



## CRA Update: Don't Be Fooled by CERB

### Description

Canadians have been through a lot the last few months. With a pandemic still raging around the world, we have been stuck to our homes with no end in sight. To top it all off, many Canadians are financially strapped, to say the least.

Layoffs, business closures, and failing industries have been rampant throughout the globe, and Canada hasn't been immune. It's therefore little wonder that the Canada Revenue Agency's (CRA) Canadian Emergency Response Benefit (CERB) has been in such high demand.

As of writing, 14.57 million Canadians have applied to the CRA for CERB. Of those applicants, 8.16 million Canadians have been able to take advantage of the benefit. In total, almost \$40 billion worth of benefits have been paid out to those Canadians.

The CERB has been a lifesaver for many Canadians, but the CRA does have a word of warning before you think about being the next applicant.

### CRA warning

The first point the CRA wants to warn Canadians about is to make sure they *really* need the benefit. This can seem like free money to many. For those who are eligible, Canadians receive \$500 per week for up to 16 weeks. That's a grand total of \$8,000, and definitely some cash that could make or break some families.

However, those eligible for the CERB are limited. If you don't have employment insurance, have no income because you're self-employed, recently laid off, among other reasons then you can apply to the CRA for the benefit. Basically, if you don't have cash coming in then you're eligible.

But if you *do* have cash coming in, even if it's less than you were making before, the CERB may not apply to you. The CRA warns Canadians that while you might be approved right now, the agency will be checking on things later.

If it looks like you weren't exactly truthful with your application, then all of that eight grand will have to be paid back. Granted, it likely won't be until next year, but that's a lot of money to come up with in a short time frame.

## We pay anyway

While it's absolutely wonderful that the government is offering the CERB to Canadians, another point the CRA wants you to remember is this money doesn't come for free. Sure, federal and provincial governments have made cuts to make sure the agencies can support Canadians during this time. But there's really only one way that the government will be able to pay off this debt: taxes.

When all is said and done, it's highly likely that we will see a big increase in taxes moving forward. The Canadian government will be loaded with debt. Remember that \$40 billion I mentioned?

That will eventually come down to amounts you have to pay back to the CRA. So before you think about applying, remember that every person who applies increases that debt load even further.

## Another option?

Invest! It might sound counter-intuitive to invest when you need money. However, [dividend stocks](#) are the perfect way to bring in cash while you wait for the market to rebound, and secure income again. Even a small investment into dividend stocks can bring in significant cash flow. That's far better than owing the CRA for the CERB.

Once such stock I would recommend during a time like this is **Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#)). Pembina has a few things going for it. Of course, it's undervalued given that it's in the energy sector, and because of the market crash.

It also has a strong future ahead of it, with \$5.6 billion in secured projects set to be completed over the next few years.

But the best part is the company's whopping 7.1% [dividend yield](#) as of writing. This dividend is dished out every month, rather than many others every quarter. That's huge during a time when cash is sorely needed. And it's a huge deal today.

An investment of \$10,000 today would give you \$60 per month in dividends, or \$720.72 per year. Before the crash, that same investment would bring in \$38.85, and \$466.20 per year.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

## TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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