Canada Revenue Agency: Is the CRB Extension Coming in June?

Description

As June approaches, Canadians are getting anxious over whether the Canada Recovery Benefit (CRB) extension is coming. In its most recent budget, the Justin Trudeau government proposed extending the CRB by 12 weeks from 38 to 50 weeks. The 38-week maximum period ends on June 19 for those who have been claiming the CRB since its launch in September.

Is the CRB extension coming in June?

The 12-week proposed extension will reduce the CRB amount from $500/week before taxes to $300/week. However, the Canada Revenue Agency (CRA) has not yet updated its CRB webpage with the 12-week extension.

Canada's unemployment rate has declined to its lowest level of 8.1% in April 2021 since the pandemic. But 8.1% is still a high figure, encouraging the government not to remove the CRB in one go. Prime Minister Trudeau's one-dose summer is still under progress and on track to make the vaccine available to every Canadian by September. The 50-week CRB extends the benefit to September, making it a smooth transition out of the government benefit.

If the CRB extension is coming in June, the CRA will most likely update the page latest by next week. The page will answer many grey areas around the extension. For instance,

- Will the CRA deduct a 10% withholding tax even from the $300 CRB?
- Will there be any changes in the eligibility criteria?
- Are Canadians who did not file their 2020 taxes eligible for the CRB?

Create a personal CRB that will last a lifetime

The CRB has to end someday. After all, it's a temporary benefit. But the pandemic taught us all a lesson of having a personal benefits pool. As the economy reopens and you return to work, start saving $100 a week in your Tax-Free Savings Account (TFSA). There is no fixed dollar amount of how much you should have in the emergency benefits pool. Even the CRA couldn't come up with a number and extended the CRB twice.

Consider having at least six months of your monthly expense in the benefits pool. Now you don't want your emergency funds to reduce during the crisis. Hence, it *is* advisable to have dividend stocks that are resilient to economic conditions in your benefits pool.

You can invest $100 every week in such dividend stocks as **Enbridge** (TSX:ENB)(NYSE:ENB) and **BCE** (TSX:BCE)(NYSE:BCE). They both are essential services and have been serving Canadians for more than 50 years. Both companies have built large infrastructure across Canada, and this infrastructure is fetching them regular cash flow. They pass on this cash flow to shareholders in the form of dividends.

Enbridge

Enbridge earns 99% of its revenue from long-term contracts with utilities to transmit oil and natural gas across North America through its pipelines. Building pipelines is becoming difficult due to environmental concerns, rendering Enbridge's existing pipeline infrastructure more valuable. If the energy industry shifts to renewable energy, the company will use its pipelines to transmit green energy. While this could slow its dividend growth rate in the coming years, it holds the potential to pay a regular dividend for the next 20 years and above.

BCE

Similarly, BCE has the largest telecom infrastructure in Canada. Unlike Enbridge, it is investing aggressively in 5G infrastructure. Once the 5G investment starts materializing into higher cash flow, the company could accelerate its dividend growth rate.

Both the stocks are trading under $100 with an average dividend yield of 5.5%-6%. Over 10 years, you can build a significant personal CRB pool that can keep you well prepared for a pandemic-like crisis. And unlike the CRB, your benefits pool will be tax-free.

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