



Hooray! The CRA Might Give You Almost \$7,000 if You Have a Child in 2021

Description

The Canada Revenue Agency (CRA) is never remiss in paying out the Canada Child Benefit (CCB) to eligible recipients. Thus far, as of January 20, 2021, the agency has paid out a total of \$2.28 billion in benefits. The CRA pays the [tax-free benefit](#) on the 20th of each month.

A benefit year begins in July of every year and ends in June the following year. The 2020-21 benefit year is currently in effect, and the amounts will increase in July to mark the start of the next benefit year.

If you have at least one child and eligible for the CCB, you could receive nearly \$7,000 this year. Families with children under age six could receive additional temporary benefits (four additional tax-free payments) on top of the regular CCB benefits as proposed by the federal government.

Basic CCB monthly payments

The following are the annual base benefits corresponding to the children's ages:

CCB base benefit, child under 6: \$6,765 (2020-21) \$6,833 (2021-22)

CCB base benefit, child aged six to 17: \$5,708 (2020-21) \$5,765 (2021-22)

Assuming you have one child under six years old, the maximum monthly benefit amount for 2020-21 is \$563.75. For the 2021-22 benefit year, the maximum tax-free money is \$569.42. From January to June 2021, the total amount is \$3,382.50. The total payments from July to December 2021 is \$3,416.50. Hence, the potential total for the year is \$6,799.

The CCB benefit amount varies because it depends on the following:

- Number of children who live with parent(s) and their ages
- Adjusted family net income (AFNI)
- A child's eligibility for the child disability benefit

- Marital status of eligible recipients
- Province of residence whether the parent(s) qualifies for other provincial child benefits under CRA's administration and combines with the CCB

The CRA reminds parents with children to file their income tax returns every year to ensure no CCB payments disruption. For the benefit year 2021-22, the tax agency will calculate your CCB benefit eligibility from the net income in 2020.

Boost your household income

In the 2020 Fall Economic Statement, Canada's Deputy Prime Minister and Minister of Finance, Chrystia Freeland, said consumer spending dropped because people are saving money. Economists at the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) estimates the cash hoard to be \$90 billion for households and \$80 billion for businesses. The savings rate in Q3 2020 was 14.6%.

Some Canadians are using their cash to [invest and earn passive income](#). Among the top choices is CIBC because of its high dividend yield. The bank stock pays a 5.23% dividend. This \$49.93 billion bank rewarded investors with a 7% total return in 2020 despite the tremendous industry headwind.

As of January 21, 2022, CIBC shares have gained 2.7% year-to-date. Income investors have confidence investing in this Dividend Aristocrat because of its impressive 153-year dividend track record. In fiscal 2020, the bank reported higher revenues (+4.71% versus fiscal 2019) and \$3.8 billion in net income despite a credit loss provision of \$2.49 billion.

More windfalls for young families

Younger families will have additional tax-free money this year. The CRA will hand out four tax-free payments of \$300, spread throughout 2021, to CCB eligibles with annual net incomes of less than \$120,000. Eligible families earning more than \$120,000 will receive equal four tax-free payments of \$150.

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