



Attention Canadians! The CRA Increased \$13,000 CRB to \$19,000

Description

The year 2020 and 2021 are the most unpredictable, as the COVID-19 pandemic had a different plan for everyone. The Canadian government is adjusting the benefits to help Canadians deal with the pandemic. Last year, the Canada Revenue Agency (CRA) extended the Canada Emergency Response Benefit (CERB) twice. Now, the CRA has increased the maximum eligibility limit on the Canada Recovery Benefit (CRB) from 26 weeks to 38 weeks, which is almost nine months of cash benefits.

The CRA increases the CRB limit

The Justin Trudeau government introduced the CRB, as it realized that a seven-month CERB was not enough. The CERB helped over four million Canadians return to work. But there were still more than one million Canadians jobless and without Employment Insurance (EI). The affected businesses like oil, airlines, retail, and restaurants were not getting any better. To help the Canadian gig and contract workers, freelancers, and the self-employed, the CRA offered the \$2,000/month CRB.

By now, the government knew that it is difficult to time the pandemic. Hence, it extended the CRB period for a year from September 27, 2020, to September 25, 2021. Anyone who [qualifies](#) for the CRB during this period will get \$900 after tax every two weeks up to 26 weeks. To continue getting the benefit, you have to keep applying on the following Monday after the two weeks from Sunday to Saturday.

Initially, the government set the CRB maximum at 26 weeks. If you are collecting the CRB regularly since September 27, you will max out on your benefit by March 27. This is a crucial time, as April 30 is the last date to pay 2020 income tax. And this time, the CERB and CRB will add to your taxable income. Instead of relief, the benefit became a burden.

To ensure that the CRB doesn't lose its core purpose of providing financial support in these difficult times, the government extended the maximum CRB limit by 12 weeks. This means you can continue getting recurring CRB till June 19. If the pandemic doesn't ease, maybe the government might increase the CRB limit further, but I wouldn't count on that.

But the CRB will most likely end in September, unless the pandemic worsens. The prime minister is optimistic that the COVID-19 vaccine will be available to everyone by then.

Canadians can now get up to \$19,000 in the CRB

What does the higher CRB limit mean to you? You used to be able to get up to \$13,000 before tax in the CRB. But now, you can get up to \$19,000 before tax. If you did not avail of the benefit last year, you can make a retroactive claim for the CRB for the period starting January 2.

Are you worried that the CRA will [take away](#) your CRB? Note that you can earn up to \$57,000 (\$38,000 in working income + \$19,000 in CRB) in 2021 before the CRA can claw back your benefit. For the CRA to take away all your CRB, you will have to earn \$76,000 in 2021.

Benefit from the CRA cash benefits

Make the most of this benefit as they will add to your tax bill. Stash aside a portion of the CRA cash benefit, just \$100/week, in the Tax-Free Savings Account. The stock market has presented some good contrarian opportunities. If you are risk averse, consider investing in **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

BCE is on the growth path as the 5G rollout gathers momentum. The company is investing over \$1 billion in expanding its network and 5G footprint. Its free cash flow declined 10.4%, as it accelerated its capital spending. However, its investment plans did not impact its dividends. The company increased its dividend per share by 5.1%, which is slower than its 10-year average rate of 6.4%.

As the 5G investment converts into revenue and cash flow, BCE will increase its dividend per share at a faster rate. These dividends will help reduce the tax burden the CRB will bring next year.

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