



How to Prevent the CRA From Clawing Back Your \$2,000 CERB!

Description

The Canadian government has been immensely supportive in these challenging times for its citizens with several measures to ensure economic stability for Canadian families. One such step is the Canada Emergency Response Benefit (CERB). The CERB can help people who are out of work by giving them payments of up to \$500 per week for up to 16 weeks.

CERB payments can be sufficient to get Canadians through this year, but some people can face issues when the next tax season arrives. The government is prioritizing the quick distribution of the payouts over everything. Checking the eligibility of applicants is not currently at the forefront of the government's concerns.

It doesn't mean that the Canada Revenue Agency (CRA) will not come knocking later on if they find out you were not eligible to receive the CERB in the first place.

Why you might have to repay the CERB payments

The government designed these benefits to help people who have lost their ability to earn due to the COVID-19 pandemic. If you have quit your job voluntarily, that can violate one of the conditions that could make you eligible to receive the payments.

Another reason why you might have to return your CERB payments is that you refused to go back to work even though you could just so you can continue collecting the payments. People who are eligible for the CERB payments can continue to collect \$2,000 per month for as long as they are out of work due to the pandemic.

There are other conditions that make you eligible to collect the CERB. You must be a resident of Canada and be at least 15 years old to collect the payments. Another crucial condition is that you must have had an income of at least \$5,000 or more in the 12 months before applying for the relief benefits.

The eligibility criteria can become more complex if your employer hires you back and pays you through the Canada Emergency Wage Subsidy (CEWS). The CEWS covers 75% of the wage of eligible

employees, and it was designed to help businesses afford to be able to hire their employees.

The government is stressing that anybody receiving both the CERB and CEWS needs to pay back the funds they were ineligible to gain. The CRA will be getting in touch with people who have received CERB payments without being eligible. This is crucial knowledge to have before you decide to spend your entire CERB payments.

There is a chance that the CEWS payments can be made retroactively. It means that you might have received CERB payments before you began getting the due wages through CEWS. You will have to return the amount you were paid by the government through CERB.

Do you have any cash savings?

The financial situation is challenging for most Canadians. If you are fortunate enough to have some cash set aside, you can use it to improve your financial position through investing the money in dividend-paying stocks.

Whether or not you've receiving CERB, you can generate passive income for yourself by investing in high-quality stocks. The **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) stock, or instance, can be an ideal option for you to consider.

Whether you're considering long-term financial goals like a retirement fund or paying for your child's college education, investing in a top banking stock can immensely benefit your overall wealth. BMO was trading at over \$100 before the [pandemic-fuelled lockdown](#) came into effect. At writing, the stock has lost 36% of its value from its share price at the start of the year.

BMO is a well-capitalized stock that can regain its former value and possibly climb higher once the economy begins to open up, and the market recovers. You can substantially grow your investment in the stock through its potential capital gains and its juicy 6.61% dividend yield.

Foolish takeaway

It would be wise to carefully consider your eligibility to receive CERB payments by checking the requirements on the CRA website. Even if you are eligible to receive the payments or not, you can create a passive income stream for yourself through a portfolio of dividend-paying stocks.

To this end, BMO could be an ideal [income-generating asset](#).

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