



Canada Revenue Agency: You Might Qualify for This \$8,033 Canada Child Benefit in 2021

Description

2020 was not a good year for anyone — be it single, married, or parents. The COVID-19 pandemic caused financial distress across the world. Many people took pay cuts, while others lost their jobs, making it difficult for them to manage their day-to-day expenses. And if you have young children to care for, it becomes all the more difficult. The Canada Revenue Agency (CRA) helps parents in raising children by sharing their financial burden. The agency is giving up to \$8,000 in the Canada Child Benefit (CCB) for the July 2021-June 2022 period.

What is the Canada Child Benefit?

The Canada Child Benefit is a tax-free monthly [cash benefit](#) the CRA gives as financial support to parents with children under 18. The CRA aims to ease the financial burden of middle- and low-income parents with this benefit. The agency decides the amount based on the number of children, adjusted family net income (AFNI), and the child's age.

To get the benefit, you need to file your income tax returns. The CRA has set April 30 as the general deadline to file your income tax returns. It will assess your returns and calculate the amount of your CCB. It will then credit it to your account between the 18th and 20th of every month.

Who is eligible for Canada Child Benefit?

According to the CRA, you can apply for the Canada Child Benefit if you meet all the below-mentioned conditions:

- You are a Canadian resident;
- Your child is under 18 years old; and
- You are responsible for the care and upbringing of the child.

If you are the foster parent of the child, you will not get the CCB, but you may qualify for the children's

special allowances.

How much can you get from the Canada Child Benefit?

For the July 2021-June 2022 period, the CRA adjusted the benefit for inflation. It has increased the maximum CCB amount to \$6,833 for a child under six from \$6,765 last year. For a child aged between six and 17 years, the CRA has increased the benefit amount to \$5,765 from \$5,708 last year.

If your AFNI was less than \$32,028 in 2020, you can get the entire amount of the Canada Child Benefit, even if you have more than one child. If your AFNI is between \$32,028 and \$69,395, the CRA will start phasing out your benefit. It will phase out the CCB at the rate of 7% for the first child, 13.5% for the second child, and 19% for the third child. If your AFNI surpasses \$69,395, the CRA will phase out the CCB by \$2,616 + 3.2% of your surplus income for the first child. The phase-out will be \$4,995 + 5.7% for the second child and \$7,029 + 8% for the third child.

For 2021, the CRA is also giving an additional \$1,200 in the CCB to parents of children below six. You can find the details about this temporary benefit in my previous [article](#).

How can you maximize the benefit?

You can put the benefit amount in your Tax-Free Savings Account (TFSA) and see it grow. You can even withdraw from this account as and when you need, as the CRA does not tax the withdrawals made from this account. Consider investing in auto component manufacturer **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) through your TFSA. Magna is the third-largest auto component maker in the world and produces active driver assistance, powertrain, seating, exteriors, body, chassis, and electronics.

Before 2020, Magna stock demonstrated subdued growth, but with the electronic vehicles (EV) segment gaining momentum, the stock reached an all-time high of \$98.98. It rallied 180% from the low it hit in March 2020 due to the pandemic. This was the fastest growth since Magna started trading in the stock exchange 25 years ago. Riding the EV wave, Magna has the potential to grow in the long term.

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