



Will the CRA Force You to Pay Back Your \$2000/Month CERB Money?

Description

Recently, we've seen the CRA make moves to start collecting CERB money that was given out in error. Earlier this month, the agency opened a snitch line to sniff out suspected fraudsters. Tips received will be used to identify those who may have received CERB in error so the CRA can find them and collect the money.

This is consistent with Justin Trudeau's statement (at the time CERB was rolled out) that false claims would be dealt with after the fact.

If you're receiving CERB, you might be worried. The CRA was notoriously opaque about CERB eligibility requirements from the get-go, and changed its rules several times. At the same time, the agency was lax with initial approvals, so most of the people who wanted CERB, got it.

If you're one of them, you're right to be concerned that the CRA will force you to pay the money back. The following are two ways to gauge how likely that is to happen.

Eligibility factors

Above all else, you're more likely to have to pay back CERB if you [received it without being eligible](#). The program was intended for people who were laid off due to COVID-19. If you're not in that category, you may have to pay the money back. In more detail, the eligibility requirements are:

1. [\\$5,000 or more in income](#) over the last 12 months
2. Less than \$1,000 in income in a 14-day eligibility period
3. Not currently receiving EI

If you're an investor, that may have some bearing on CERB eligibility. If you receive non-eligible dividends from a small business investment, that could count toward eligibility. On the other hand, eligible dividends from a stock like **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)) would not.

Even if you own \$1 million worth of FTS and get \$37,000 a year in dividends from it, that won't affect

your eligibility, as only non-eligible dividends are factored into CERB calculations; that goes for hitting the \$5,000 minimum and staying below the \$1,000 14-day maximum.

How you got CERB in the first place

Another factor that could influence whether the CRA decides to come after your CERB money is how you got the money in the first place. If you applied for CERB yourself, that's more likely to be questioned, because you deliberately chose to pursue the benefit.

On the other hand, if you applied for EI and were given CERB as a substitute, that makes in inquiry less likely. In the former situation, you *chose* to apply for CERB; in the latter, it was your only option when you tried to apply for EI.

Foolish takeaway

For the most part, as long as you met the eligibility requirements for CERB, you shouldn't expect to have to pay it back. However, it *could* happen. Making too much money in two weeks, or too little in a year, could raise some questions.

Investments can also play a role. If you're an investor, you should be safe as long as you hold publicly listed stocks like Fortis.

On the other hand, investments in small businesses you control could cause you some problems if you're still receiving dividends from them. So sticking with publicly traded assets—ETFs, stocks like Fortis, or bond funds—is the best move.

CATEGORY

1. Coronavirus
2. Investing

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2. TSX:FTS (Fortis Inc.)

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