



CRA CRB \$800 Reduction: All You Need to Know

Description

The Canadian government played a critical role in keeping the economy afloat through several measures to pump stimulus into the economy during the pandemic. The government provided generous \$2,000-per-month payments for over a year to everyone affected by the pandemic.

The Trudeau administration effectively declared that it is time for everybody to head back to work during the budget for this year. The Canada Revenue Agency (CRA) was tasked with disbursing the \$2,000 monthly payments to affected Canadians. The government agency is now reducing the Canada Recovery Benefit (CRB) by \$800.

I will discuss the recently applied changes to CRB, including the extension to the stimulus program, and what you could do to [create a passive-income stream](#) for yourself.

A reduction and an extension

The 2021 budget announcement bore good and bad news for Canadians who are still relying on the CRB to provide them with the income they need. Finance Minister Chrystia Freeland announced that the government has decided to extend the CRB to 50 weeks.

However, the much-needed extension to the stimulus plan came with a trade-off. The CRA has reduced the payment from \$1,000 for each two-week period to \$600. The announcement left many people confused, but the CRA website provided more clarity on the situation.

The government agency has stated that the people who apply for the CRB periods 22 to 25 will receive \$540 for the two-week periods after the reduction of the 10% withholding tax. The 21st CRB period ended on July 18. After the extension, the final CRB period will end on September 11, 2021.

Besides the extension and reduced payments, the eligibility requirements and the maximum annual amount each CRB applicant can receive will stay the same.

No more \$2,000-per-month payments

July 18 was the last date for the \$2,000-per-month payments. Effective immediately from July 18, the reduced CRB payments came into effect. Instead of \$500-per-week payments, Canadians eligible for CRB will receive a reduced \$300-per-week amount, totaling \$1,200 per month payments. However, people eligible for previous periods can still make retroactive claims to get the original amounts for periods 18 to 20.

Creating a passive-income stream

The pandemic and the ensuing devastation it caused has clearly highlighted the importance of having alternative revenue streams in case you lose your primary income stream. The Canadian government's efforts through stimulus programs like the CRB have proved vital in providing support to Canadians affected by the pandemic. However, it is clear that it would be better to have additional income streams that do not rely on the government's support.

The Tax-Free Savings Account (TFSA) is an excellent investment tool that you can use for this purpose. You can use the tax-sheltered account to hold a portfolio of income-generating assets like **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and generate passive income through dividend payouts for years to come on your own terms.

There will be no need to pay withholding tax on any of the benefits. All your earnings inside the TFSA will be yours without the CRA's tax-hungry clutches taking a chunk away as income tax.

BCE is the largest Canadian telecom company, and it is an ideal play for you to consider if you want to start [investing in 5G](#). In an increasingly digital world, communication has become an integral part of our everyday lives. Telecom stocks like BCE have enjoyed strong runs through periods of economic difficulties due to the essential role that these companies play for the world.

BCE stock is an ideal asset to hold for decades if you are looking for an asset to create the foundation of a dividend income portfolio.

Foolish takeaway

Creating a passive-income stream in your TFSA through a portfolio of dividend stocks can help you earn tax-free income by making your savings work for you for a very long time, provided you stay invested.

You can use the dividends to supplement your income or reinvest the dividends to accelerate your wealth growth and achieve better [long-term financial security](#). BCE stock could be an ideal stock to begin building such a portfolio.

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