



## Why the Canada Revenue Agency Might Ask You for Those CERB Payments Back

### Description

The Canada Emergency Response Benefit (CERB) can help people out of work by and impacted by the coronavirus with payments of \$500 every week for up to 16 weeks. But while it may help Canadians get through this year, it could create a whole lot of problems for people come tax season next year.

As the priority for the government is getting CERB payments out to people as quickly as possible, checking to see whether everyone who applies is eligible is on the back burner. But that doesn't mean that the Canada Revenue Agency (CRA) won't come calling if you need to return a payment.

### Why would you have to repay CERB payments?

There are many reasons why the CRA may deem you ineligible for the CERB benefit and where you may have to pay some or all of it back. The benefits are meant for people who've lost their jobs as a result of COVID-19, and so if someone's quit their job voluntarily, that would be in violation of one of the conditions. Another example is if you refuse to go back to work and prefer just to continue collecting CERB payments.

You can continue to earn an income while collecting CERB, but the limit is only up to \$1,000 per month. Applicants for the CERB also need to be living in Canada and at least 15 years of age or older. You also need to have had income of \$5,000 or more in 2019 or in the 12 months before you applied for the CERB.

When it starts to get even more complex is if your employer hires you back and pays you through the Canada Emergency Wage Subsidy (CEWS). CEWS covers 75% of an eligible employee's wage and is designed to help business owners afford to hire back their employees.

However, as CEWS payments can be made retroactively, there's a possibility that someone can have received payment through that program, which could make them ineligible for CERB.

The government says the onus is the individual receiving CERB and also benefiting from the CEWS payments to pay back any amounts for which they're ineligible. According to Global News, the CRA will contact people who need to return their CERB payments.

But it's something that Canadians should be aware of before spending all their CERB payments. Another reason not to spend it all — [you may have to pay taxes on it](#).

## Got savings or excess cash? Consider investing it in a dividend stock

If you're in a position where you can afford to set some money aside, one way to strengthen your financial position is by investing in dividend stocks. CERB or no CERB, you can generate some recurring cash flow for yourself by holding shares of a top bank stock like the **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). Shares of BMO have fallen more than 30% this year, but like all bank stocks — it'll recover.

Whether you're saving for retirement, your child's future, or any other reason that'll require you to hold on to your investment for at least a couple of years, investing in a top bank stock right now is a great way to cash in on some great returns later on.

Before the coronavirus pandemic, BMO was trading at over \$100 per share. If you were to buy it at about \$70, which is about where it is today, and it were to rally back up to \$100, that's a return of more than 40%.

On a \$5,000 investment, that's a gain of \$2,000. In addition, the stock also pays an annual dividend of close to 6% per year. That could earn you yet another \$300 just in [dividend income](#) — every year. On that \$5,000, you could make \$2,300, potentially within a year, depending on how quickly the stock recovers.

Many Canadians are likely not in a strong enough position to take advantage of these depressed stock prices. But if you're able to, you shouldn't let the opportunity pass you by.

Whether it's BMO or another bank stock, these are safe long-term investments that are as close to a sure thing on the markets as you can find.

### CATEGORY

1. Bank Stocks
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3. Investing

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1. NYSE:BMO (Bank of Montreal)

2. TSX:BMO (Bank Of Montreal)

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