



The 38-Week CRB Ends for Most Canadians: Is a 12-Week Extension Coming?

Description

Have you been claiming the \$500/week Canada Recovery Benefit (CRB) since it began on September 27, 2020? This week could be your last week of claiming the CRB as the 38-week (19 periods) eligibility period ends on June 19. However, the Justin Trudeau government has [proposed](#) another 12-week extension. But there is no update on the Canada Revenue Agency (CRA) website.

There is no need to panic. Your next CRB application for period 20 (June 20 to July 3) is not due until July 5. The CRA should update its CRB page by then. But don't cling on to the benefit as the new extension will come with alterations.

The 12-week CRB extension comes with alterations

The government has proposed to extend the CRB by 12 weeks. There won't be any changes in the first four weeks. You can apply on the following Monday, and if you meet the eligibility, the CRA will credit \$900 after tax in your account.

But starting July 17, 2021 (the fifth week of the new extension), the CRA will cut the CRB amount to \$300/week. After deducting the 10% withholding tax, the CRA will credit \$540 into your account for every approved application. This \$300/week CRB will end on September 25 unless the government extends it.

So far, the CRA has processed 19.16 million CRB applications. In May, the number of approved applications dipped 13%, probably because of delays in processing the applications of Canadians who didn't file their 2020 income tax returns. As the economy recovers, the government is phasing out the stimulus to put things back to where they were.

Time for some passive income

The pandemic has highlighted the need for a regular passive cash flow. A good source of passive income is Dividend Aristocrats with a long history of paying regular dividends.

If you invest \$100 per week, you will invest \$5,200 in a year and \$26,000 in five years. **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) boasts an average annual dividend yield of 4.57%. This means after five years, your \$100/week investment will give you \$22.8/week in passive income if the dividend yield is constant.

Another good thing about TC Energy is its long history of growing dividends. It keeps increasing the natural gas rate with inflation and builds new pipelines and facilities to transmit and store natural gas. This adds to its cash flow which it transfers to shareholders in the form of higher dividends. In the last 10 years, it has increased dividend at an average annual rate of 6.8%.

If I take a conservative estimate, TC Energy might increase its dividend at a 5% rate in the coming 10 years. This will increase your passive income further. It is a better alternate CRB as you won't have to return it to the CRA, nor submit applications every two weeks, or pay tax on it.

Diversify your alternate CRB

But don't just invest in TC Energy. Diversify your Tax-Free Savings Account (TFSA) CRB. There are many [Dividend Aristocrats](#). Search for stocks that have a history of paying regular dividends. Also, check their ability to continue paying it for another 10 years.

This is important because the CRB came from fiat money (where the government has the right to print unlimited currency). But the alternate CRB will come from the money the company earns, which is limited.

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