Have a Child? You Can Get an Extra $4,616.50 Cash From the CRA

Description

The federal government introduced the Canada Child Benefit (CCB) in 2016 to help parents to cope with the rising costs of raising children under 18. There's no tax burden for eligible recipients because the monthly income support is tax-free. We are in the benefit year 2021 to 2022 that runs from July 31, 2021, to June 30, 2022.

For the current benefit year, the maximum annual CCB is $6,833 for each child under age six and $5,765 for each child aged six to 17. Thus, you would have received either $569.42 or $480.42 every month per child, depending on age, starting in July this year.

Parents can potentially get as much as $3,416.50 total from the Canada Revenue Agency (CRA) in the last half of 2021. You'd receive the same cumulative amount in the first half of 2022. This year, Canadians with children under six could receive more (plus $1,200) through the temporary CCB young child supplement (CCBYCS).

Income threshold

Parents must have filed their 2019 and 2020 taxes to qualify for or receive the CCB and CCBYCS. The CRA, however, will base the monthly payments (indexed to inflation) on a family's net income and the number of children.

Thus, the actual CCB or CCBYS benefit amount varies per eligible recipient. For example, a single parent with one child under six whose net income in 2020 is $32,000 can receive the maximum monthly CCB of $569.42. Regarding the CCBYCS, the net family income must be less than $120,000 to receive the maximum $300 quarterly benefit. The CCBYCS amount is $150 if income is above the threshold.

Earn the equivalent CCB

The CCB amount is significant if you relate it to earning investment income from dividend stocks. For illustration purposes, **Extendicare** (TSX:EXE) pays a generous 6.24% dividend. At $7.47 per share, you would need to buy $109,500 worth of shares to match the $569.42 maximum monthly CCB. Hold the stock in your Tax-Free Savings Account (TFSA) to earn tax-free dividends.

The $669.9 million company that provides long-term care (LTC), retirement living, and home healthcare services is a pure dividend play. Besides the high yield, the dividend payouts of Extendicare are monthly. Likewise, the healthcare stock is among **TSX**'s stable performers. Its year-to-date gain is 17.99%.

Make the CCBYCS more permanent

The CCBYCS is temporary and available in 2021 only. However, parents can earn the equivalent amount of $300 every quarter on a more permanent basis. **Evertz Technologies** (TSX:ET) is one of the few dividend-paying tech companies. At $14.03 per share (+8.71% YTD), the dividend yield is 5.11%.

Your free cash of $23,500 can buy about 1,675 shares of Evertz. The investment will produce $300.21 in quarterly dividends. The tech stock is an eligible investment in a TFSA so that you can store it in your tax-advantaged account for zero taxes on dividends.

The $1.07 billion global technology firm provides complete end-to-end (video and audio) infrastructure solutions to customers in the broadcast industry. Market analysts recommend a strong buy rating for Evertz and forecast a return potential of nearly 20% in the next 12 months.

Top priority

Supporting families and children is one of the federal government's top priorities, especially during the pandemic. If you're a parent, don't miss out on this all-important income support. Consider investing to earn extra income.

CATEGORY

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2. Investing

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