



The CRA Is Coming After Fraudulent CERB Claims: Here's How to Stay Safe!

Description

In April, the CBC ran a story outlining how the CRA planned to tackle fraudulent CERB claims. Based on an interview with an anonymous CRA employee, it showed that many Canadians had received the benefit without being eligible.

At the time, the CRA wasn't clear about how it planned to tackle CERB fraud. Now, it appears, the agency is moving forward with enforcement. On June 2nd, CTV News reported that the CRA had opened a snitch line to report "potential misuse of COVID-19 emergency benefits." According to CTV, the line allows people to report suspected CERB fraud. This is consistent with Justin Trudeau's claim that the CRA would "clean up [erroneous claims] after the fact."

With the CRA moving ahead with its CERB fraud crackdown, you don't want to find yourself receiving the benefit in error. The following are two ways you can protect yourself.

First and foremost: don't apply for CERB unless you need it

The first thing you can do to avoid an unwanted CERB fraud investigation is not to apply for the benefit unless you need it. If you're still working or receiving EI, you shouldn't apply. If you received EI, saw your EI expire, and then were given the CERB after re-applying for EI, you should be in the clear.

If you're not sure whether you're eligible for CERB, [look up the requirements](#). The most important are that you have earned over \$5,000 in the last 12 months and under \$1,000 in the last 14 days.

Bank your CERB money if you can

If you're receiving CERB money and aren't sure whether you're really entitled to it, you should save the money. That way, you'll have access to it should the CRA come knocking.

Remember: the CERB isn't the only possible income source during COVID-19. You can always invest your money and use the proceeds to pay your expenses.

Let's say you're gainfully employed, but took a pay cut because of COVID 19. You're still earning over \$500 a week, but no longer making enough to pay your bills. It might be tempting in this situation to apply for CERB even though you don't quite make the grade.

But it's not necessary. If you have significant savings, you could establish an investment portfolio that could cover your expenses.

Consider the **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)), for example. It's a diversified portfolio of the 60 largest stocks in Canada by market cap. With ample diversification and a focus on blue cap stocks, it's fairly low risk, yet it can provide a significant amount of income. If you invest \$100,000 in XIU, you'll get about [\\$3,000 in dividends a year](#).

That's as much as you'd get from six weeks of CERB, although the payments are spread out over a longer time period. With such an ETF, you may be able to generate enough income to get you through a period of under-employment. In that case, you could skip the CERB altogether, and avoid unwanted calls from the CRA.

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