



CRA Benefits: Do Former Air Canada (TSX:AC) Employees Qualify for CRB?

Description

Air Canada (TSX:AC) recently [announced](#) that it will cut another 1,700 jobs and 200 more jobs at its Express carriers. This move comes as the airline suspends six more domestic routes amid the new travel restriction that has impacted its close-in bookings. Will these employees qualify for the Canada Revenue Agency's (CRA) \$2,000/month Canada Recovery Benefit (CRB)?

The CRA offers an unemployment benefit that pays \$1,000 every two weeks for up to 26 weeks. This benefit is available till September 25. Note that the CRA deducts a 10% withholding tax from the CRB payments. So, you might get just \$900 every two weeks.

Who can get the \$2,000/month CRB?

Air Canada laid off 20,000 employees in June 2020 and now another 1,900, despite using the Canada Emergency Wage Subsidy (CEWS). Under the CEWS, AC pays 25% of the salary, and the government pays 75% with the condition that the airline doesn't cut jobs. But it seems like AC is not even able to handle the 25% salary expense. It isn't just AC; WestJet has also cut another 1,000 jobs.

Now, the question is, can these employees claim the CRB? The CRA states that any Canadian or an immigrant residing in Canada can claim the CRB if the following is true during the two-week period for which they are applying:

- They were not employed for COVID-19-related reasons. This includes your employer downsizing, as the pandemic hurt the business.
- They do not qualify for Employment Insurance (EI) benefits or have exhausted their EI benefits.
- They did not voluntarily quit their job or reduce their working hours and are actively looking for work.

There are other requirements like minimum income, which you can read about [here](#). I did not mention them, as most AC and WestJet employees meet those requirements.

Do former Air Canada employees qualify for the CRB?

In June 2020, when AC slashed 20,000 jobs, it gave its employees the option to either take voluntary unpaid leave for six to 24 months, reduce work hours, or resign. None of these options will fetch them CRB or EI.

There is a high probability that airline employees will use EI benefits. But note that even Service Canada will not entertain any voluntary resignations or unpaid leaves. Now, if AC laid off part-time employees who don't have EI coverage, they may qualify for the CRB provided they did not take voluntarily exit the work contract.

How to apply for the CRB

If you are an airline employee and got laid off last week, you can apply for the period from January 17 to January 30 on February 1. You have to register on job portals and start searching for a job. You can take a part-time gig and still collect CRB payments as long as your weekly pay for those two weeks is 50% less than your average weekly pay.

How to build multiple sources of income

Even after working for one of the largest airlines in North America, regular income remains a concern. The pandemic crisis has highlighted the need to have multiple income sources so that you are not left stranded when one source dries up.

The CRA tried to inculcate the habit of investing among Canadians back in the 2009 Financial Crisis, when many people lost their jobs. It started a Tax-Free Savings Account (TFSA) that allows you to contribute a certain amount every year on which you are taxed. But any income you earn from your investment is exempt from taxes, and you can withdraw at any time. There is no lock-in period.

Even if you invested \$5,000 in AC stock back in 2010, you would now have more than \$58,000. This is your return, even when your employer is fighting the worst crisis of all time. You can withdraw this amount and put it in some good growth and dividend stocks like **Magna International** or **Enbridge**. A \$50,000 investment in Enbridge will earn you \$318 in monthly dividends. This will add to your CRB or EI payment and make unemployment bearable.

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