



CRA \$2,000/Month CRB: Can You Qualify for It?

Description

It's been almost a month since the Canada Revenue Agency (CRA) has been processing applications for the Canada Recovery Benefit (CRB). The [new benefit](#) is for employed and self-employed individuals, including gig workers, who are part of the estimated 890,000 people that will not qualify for Employment Insurance (EI) benefits.

The CRB window was opened on October 12, 2020, although approval is subject to meeting eligibility criteria. Similarly, safeguards are in place that the CRA might conduct further verification before processing an application. An eligible recipient could receive \$500 per week for up to 26 weeks.

Who is eligible for CRB?

Aside from not qualifying for EI, you can apply for CRB if you meet all of the following:

- With a valid Social Insurance Number (SIN) and at least 15 years old
- Stopped working due to COVID-19, but is available and looking for work
- Earning, although experiencing at least 50% reduction in income
- With at least \$5,000 in income in 2019 or 2020
- Did not quit your job voluntarily after September 27, 2020, or was fired or laid off by an employer

How much is the taxable benefit?

The CRA will pay an eligible CRB recipient will pay \$1,000 every two weeks (effectively \$500 per week) for up to 26 weeks or 13 eligibility periods. Thus, the total could be up to \$13,000. However, the tax agency will deduct a 10% tax for each payment, so that the net amount will be \$900.

Note that if your income in 2020 or 2021 is more than \$38,000, you must pay back some of the CRB money at tax time. The clawback is 50 cents for every dollar of income over \$38,000. Assuming your income in 2020 is \$40,000, you must pay back \$1,000.

Renewal is not automatic, and you must re-apply for CRB if your situation is still the same after the two-week eligibility period has elapsed. The first official CRB day is September 27, 2020, and the benefit is available until September 25, 2021.

Invest in a retail monopoly

Companies providing essential services during the pandemic are attractive options for income investors. The **North West Company** ([TSX:NWC](#)) might be flying [under-the-radar](#), but it's a terrific pick for its business' resiliency. This consumer-defensive stock is among the **TSX's** better performers thus far in 2020.

Current North West investors are winning by 27.48% year to date while enjoying a 4.33% dividend. An investment equivalent to the \$13,000 CRA CRB will produce \$562.90 in passive income. If it's in your Tax-Free Savings Account (TFSA), the earning is 100% tax-exempt.

The North West Company operates retail stores in the Canadian far north, Alaska and the Caribbean. It sells food, family apparel, appliances, groceries, and other household items. There's hardly competition in the extreme geographies, so the company enjoys a retail monopoly.

In Q2 2020, North West posted increases in sales (+23%) and net earnings (+40%). Management is now studying the emerging opportunities and risks with the shift to in-community and at-home spending of its customer base.

CRA reminders

Apply for CRB for two weeks at a time through the agency's online portal. Wait to apply until after you've missed two weeks of work. Finally, you must apply within 60 days of missing work.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:NWC (The North West Company Inc.)

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