Caution: 4 Ways the CRA Can Take Back Your $2,000 CERB!

Description

The entire world is going through a period of unprecedented difficulties due to the COVID-19 pandemic. The global health crisis is bad enough. But millions of people have also lost their jobs as a result of lockdowns. The government is providing the Canada Emergency Relief Benefit (CERB) payouts to help Canadians meet their basic needs during this time.

To ensure the much needed $2,000 per month is available without delay, the Canada Revenue Agency (CRA) has hastened the CERB application approval process.

However, the CRA is aware that many people who have been working throughout the lockdown are also being approved for CERB applications. While some people might try to take advantage of the relaxed approval process, the CRA has said that it will be conducting follow-ups later on.

CERB Eligibility

To be eligible for CERB, you need to meet the following criteria:

1. You need to have earned more than $5,000 in the last 12 months
2. You *cannot* be receiving Employment Insurance (EI) benefits
3. You *cannot* have earned more than $1,000 in the last two weeks
4. You *cannot* have been re-hired under the Canada Emergency Wage Subsidy (CEWS) program

If you have been receiving CERB, but don't meet one of these requirements, the CRA may ask for its money back. By the time the next tax-reporting season arrives, Canadians who incorrectly received CERB benefits will likely have to pay back the money.

There are ways that you can generate your own extra monthly income.

Do you have cash savings?

Many Canadians are finding the current financial situation challenging. If you have some money set aside, you can use it to create an income-generating portfolio. By investing in dividend-paying stocks, you can make sure you have some income coming in every month.

Whether or not you receive CERB, you can generate decent income through a portfolio of high-quality dividend-paying stocks. **Fortis Inc.** (TSX:FTS)(NYSE:FTS) is an example of the type of stock that you should consider to create such a portfolio.

Fortis is an excellent stock that is reliable when it comes to paying its shareholders their dividends. It is a Canadian Dividend Aristocrat, meaning is has a dividend growth streak of at least five years. In fact, Fortis has a dividend growth streak of 46 years. That is the second-longest streak for stocks trading on the TSX.

The utility company is an essential business that provides regulated electricity through 10 utility operations across Canada and the United States. It also has electric transmission operations in nine states. Its electricity distribution and transmission services provide a majority of the company's revenue.

The COVID-19 pandemic will affect almost a fifth of Fortis' revenue. However, it will still generate substantial income through its residential operations.

Foolish takeaway

I think it is better not to try collecting CERB payments if you know that you are not eligible. There are ways you can create passive income using any cash savings you have. The best way would be to create a portfolio of reliable dividend-paying stocks and holding them in a Tax-Free Savings Account (TFSA).

Fortis can be the ideal stock to begin building such a portfolio. At writing, Fortis is trading for $53.13 per share. The stock is up 25.90% from its March 2020 low, and it gives shareholders payouts at a juicy 3.59% dividend yield.

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Date
2025/07/06
Date Created
2020/06/04
Author
adamothman