



CRA: Help Is Coming to Canadians With the \$2,000 CRB

Description

The Canada Emergency Response Benefit (CERB) was the flagship COVID-19 program of the federal government in Canada. When it ended on September 27, 2020, about 1.15 million CERB recipients will automatically transfer to Employment Insurance (EI). Millions more are anxious because they will not qualify for EI benefits.

The Canada Revenue Agency (CRA) began accepting applications for the Canada Recovery Benefit (CRB) on October 12, 2020. If you still need income support due to COVID-19 but [not eligible to receive EI](#), help is coming. Like CERB, the benefit amount is also \$2,000 per month, although there are changes on eligibility periods and payment schemes.

Ongoing income support

The CRB's eligibility period is a specific 2-week period, 13 eligibility periods in all or a total of 26 weeks. The first eligibility period was from September 27, 2020, to October 10, 2020. It's on its fourth eligibility period (November 8 to 21) and entering period five.

However, you may apply for benefits retroactively for any period up to 60 days after the lapse of a period. Remember, too, that CRB doesn't renew automatically. You must apply for each period separately. Furthermore, you don't have to take the 13 periods consecutively.

The program's duration is between September 27, 2020, and September 25, 2021. While an eligible claimant could receive CRB for 26 weeks, the CRA will stop the payments after you have reached the maximum of 13 periods.

10% tax withheld at source

The CRA was paying \$2,000 per week, gross of taxes, at the time of during CERB. Taxes will be due in the 2021 tax season. With CRB, the benefit is subject to a 10% tax, which the tax agency will deduct upfront. Hence, you will receive \$900 in net proceeds (\$1,000 minus \$100 tax).

Create CRB-like income

Creating passive income outside of CRB or not federal aid is possible. If you have free cash, consider dividend stock investing for an added financial cushion. The stock market is riddled with uncertainties, although it doesn't mean there are no [viable income stocks](#).

A leading wholesale power generator in Canada is an option because it pays a higher-than-average dividend yield (6.45%). Purchase \$25,000 worth of this utility stock to create \$1,612.50 in additional income. Hold it for 15 years, and your money will compound to \$63,844.72.

Capital Power ([TSX:CPX](#)) is an independent power producer (IPP) with a market capitalization of \$3.35 billion. Its customer base consists of commercial, industrial, government, and institutional customers in Canada and the U.S. The majority of the contractual arrangements with these end users are long term. Thus, the business model is low risk.

The portfolio mix is well-balanced, with a significant reduction in coal exposure (from more than 50% down to 22% at present). Natural gas (38%) and renewables (20%) are the lead contributors to Capital Power's revenue.

Get valuable help

While Canada's unemployment rate is declining, the take up of the new suite of recovery benefits is still high. If you have no work due to COVID-19 but are actively seeking employment, you're not late to get valuable help. Apply for CRB to tide you over in the meantime, as the recession might be longer than expected.

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