



CRA: 3 Major Changes to COVID-19 Benefits in 2021

Description

The Canada Revenue Agency (CRA) had to take massive steps to adapt to the COVID-19 pandemic. A government generates revenue through taxes and uses it to provide its citizens with benefits. The CRA is the government agency responsible for handling affairs related to the Canadian government's revenue.

The CRA headed Canada's response to COVID-19 through emergency and recovery benefit programs. As the pandemic has developed over the last year, the CRA has adjusted the benefits being offered to Canadians accordingly.

The CRA changed COVID-19 benefits based on the economy

It is no secret that the cost of living in several Canadian provinces is relatively high. It is challenging to make ends meet if anyone loses their job or goes through a pay cut. The pandemic-induced lockdowns forced millions to go out of work, and Canada saw its highest historic unemployment rates in May 2020.

The CRA offered \$2,000-per-month cash benefits to people affected by the pandemic. The Canada Emergency Response Benefit (CERB) was the flagship program that helped Canadians who lost income, and the Canada Recovery Benefit (CRB) was introduced later to encourage more Canadians to return to work.

The CRB was designed to tackle the challenges presented by CERB. The CRA feared that Canadians would not want to return to work because losing CERB income would reduce the money they would receive if they started a job.

The CRA enacts further changes to COVID-19 benefits in 2021

In January 2021, the CRA decided to enact further changes to COVID-19 benefits as the second wave slowed the economic recovery process. Canadians who had been receiving CRB and other benefits would have exhausted their 26-week limit by the end of March — just before tax-filing season.

The lack of income could have caused drastic problems for the economy. Fortunately, the CRA decided to mitigate the risks by introducing three changes:

- It extended the CRB and caregiving benefits to 38 weeks. Canadians can keep getting the CRB till June 19 if they claim it regularly. The CRA also increased the sickness benefit to four weeks from the initial two weeks.
- It has provided one-year interest relief for 2020 income tax debt for Canadians who received other COVID-19 benefits. Canadians can submit their tax return before April 30, and you pay the tax by April 30, 2022. The CRA won't charge any interest on their 2020 tax bill.
- The CRA is also giving an additional \$1,200 Canada Child Benefit (CCB) to parents of children under six in 2021. This is over and above the \$6,833 CCB and \$8,000 childcare expense deduction you can get for your child below six.

Preparing for financial emergencies in the future

The global health crisis resulted in various COVID-19 benefits that continue to help millions of Canadians. However, creating your own financial contingencies for future emergencies could help you stay afloat without relying on the government for support.

Ideally, you could consider creating a [Tax-Free Savings Account](#) (TFSA) portfolio that can provide you with substantial and tax-free passive income. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is an excellent stock to begin creating such a portfolio. Fortis is a dividend-growth investor's dream stock due to its almost 50-year dividend-growth streak.

Few companies can compare to Fortis's relentless annual dividend growth. The company has managed to do so because of its reliable business model that generates consistently predictable revenue. The company's regulated utility business allows it to earn income to invest in its expansion and comfortably fund its growing dividends.

It is a safe asset to consider adding to your portfolio for reliable passive income.

Foolish takeaway

The government relief is still excellent if you can qualify for the different benefits. However, it would be better to have alternative revenue streams to provide you with passive income that supplements your active income. With a substantial enough portfolio, you can create a portfolio that can comfortably keep you afloat during any [future emergencies](#). Fortis could be an excellent stock to begin building such a portfolio.

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