



CRA's COVID Benefits: How to Save Your Stimulus Money From the CRA Clawback

Description

The Canada Revenue Agency (CRA) has been pretty generous this pandemic giving \$2,000/month in COVID-19 benefits. Some of the popular benefits are the Canada Recovery Benefit (CRB) and the Canada Emergency Response Benefit (CERB). The CRA extended both these benefits as the pandemic situation did not ease. Did you know that if you max out on these two benefits, you can get up to \$31,100 over 16.5 months? But don't get used to this money as the CRA can claw them back.

There are ways you can stop the CRA from taking away your stimulus check. Tighten your seat belt as I take you through complex tunnels of the CRA benefits. It will get dark, but you will end up in the brightness of \$31,000.

The CRA's three COVID-19 benefits

In September 2020, the CRA broke down the CERB into three recovery benefits that address different situations:

- The CRB – for those who lost their jobs or got a 50% pay cut.
- The Canada Recovery Caregiver Benefit (CRCB) – for those who can't work as they are wearing a caregiver's hat for a dependent.
- The Canada Recovery Sickness Benefit (CRSB) – for those who fell sick or have self-isolated due to COVID-19.

The first two benefits are for 38 weeks, whereas the third one is for four weeks. Now, you cannot two benefits for the same period, or the CRA will reject your application. And if you accidentally get two benefits, the CRA will claw back the excess benefit.

Another clause is you can't get any of the three benefits when you are in quarantine because you traveled abroad. The CRA added this clause in January after the second wave of the pandemic.

How to save your COVID-19 benefits from the CRA clawback?

While the above conditions apply for all three COVID-19 benefits, there are two conditions specific to the CRB and the CRCB.

In the CRB, the CRA will clawback your stimulus check if your annual income after excluding the CRB exceeds \$38,000. You can get up to \$17,100 in the CRB over 38 weeks. This means your annual income after maxing out the benefit can go up to \$55,100. The \$38,000 income includes all other COVID-19 benefits like the CRCB and the CRSB. The CRA will [claw back](#) 50% of the income you earn above \$38,000 up to the CRB amount you have claimed.

In the CRCB, the entire family combined (people living in the same household) can claim up to \$17,100 over 38 weeks. Two family members cannot claim the benefit for the same period. There is no \$38,000 clawback clause in this.

For instance, Mary and Rob have a three-year-old child, and they both work as freelancers. Both of them qualify for the CRB and the CRCB. Mary's working income excluding COVID-19 benefits is \$45,000, and Rob's is \$40,000. In this case, Mary should claim the CRCB, and Rob should claim the CRB, as Rob will face a \$1,000 CRB clawback (50% of the \$2,000 surplus income), while Mary will face a \$3,500 CRB clawback.

Make a personal benefits pool from the CRA benefits

The above COVID-19 benefits are temporary, but they can be a stepping stone to your personal benefits pool. You can set aside \$200/month from the CRB and invest in a resilient stock like **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)). It provides supply chain management solutions to a vast customer base spread across different industries in different geographies.

Descartes Systems solutions will continue to grow as globalization and e-commerce brings the world closer while trade war creates barriers. Balancing the three cost-effectively requires supply chain solutions, and Descartes is among the top 10. The stock surged 66% in the last 12 months, driven by the recovery rally post the March 2020 pandemic crash, when it fell 30%.

The stock has the potential to double your money in six to seven years. I would suggest you build your benefits pool in the Tax-Free Savings Account (TFSA), or you will land up [paying tax](#) on your emergency money just like the COVID-19 benefits.

CATEGORY

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1. NASDAQ:DSGX (Descartes Systems Group)

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Author

pujatayal

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