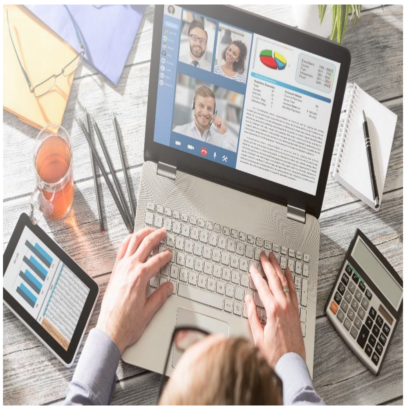

CRA: You May Not Like These 3 Things From the $27,000 CRB Payments

### Description

When the Canada Revenue Agency (CRA) replaced the Canada Emergency Response Benefit (CERB), many thought the new benefits would be largely the same. In fact, it almost seemed better! Now there were four different benefits to choose from if you couldn't apply for Employment Insurance (EI). So it's just as good, right?

Not really. There are a few downsides to these new benefits, especially if it's replacing EI. While that $27,000 sounds like a lot, be warned: it comes with a few substantial strings attached.



## The new goal

When the CERB came out, the goal was simple: get Canadians money. There were lockdowns around the world. Outbreaks were happening leaving businesses and industries sinking or bankrupt. People were being let go. The government had to act quickly and dished out the CERB payments as quickly as it could.

The new CRB payments have a new goal: get Canadians back to work. The government and the country has adjusted to this new reality. And the reality is that even with COVID-19 still happening, the government still wants you to at least try and find work. If you can't, then you can apply for EI or CRB payments.

## It's worst case scenarios

There are three new benefits if you can't apply for EI. These benefits are basically the worst-case scenarios that no one really wants to fit into. There's the Canada Recovery Benefit (CRB), where you can receive $500 per week up to a maximum of 26 weeks for $13,000. This happens if you can't receive EI and can't find work. There's the Canada Recovery Sickness Benefit (CRSB), where if you are working but need to self-isolate or quarantine, you can receive that same $500, but for a maximum of two weeks.

Then there's the Canada Recovery Caregiving Benefit (CRCB), where if you are looking after a child under 12, or a dependent, you can apply for up to 26 weeks of payments, for again a total of $13,000. One such example would be if you can't work because you are now looking after a child or dependent whose school or care facility is in lockdown. So likely, you can't work at the job where you would be making more than this $13,000 over 26 weeks.

Needless to say, it's clear that no one really wants to fall into these categories, even for $27,000.

## Taxes and penalties

On top of all this, it's all taxable. There's already a 10% tax that comes out immediately from these payments. Suddenly, that $27,000 is cut down to $24,300 in payments. But it doesn't end there. You need to then claim all these payments on your tax return next spring. And if you made more than $38,000 at the end of the year, you will have to pay some of those payments back. In fact, for every $1 more than $38,000 that you made, the CRB will ask for $0.50 back.

It doesn't end there. If the CRA finds out you could have been working but weren't, if you went over that limit during that time but applied any way, or worse still had EI during this time, you have to pay back every penny. There are a lot of places to trip up, so it might be better to consider other options.



## Invest is best

I'm not saying you should take anything you have during this economic crisis and put it into stocks. Far from it. But if you are making any income, it's a great idea to take 10% of that pay cheque and put it into strong, stable investments and leave it there to grow for decades. Just cut out that daily cup of coffee, or eat out twice a month instead of once a week. There's the cash right there!

A great option to consider is a company like **Nutrien Ltd.** (TSX:NTR)(NYSE:NTR). The company provides crop nutrients around the world and has become a powerhouse that could soon take over most of the market share. As arable land becomes less and less, Nutrien will be in an ideal position to benefit from providing the essential nutrients.

In fact, Nutrien continues to do well even in today's market. It's already almost at pre-crash levels since the March market crash. Meanwhile, investors can look forward to a 4.25% dividend yield. But if you hold onto this stock long enough, it's likely to soar in the coming years.

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**Date**
2025/07/08
**Date Created**
2020/11/19
**Author**
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