



Warning: CERB Recipients Who Don't Follow The Rules Could Face Jail Time

Description

One of the major concerns shared by many Canadians is cracking down on folks who are improperly receiving the Canada Emergency Response Benefit (CERB).

In an effort to roll out the program quickly, the federal government relaxed the usual qualification process. The government simply trusted everyone and assumed no one would break the rules. Naturally, some Canadians took advantage of this and applied for the program despite not being eligible.

A recent report by the Canada Revenue Agency (CRA) says that some 190,000 Canadians have already admitted wrongdoing and have paid back at least a portion of their CERB benefits.

Many taxpayers worry that CERB fraud is rampant, with many people knowing somebody who's receiving CERB money while still employed. There was even a story about a farmer applying for (and receiving) payments for his two horses, although that seems to have been debunked. After all, horses don't have Social Insurance Numbers.

Assuming Justin Trudeau and his ruling Liberal Party get their way, there may be good news coming on the punishment front,

Punishment for CERB fraudsters

The government has always been clear that people who abuse the CERB program will face consequences. The only real question would be the severity of the punishment.

That people will have to pay the money back was never in doubt. There will also be fines for those who abuse the system.

But this might just be the beginning. According to reports, Trudeau's Liberals are poised to table a bill that would call for harsh punishment for folks collecting CERB improperly. Punishments would include paying back the ill-received funds, financial penalties — such as a fine of up to \$5,000 — and perhaps

even jail time.

Yes, you read that right. It's obvious the government is taking this seriously.

There will also be punishments for folks who refuse to return to work when they're asked to come back by their employer. Remember, CERB was supposed to be temporary support until people are once again employed. The government doesn't want anyone to stay at home on its dime.

As I type this, however, the punishment bill is dead in the water. Other parties in the House of Commons are refusing to support it as they feel the possibility of jail time is a little harsh. It may become one of those bills that never gets introduced because it was bound to fail.

A better version of CERB

Canadians should focus on creating their own passive income streams, creating their own CERB [that will never go away](#).

This is not something you can do overnight. It'll take years of diligent saving and smart investing to make it happen. But it's certainly possible. A sustainable [passive income stream](#) is certainly within your reach.

The investment doesn't have to be complex, either. You can simply buy a dividend fund like the **BMO Canadian Dividend ETF**, a fund that offers a low management fee, diversification across approximately 50 different stocks and, perhaps most important, a robust 5.3% dividend yield.

It'll take an investment of a little more than \$450,000 to create a sustainable \$2,000 per month income stream from this ETF. I'm the first to admit that's a lot of money. But coming up a little short is a lot better than never starting at all.

Even \$500 or \$1,000 per month can really make a difference, too. Especially during the next recession.

The bottom line

There's little doubt the government will punish CERB fraudsters. The only question is how bad the punishment will be.

I doubt many will end up going to jail over improper CERB payments, but folks trying to game the system should still be a little wary. The fines for doing so could very well be substantial. It's best to admit your mistake today, while this is still all being worked out.

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