



Beware: The CRA Might Delay Future CRB Payments by 8 Weeks

Description

The Canada Revenue Agency (CRA) is giving \$2,000/month in the Canada Recovery Benefit (CRB) to all Canadians who qualify. It extended the maximum term of the benefit by 12 weeks to 38 weeks in the light of the third wave of the pandemic. You can get the CRB payment within three to five business days as a direct deposit. But if you don't file your 2020 tax returns on time, the CRA might [delay](#) your payments by up to eight weeks.

The CRA might delay CRB payments

The CRA automated the qualification process to smoothen the payment of COVID-19 recovery benefits. This includes the CRB, the Canada Recovery Sickness Benefit (CRSB), and the Canada Recovery Caregiving Benefit (CRCB). However, this process works when the CRA updates your personal details and income in its system by verifying your income tax returns. This is how it processes other benefits like the Canada Child Benefit (CCB).

If you don't file your returns before the deadline (April 30 for salaried employees and June 15 for self-employed), the CRA won't update its system. In this scenario, it will take a long route to process the benefit. It will ask for additional information and documentation that proves your eligibility and all this could take up to eight weeks. As you have to apply for the CRB every two weeks, this means more hassle.

Hence, you should file your taxes to keep getting timely CRB. If you haven't filed your 2019 returns, you can also file them simultaneously. This way, you can get the retroactive payment of the one-time Good and Service Tax (GST) refund and the Old Age Security (OAS) the CRA gave in April 2020.

Are you eligible for the CRB?

To get the CRB, you should meet the below eligibility:

- You earned at least \$5,000 in 2020.

- You lost your job, or your average weekly income fell by 50% because of the pandemic.

The CRA can verify the above two criteria from your income tax returns.

- There are other requirements like you should be actively searching for a job or looking for self-employment opportunities and haven't refused reasonable work.
- You are not in quarantine due to international travel.
- You are not receiving any other COVID-19 benefits.

How to make your CRB last longer

The CRA will give you \$1,800 per month after tax as the CRB payment and add this payment to your 2021 taxable income. If your net income excluding the CRB is above \$38,000, it will claw back some or all of the benefit. Instead of fearing a clawback and a high tax bill, you can make your CRB pay for itself while helping you with emergencies.

In 2021, you can claim a maximum of \$17,100 in CRB. If I take the overall tax rate of 20.5% (15% federal tax + 5.5% Ontario province tax), your CRB tax bill comes to \$3,505. Here I haven't take any tax benefits or CRB repayments.

I would suggest you set aside \$100 from every CRB payment for the 19 periods (one period is of two weeks) in the Tax-Free Savings Account (TFSA). This will bring your contribution to \$1,900. Invest 50% each in [growth stocks](#) like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) and dividend stocks like **Enbridge**. Enbridge will give you \$56 in annual dividend. And if it recovers to the pre-pandemic level, it will give you \$80 in capital appreciation on an \$800 investment. Lightspeed could double your investment in two to three years as it rides the Santa clause rally

Why invest in Lightspeed?

Lightspeed was one of the biggest beneficiaries of the pandemic. It enabled retailers and restaurants to operate in a lockdown. Its omnichannel platform facilitates contactless payments, order deliveries, curbside pickup, inventory management. The company is accelerating its momentum with acquisitions.

Every acquisition will increase its size and boost its stock price. Moreover, the holiday season could bring some significant upside. The stock has surged 95% and 140% in the last two years and can grow another 50-60% this year. Hence, it is a buy while the stock is still trading below \$90.

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Date

2025/07/08

Date Created

2021/04/28

Author

pujatayal

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