



## Attention: Don't Let the CRA Take Away Your \$2,000/Month CRB in 2021

### Description

2020 was one hectic year for the Canada Revenue Agency (CRA). It implemented some of the biggest cash benefits that left no Canadian behind. Implementation of such vast benefits in haste brought some glitches, which the CRA will rectify in April 2021 when you file your 2020 tax returns. It is currently running the Canada Recovery Benefit (CRB), under which it pays you \$2,000/month before tax. It can take it away from you in 2021 under certain circumstances.

Don't let the CRA take away your CRB. I will talk about some alternatives that can save your CRB.

### Three ways the CRA can take away your CRB

The CRA launched CRB to help Canadians return to work. Hence, any resident of Canada who lost their income source and is actively searching for a job is eligible for CRB. You can get CRB even if you are working but have gotten a 50% pay cut from your average weekly income. These are the two major requirements for CRB, and both situations should be because of COVID-19-related reasons. There are other [eligibility requirements](#).

At present, the job market is not as competitive as in pre-pandemic times. Many companies are struggling to stay profitable. If the CRA finds out that you are refusing reasonable job offers, it will take away 10 weeks of your CRB (\$4,500). And as a penalty, you won't be able to claim CRB for the next 10 weeks. You can stop the CRA from doing so by taking the job that comes your way, even if the pay is just 50% of your previous income. You can claim CRB even when employed.

The other possible way the CRA can take away your CRB is by charging income tax on these payments. You can stop the CRA by claiming several tax benefits like basic personal amount, age amount, and Canada Training Credit.

The CRA created these benefits to help low- and mid-income earners make ends meet during the pandemic. It will take away your CRB if your 2020 net taxable income, after including CERB, exceeds \$38,000. It will take away \$0.5 of CRB on every \$1 you earn above \$38,000. Here, you can stop the CRA by delaying your CRB claims till January. I have been warning people about not [claiming CRB in November](#)

and December for this very reason.

## Don't let the CRA take away your CRB

If your 2020 income surpassed \$38,000, and you have still claimed CRB, there is no direct way to stop the CRA clawback. However, you can reduce the CRA clawback by investing some of your CRB in Registered Retirement Savings Plan (RRSP). For 2020, you can invest 18% of your earned income, up to a maximum of \$27,230, in RRSP. You can deduct this amount from your taxable income.

For instance, let's say you earned \$42,000 in annual income and claimed all CRB up to \$5,400 after tax in 2020. You will lose \$2,000 (50% of \$4,000 surplus income) in CRB payments when you file your tax returns in April 2021. You can save that much amount on your taxes by investing in RRSP. On \$42,000 net income, you can invest up to \$7,560 in RRSP.

## RRSP investing in 2021

A good stock for an RRSP is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). In the pandemic era, where all major Dividend Aristocrats cut their dividends, Enbridge dared to increase its dividend per share by 3% for 2021. The 3% increase is low compared to its 2020 increase of 9.8%, but it is an increase. The company earns cash flow by transmitting oil and natural gas through its pipelines. The pandemic has significantly reduced the oil volume that was flowing through its pipelines. But oil weakness was partially offset by high volumes of natural gas.

Enbridge has received court approval to upgrade its Line 3, which was under dispute for a long time. Some more ongoing projects are expected to come online between 2021 and 2023. These projects will bring more cash flow and give Enbridge room to continue increasing its dividend for another few years.

### CATEGORY

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### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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**Author**

pujatayal

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