



CRA Update: This Mistake Can Cost You Much More Than the \$2,000/Month CERB Payment

Description

The COVID-19 pandemic has led to an avalanche of job losses in Canada and the United States over the past several months. Canada's federal government introduced radical financial relief programs to provide aid in this crisis. The most ambitious program was the Canada Emergency Response Benefit (CERB). This was aimed at Canadians who suffered job losses or a severe degradation in income due to the COVID-19 crisis. Meanwhile, applications at the CRA were automatically approved to speed up the process.

Today, I want to discuss some of the ways the government switching up its approach to the CERB program. Applicants need to pay close attention to eligibility, as the potential penalties could be severe.

CRA 2020: Millions of Canadians have applied for the CERB

In late May, I'd discussed some of the [stunning statistics](#) surrounding CERB applications. As of mid-May, the Canadian federal government had already paid out over \$40 billion in CERB payments. Meanwhile, Statistics Canada reported that the CRA had paid out CERB payments to over eight million applicants as of early May.

Those who have applied for the CERB should take note of when these payments began. As I'd discussed in May, Canadians who applied for payments from March onward will see their CERB deposits [expire in July](#). Moreover, applicants who have failed to meet CRA eligibility will be facing a more dire situation going forward.

Update: The government is set to crack down hard on CERB applicants

The Canadian federal government and the CRA took a lenient approach to processing applications when the CERB was first launched. However, the federal government is now looking to put new

punishments into law. Officials had already floated the idea of penalties that were more stringent than usual violations for those who have defrauded the CERB program.

According to recent reports, a copy of a draft piece of legislation that has not yet been tabled at the House of Commons hints at even stiffer penalties. Under the proposed legislation, applicants who have not met eligibility could face fines of up to \$5,000, including up to double the amount of the benefit that was received from the CRA. Worse, an applicant who made a “false or misleading” benefit claim could even face up to six months of jail time.

Alternative: One stock that can provide passive income with no penalties

Canadians are already wrestling with stress in this historic crisis. Many Canadians will see their CRA CERB payments expire or conclude, as they head back to work. This does not mean you have to kiss goodbye to a passive-income stream.

Instead, Canadians should look to pursue dividend stocks in their TFSA. This does one better than the CERB payment, which is taxable. **TransAlta Renewables** operates renewable power generation facilities. Shares have climbed 13% year over year as of close on June 9. Canadians can invest in the promising renewable energy sector and snag a stock that pays out monthly income. TransAlta last paid out a monthly dividend of \$0.07833 per share. This represents a tasty 6.3% yield.

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aocallaghan

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