CRA: Do You Qualify for $2,000/Month Benefits?

Description

The COVID-19 pandemic has forced the federal government to take a very active role in providing financial aid for Canadians. In March, it unveiled the Canada Emergency Response Benefit (CERB), a $2,000/month program that was used by millions of Canadians over the spring and summer. The CERB expired this fall and was replaced by three new benefit programs. Canadians can apply for these benefits through the Canada Revenue Agency (CRA) online portal, or by phone. Today, I want to discuss whether you qualify for these new benefits.

CRA: Canada Recovery Benefit eligibility

In early October, I'd discussed the Canada Recovery Benefit (CRB). Like the CERB, this benefit is run through the CRA.

According to the government of Canada website, the CRB gives income support to employed and self-employed individuals who are directly affected by COVID-19 and are not entitled to revamped Employment Insurance (EI) benefits. Those who are eligible will receive $1,000 for a two-week period. Recipients must re-apply, assuming they meet the criteria, for every two-week stretch.

To qualify for the CRB, applicants must have lost employment or self-employment for reasons related to the COVID-19 pandemic. Alternatively, applicants must have had a 50% reduction in their average weekly income compared to the previous year. Moreover, those applying for the CRB must not have applied for the Canada Recovery Sickness Benefit (CRSB), the Canada Recovery Caregiving Benefit (CRCB), short-term disability benefits, workers' compensation benefits, EI benefits, or Québec Parental Insurance Plan (QPIP) benefits. Applicants must have earned at least $5,000 in 2019, 2020, or in the 12 months before applying. Most importantly, applicants must be actively looking for work.

Do you qualify for the other two benefits?

Canadians can also apply for the two new benefits through the CRA. The CRSB and CRCB possess very similar eligibility criteria to the CRB.

In order to qualify for the CRSB through the CRA, applicants must be unable to work at least 50% of their scheduled work week because they are self-isolating. Acceptable reasons for self-isolating are as follows: the applicant is sick with COVID-19 or may have COVID-19, or the applicant has been advised to self-isolate due to COVID-19. Finally, the applicant has an underlying health condition that puts them at greater risk of getting COVID-19. The remaining criteria mirror eligibility for the CRB.

Thirdly, in order to qualify for the CRCB, applicants must be unable to work at least 50% of their scheduled work week, because they are caring for a family member. The applicant is caring for a child under 12 years old or a family member who needs supervised care because they are at home. Acceptable reasons include the closure of the daycare, school, day program, or care facility; regular care services are unavailable due to COVID-19; or the person under their care is sick with COVID-19 or is showing symptoms, at risk of serious health complications if they get COVID-19, or is self-isolating due to COVID-19.

The only additional criteria for the CRCB is that the applicant is the only person in their household applying for this benefit through the CRA.

Here’s an ironclad way to generate income without having to pay the CRA

Whew, that is a lot to remember for potential applicants. These benefits are a helpful alternative after the CERB expired. However, Canadians should also explore income generation alternatives through a Tax-Free Savings Account (TFSA). Income generated in a TFSA is always tax-free. That way, you avoid any CRA-related headaches.

Scotiabank (TSX:BNS)(NYSE:BNS) is one of my favourite bank stocks to target right now, especially in a TFSA. Its shares have dropped 11% in 2020. However, the stock is up 8.7% week over week. Despite that, Scotiabank stock still possesses a favourable price-to-earnings ratio of 10 and a price-to-book value of 1.1.

Even better, Scotiabank offers a quarterly dividend of $0.90 per share. That represents a strong 5.8% yield. When it comes to income generation, Scotiabank is the heaviest hitter of its Big Six peers right now. This is a reliable vehicle for TFSA investors on the hunt for dividends.

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