



CRA Crisis Update: Make Sure You Apply for the \$500/Week CRB

Description

Millions of Canadians are associated with the gig economy one way or another. A smaller portion of the total gig-worker population relies on it as a primary source of income. Most people freelance or take on gigs to earn some extra cash, polish their skills, or are evolving towards self-employment. But people who make a living through freelance work and gigs might find their opportunities limiting during the pandemic.

One reason is that many businesses and services that relied on gig workers are not performing as well as they were before. But another reason is that higher unemployment numbers have flooded the market with more people competing for fewer gigs.

If you are a freelance or gig worker that's facing this dilemma, if you can't make as much money as you used to, and if you don't qualify for the EI benefits, the CRB is the way to go.

Applying for the CRB

Like the CERB at the beginning of the pandemic, you will be eligible for receiving \$500 a week through [the CRB](#). Of this amount, \$50 will be deducted (10% of \$500) as tax, but that doesn't negate your tax obligation for the CRB payment. If your threshold and tax rate is higher, you may need to pay more on top of the tax the government has already withheld for the CRB payment.

You can apply and receive the payment for a two-week period. So, you can get \$900 every two weeks. You don't have to shut off your freelance work or search for gigs in the meanwhile, but if your net income grows over \$38,000 for the year, you will have to reimburse the CRB payments you have received. You will pay \$0.5 for every \$1 over the \$38,000 net income until your CRB is completely paid off.

So, if after receiving a few CRB payments, you start doing well and earning a decent income, you may want to stash some of it away to pay back the CRA.

Future planning

If the CRB is your only option for financial survival, since you don't have any savings, your situation is not ideal. If you haven't started yet, start saving and investing now, so the next time you have options beyond government aid. Even if you start with a small amount in the right stock (i.e., \$100 a month), like **Parkland** ([TSX:PKI](#)), which has a 10-year CAGR of 18%, you might end up with a \$31,000 nest egg [in a decade](#).

The past is no guarantee of the future, and it might not be wise to focus on just one stock. Still, companies with this kind of return are not too hard to find even on the TSX, and if you diversify and buy larger stakes at low prices (during a market crash), you can improve your return potential substantially.

Foolish takeaway

If you are going to be short of cash, because you can't find a job or freelance work, it's a good idea to start looking into the CRB proactively. You may not need to apply right away, but you have to be prepared to apply at a moment's notice if your need becomes imminent. It's also essential to make sure that you are eligible.

CATEGORY

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

TICKERS GLOBAL

1. TSX:PKI (Parkland Fuel Corporation)

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. Energy Stocks
4. Investing

Date

2025/09/06

Date Created

2020/11/14

Author

adamothonman

default watermark

default watermark