



## Uh Oh! The CRA Can Snatch Back Your \$8,000 CERB

### Description

The federal government threw in [a slew of emergency benefits](#) when COVID-19 hit hard. It was a damning situation for employment, as workers were losing jobs. The Canada Emergency Response Benefit (CERB) is available to contain financial hardships.

The Canada Revenue Agency (CRA) is halfway through [dishing out emergency money](#). An estimated 40% of the country's total workforce will receive CERB. However, cracks are showing. People who shouldn't be applying are receiving aid. If you're not careful, the CRA can snatch back the \$8,000.

### Unemployment is rising

The good news from the labour sector is that there were 290,000 new jobs in the economy in May. Unfortunately, the unemployment rate is still pushing higher. According to Statistics Canada, the jobless rate is now 13.7%, which is double the pre-corona figures.

CERB is a temporary financial lifeline for employees and workers affected by the pandemic. The total taxable benefit is \$8,000. Eligible individuals will receive \$500 weekly for 16 weeks. But these newly unemployed are expected to return to work soon.

### Review eligibility requirements

The CRA is lax in the meantime, although it is starting to clamp down. If you're applying for CERB, make sure you meet the eligibility requirements. When the cleanup begins, the tax agency will find out those who received but are ineligible. You must pay back the CRA whether the application was a mistake or intentional.

Do not apply if you're returning to work in the coming weeks. If your income is more than \$1,000, forego applying. Double-dipping is not allowed. No one should be receiving a salary and CERB simultaneously. The CRA My Account website has a repayment feature for those returning their CERB.

## Grow your small savings

A legitimate recipient can elect to use CERB to invest. Your investment income can compensate for the tax due on the benefit. Top pipeline operator **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) can boost a small amount of savings with its 6.69% dividend.

Assuming you have free cash equivalent to the maximum CERB, your earnings from this dividends stock is \$535.20. At its current price of \$37.20, you're purchasing Pembina at a discount. Market analysts are also forecasting a price appreciation of 21% in the next 12 months.

The road ahead is bumpy, although Pembina is progressing quite well. Its strong financial results in Q1 2020 validate management's optimism in subsequent quarters. For the quarter, the \$314 million earnings matched that of Q1 2019. Adjusted EBITDA, however, increased by 7% to \$830 million. Contributions from recent acquisitions Kinder Morgan Canada and the Cochin pipeline could have been higher if not for the lower margins on crude oil and natural gas liquid (NGL) sales.

Expect Pembina to display resiliency moving forward due to its highly contracted business. Between 90% and 95% of this year's adjusted EBITDA comes long-term and fee-based contracts. The company can generate cash flows that are more than enough to support dividends.

## Be aware of the consequences

CERB is money to get by in the present crisis. Be cautious and apply if you're 100% eligible. Otherwise, the CRA will be at your back to claim the money that is not yours.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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