



CRA WARNING: You Could Be Penalized for CERB Payments!

Description

Canadians are gearing up to submit their tax filings for 2019 ahead of the June 1, 2020, deadline. The federal government extended the deadline to provide relief to taxpayers in the wake of the COVID-19 pandemic. This turned out to be the least of its measures. Canada's federal leadership would go on to unveil one of the most radical financial relief programs in the modern era. The new Canada Revenue Agency (CRA) program is called the Canada Emergency Relief Benefit (CERB).

The CRA is sounding the alarm over CERB applications

Earlier this month, I'd reminded Canadians that the [\\$2,000/month CERB payments](#) will only stretch over four months. Therefore, those who applied for payments from March onward will see the benefit run out by July. Meanwhile, the CRA has made a sterner warning, as new data continues to pour in about the CERB.

The CRA and Statistics Canada have shown that over eight million Canadians have received at least one CERB payment by the middle of May. Canada's federal government estimates that it has already paid out over \$40 billion in CERB payments. However, applicants need to take care. The CRA has issued sharp warnings against those who have applied and received payments without meeting eligibility.

Make sure you double-check your eligibility

In early April, I'd discussed how to [apply through the CRA for the CERB](#). This was the first applicant opening for the program. Some of the conditions for eligibility are as follows: you did not quit your job voluntarily. Moreover, you did not apply for nor receive CERB or EI benefits for the same eligibility period. Applicants will have needed to earn at least \$5,000 (before taxes) in the last 12 months. Crucially, you must have suffered a job loss, a reduction in work hours, a conclusion of EI benefits, or a stoppage in work due to the pandemic itself.

It should come as no surprise that the CRA "clean up" when it pertains to CERB payments will be long

and arduous. Officials say that verifications will not occur until the next tax year. One official warned that fraud rates for the CERB program could be higher than for other federal programs. This penalty rate could climb as high as 2-3%.

Canadians who apply for the CERB need to comb over eligibility requirements to avoid any potential penalties in the future.

How to gobble up monthly income in other ways

The federal government and the CRA should be lauded for taking radical action to support citizens during this crisis. However, that does not mean Canadians should not explore other ways to churn out income right now. Instead of relying on the \$500/week CERB payment, which is taxable, Canadians may want to consider loading up on monthly dividend stocks in their TFSA.

Bird Construction operates as a general contractor in Canada. Construction is an essential service, which makes it a suitable target in this crisis. Shares of Bird have climbed 26% month over month as of close on May 26. In the first quarter of 2020, the company saw revenue increase 22.9% from the prior year to \$321.6 million. Adjusted EBITDA rose \$10.7 million year over year.

The company last declared a monthly dividend of \$0.0325 per share. This represents a tasty 6.6% yield. Moreover, Bird stock possesses a favourable price-to-earnings ratio of 14 and a price-to-book value of two.

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