



Canada Revenue Agency: Canada Recovery Benefit Limit Increased!

Description

2020 was completely unpredictable for the world, and 2021 might continue to see more unforeseen developments as the COVID-19 pandemic continues to rage on. The Canadian government took several measures to provide Canadians with support during the pandemic due to its economic fallout.

The Canada Revenue Agency (CRA) introduced the Canada Emergency Response Benefit (CERB) and handed out two extensions to the program before it ended. The CRA replaced CERB with the enhanced Employment Insurance (EI) program and the Canada Recovery Benefit (CRB).

In its latest move, the CRA has increased the maximum eligibility limit on CRB from 26 weeks to 38 weeks. It means that you can receive cash benefits through CRB for a total of almost nine months.

The CRA increased the CRB limit

The government introduced CRB to replace CERB to address the challenges posed by the initial cash benefit program. CERB helped over four million Canadians return to work, but over a million Canadians remained unemployed and without access to EI benefits. The CRA introduced CRB to help Canadians in affected businesses, contracted workers, freelancers, and self-employed Canadians through its \$2,000 per month payout.

The government has realized that there is still no tangible timeframe as to when the pandemic ends. The CRA has extended the CRB eligibility period for a year from September 27, 2020, to September 25, 2021. Anyone who qualifies for the benefit will get \$900 after tax for two-week periods for up to 26 weeks.

The benefit does not get automatically renewed, and you have to apply on the following Monday after the two weeks from Sunday to Saturday.

The government initially scheduled 26 weeks of eligibility for CRB. However, the government wanted to ensure that the CRB does not lose its purpose of providing financial support to Canadians who need it during these challenging times. This is the reason why the CRA has extended the CRB limit by 12

weeks. After this extension, the CRB will most likely end in September without additional extensions, provided that the pandemic does not become worse.

Get up to \$19,000 through CRB

A higher CRB limit means that you can now get up to \$19,000 before tax in CRB instead of \$13,000. If you did not avail of the benefit last year, you can even make retroactive claims for CRB money for the period starting January 2.

Remember that the CRB is part of your taxable income. If you are worried about the CRA taking away your CRB, you should know that you can earn up to \$57,000 (\$38,000 in your working income and \$19,000 through CRB) in 2021 before the [CRA can claw back your benefit](#).

Grow your CRA cash benefits

I would advise making the most of the benefit because it will add to your tax bill. If it is possible, it would be ideal to invest a portion of this CRA cash benefit in a high-growth stock like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) and storing it in your Tax-Free Savings Account (TFSA). Any investments in your TFSA can grow the value of your capital without incurring any taxes from the CRA. You can also withdraw funds from the account safely away from the CRA's clutches.

Lightspeed could be an ideal investment to consider for your TFSA to grow your CRA cash benefit's value. It saw a massive sell-off in the market in the last few weeks, after more than doubling in the fourth quarter of 2020. The stock declined 33% between February 22 and March 8, 2021, and is on the upward trajectory again with a 9.40% gain in one day.

The stock is trading for \$75.07 per share, and it is still trading for a 26.72% discount from its all-time high. It could be [an excellent addition to your portfolio](#) to grow your capital.

Foolish takeaway

Make the most of the CRA cash benefits by investing some of the money into stocks that can deliver excellent returns on your investment. A portfolio of reliable stocks in your TFSA can help you use the CRB money to generate more income without incurring additional income taxes for the CRA to collect. Lightspeed could be ideal for this purpose.

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