



Canada Revenue Agency: Big Changes Coming to the Canada Child Benefit in 2021

Description

Raising kids is no easy task, and the pandemic made it more difficult. The frequent lockdowns have forced the closure of schools and child-care facilities. Many working parents had no choice but to cut back on their working hours. Many parents even let their jobs, as children under six need constant care and attention. The Canada Revenue Agency (CRA) has brought financial relief for such working parents. In 2021, parents of children under six will get an additional \$1,200 in Canada Child Benefit (CCB).

About the Canada Child Benefit

Before I jump into the \$1,200 extra cash benefit, do you know the CRA gives the CCB to help parents of a child under 18 pay for child care and other expenses? The CCB is a monthly cash benefit the CRA credits into your account depending on your family income and the number of children. The best part about the CCB is it is tax-free.

If your 2020 adjusted family net income (AFNI) in your income tax returns is \$32,028, you can get \$6,833 (\$570/month) in CCB for a child under six. The benefit starts phasing out if you have a higher income or more than one child. You can get details about the CCB from my [previous article](#). Here, I will focus on the additional CCB.

The temporary Canada Child Benefit for 2021

The \$6,833 CCB amount is under normal economic circumstances. But the pandemic saw more than 20,000 women leave the workforce between February and October 2020, of which, about 66% were mothers of young children. A recent study by **Royal Bank of Canada** revealed these statistics.

The Canadian government offered \$1,800/month in Canada Recovery Caregiver Benefit (CRCB) after-tax for working parents. They can avail of this benefit for 36 weeks if their work was affected by at least 50%, as they were caring for their children under 12. The CRCB is over and above the CCB. But unlike

the CCB, the CRB is taxable, and many parents didn't get the benefit.

To provide additional support, the government has [introduced](#) a temporary CCB of \$1,200 (payable \$300/quarter) for parents of children below six. You can get this temporary CCB if your annual family income is less than 120,000. If your income exceeds the threshold, you will get \$600 (\$150/quarter) in additional CCB.

After adding the temporary CCB, your five-year-old can get you:

- \$8,033 in total CCB if your family income is \$32,000;
- \$2,878 if your family income is \$130,000; or
- \$6,075 if your family income is \$60,000.

Build a better future for your child

You can make the most of this temporary CCB by investing it in your child's future. If there are no urgent expenses, you can invest the \$1,200 additional CCB in a futuristic stock like **Magna International** ([TSX:MG](#))([NYSE:MGA](#)).

Governments worldwide are becoming more environmentally aware. In the last two decades, many economies neglected the climate in favour of commercialization. The world is now facing the after-effects in the form of significant climate changes. This has accelerated the need to control carbon emissions. Three major automotive markets, China, Europe, and America, have introduced policies that support the adoption of electric vehicles (EVs).

Magna has significant potential to tap the EV momentum with its third-party auto manufacturing services. It is working with several tech and auto companies to provide them with auto engineering services for their future EVs and autonomous vehicles. The stock has already surged 23% year to date and has the potential to grow significantly in the coming years.

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Author

pujatayal

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