you are eligible.

It's the right time for 2020 tax planning

The CRA cash benefits will add to your 2020 taxable income. Hence, it's good to plan for the tax month in April 2021. You have six months before the 2020 tax filing deadline. Here's what you should do:

- First, calculate your taxable income. If you max out on your CRA cash benefits this year, \$19,400 (\$14,000 in CERB and \$5,400 in CRB) will be added to your taxable income over and above your working income.
- Second, identify various CRA tax credits and deductions that can reduce your taxable income.
- Finally, once you have calculated a rough figure of your taxable income, see how much more you need to reduce your income and invest that much in Registered Retirement Savings Plan (RRSP).

The RRSP allows you to claim a tax deduction on your contribution and levies tax on withdrawals. You can withdraw from the RRSP when you have a stable income source and sufficient funds to bear the tax bill.

For instance, Jane has a total taxable income of \$30,000 in 2020 after adding CERB and CRB. After deducting all tax credits, his taxable income comes to \$15,000. He can use his \$2,000 retroactive CERB and put it in RRSP, thereby reducing his taxable income to \$13,000.

Create your RRSP portfolio with CERB

You can diversify your \$2,000 retroactive CERB in dividend and growth stocks. One good dividend stock is **SmartCentres REIT**. One low-risk growth stock is **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)), which is resilient to an economic downturn.

Descartes is one of the largest providers of logistics and supply chain management solutions. The breadth of its solutions and diverse customer base gives it stability even in a crisis. For instance, the U.S.-China trade war increased the demand for its tariff and duty content and Denied Party Screening solutions. The pandemic has increased the demand for its e-commerce solutions.

Descartes's stock surged 26% so far this year, above its five-year compound annual growth rate (CAGR) of 20%. The stock will continue to grow double-digit and double your money in the next five to seven years.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:DSG (The Descartes Systems Group Inc)

PARTNER-FEEDS

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2. Koyfin
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