



Can the CRA Take Back Your \$2,000 CERB?

Description

If you are a Canadian out of work due to COVID-19, you might be getting the Canada Emergency Relief Benefit (CERB) payments from the government.

If you meet the eligibility criteria defined by the Canada Revenue Agency (CRA), receiving your CERB might be a great thing. [Every penny counts](#) when you're unable to make an income. Most of the time, the CERB pays more than any Employment Insurance (EI) plans.

However, there is a chance that the CRA can take back your CERB payment. If you were not very vigilant with your CERB application and applied without being entirely eligible to receive the payments, the CRA might ask you to give your payments back when the next tax season arrives.

Quick distribution

The CRA was more inclined to approve CERB applications as quickly as possible to ensure that Canadians received the monetary aid they needed. Instead of letting Canadian families remain vulnerable, the agency pushed as many requests as possible in the shortest amount of time. However, it also resulted in some people who did not qualify for the payments.

Recently, the *CBC* ran a story about Canadians receiving CERB when they should not have. Based on an interview of a CRA employee, the article went over several cases where individuals were collecting substantial amounts through CERB.

One particular case involved a family that collected \$12,000 through CERB in a day, because three members of the family were receiving two separate CERB payments each.

The CRA is keeping a close eye on the situation. The article did not outline whether the CRA intends to enforce any action against individuals who have been receiving CERB money without being eligible. The article did note that the CRA will follow up on such applications.

Are you eligible?

It is not a situation you might want to find yourself in, right? You can start by making sure you are 100% sure about the eligibility requirements.

Here are the essential eligibility requirements to receive the CERB:

- You must have earned \$5,000 in the last 12 months before applying.
- You must not have earned more than \$1,000 in 14 days before you applied.
- You must not be receiving any EI payments.
- You must not have been receiving small business dividends in the last 14 days.

If you fulfill the first two criteria, but you're already receiving your EI, you can apply for CERB after your EI period ends. Generally, investment income does not affect your eligibility besides dividend income from small business investment.

Creating a revenue stream that doesn't affect eligibility

If you fulfill the criteria for CERB, that is well and good. You can receive your CERB without worrying about having to pay it back. For those of you who aren't eligible, you can avoid taking the CERB altogether by creating another revenue stream for yourself through a Tax-Free Savings Account (TFSA).

You can use your TFSA's contribution room to store income-generating assets that can use your capital to earn more money. A stock that I think is ideal for building such a portfolio is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

The stock is trading for \$53.25 per share at writing, and it has a juicy 3.59% dividend yield. Fortis is a Canadian utility company that operates as an essential business, providing its customers with electricity through 10 utility operations across Canada and the United States. It also has electric transmission operations that run through nine states.

No matter how bad the situation becomes, due to its essential nature, Fortis will continue to generate revenue. While the pandemic-induced lockdown will affect its lockdown, Fortis can earn income through its domestic operations. The company can fund its dividends throughout the pandemic.

Foolish takeaway

Whether you want to [supplement your CERB income](#) or wish to circumvent taking the CERB money entirely, creating an income-producing TFSA portfolio can significantly benefit you. I think that Fortis could be the ideal stock to begin building such a portfolio for yourself.

CATEGORY

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