



CRA Cash Benefit: How to Get Another \$6,000 in CRB Payment

Description

The Canada Revenue Agency (CRA) has just bought some relief to Canadians this tax season. As the April 30th deadline nears, the tension of the income tax bill is rising. On top of that, unemployed Canadians, who have been relying on the Canada Recovery Benefit (CRB), are worried about maxing out their \$13,000 benefit by March-end.

The CRA increases the CRB by \$6,000

The second wave of the pandemic has slowed the economic recovery. It has increased the unemployment rate to 9.4% in January from 8.6% the previous month. **Air Canada** and its subsidiaries cut another 2,000 jobs. In light of the current situation, the Canadian government extended the CRB and the Canada Recovery Caregiving Benefit (CRCB).

The CRA has [increased](#) the maximum CRB period by 12 weeks from 26 to 38 weeks. As the CRA gives \$500/week before tax in the CRB, the 12-week extension increases the CRB payment by \$6,000. It will deduct a 10% withholding tax from the CRB, bringing the net benefit amount to \$5,400.

Do you qualify for the additional \$6,000 CRB?

The CRB program will run till September 25. You can apply for the CRB after every two weeks. The latest CRB period runs from February 14 to 27, the application window for which opens on March 1. The CRA has designed the eligibility around the lines to help the affected population return to work.

You can get the CRB if you are unemployed or are not getting work because of reasons related to COVID-19. There could be high unemployment in your industry, or you can't work because you come under the high risk if you contract the virus.

But if you voluntarily quit your job, you won't qualify, as the CRB is for those who lost their jobs for no fault of theirs.

The CRA wants you to actively search for work, even if it's work from home. You should not turn down reasonable work, or the CRA will penalize you. It will reduce your CRB by 10 weeks and even close your application window for 10 weeks. However, if you took a pay cut or a lower-paying job, which reduced your average weekly income by 50%, the CRA can give you the CRB.

The CRA has introduced many other COVID-19 benefits, but an individual can avail only one benefit at a time. If you are claiming sickness, caregiving, worker's compensation, short-term disability benefits, or Québec Parental Insurance Plan (QPIP) benefits, you can't claim the CRB.

You can't claim the CRB or any other COVID-19 benefits if you are under the 14-day quarantine because you traveled abroad.

If all the above conditions apply to you in the two-week CRB period, you can apply for it.

A personal benefits pool can last for a lifetime

The pandemic has reiterated the need for a personal benefits pool. The CRA cash benefits are temporary, taxable, have many conditions, and can be taken away. But your Tax-Free Savings Account (TFSA) pool will remove all these flaws.

Even if you invest \$100 a week for the next 10 years, you will have a \$52,000 contribution in your TFSA. If you divide your portfolio into [dividend](#) and growth stocks, your benefits pool will be sufficient to help you during the next big crisis.

You can consider investing in **iShares S&P/TSX Capped Information Technology Index ETF (TSX:XIT)** for growth. The 2030 decade will see a technology revolution in the cloud, 5G, and edge computing. The XIT ETF gives you exposure to all these tech trends for less than \$50.

The problem with tech stocks is you don't know which stock will surge and which won't. Some may rise with the momentum and go bust in the long term because of disruptive technology, as was the case with **BlackBerry**. Hence a good way to invest in tech stocks is to buy a cluster of market leaders and fast-growing companies. If a new company disrupts the old company's technology, the technology ETF will offset the decline with gains. If you had invested \$5,000 in the XIT ETF five years back, you would have \$20,000 in your TFSA. You can still replicate this return in the 2030 decade.

CATEGORY

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