



## CRA Update: CERB Fraud Investigations Have Started!

### Description

Last week, I wrote about the CRA's plans to tackle CERB fraud, which included opening a "snitch line" to catch suspected fraudsters. The CRA had been concerned about fraudulent CERB claims ever since the program started. In the interest of getting CERB out to Canadians in need, the agency pushed through applications quickly; reports claimed that some got the money as little as three to five days after applying. While the expediency allowed people to get help quickly, it also opened the door to fraud.

When I last wrote about CERB fraud, the CRA was only just beginning to tackle the problem. Now, it's moving ahead with enforcement. After opening its fraud line, the agency is actively investigating cases of CERB fraud. According to reports, they're moving quickly.

### The CRA is receiving tips

According to a recent Global News story, the CRA's CERB line has been steadily receiving tips. As of Thursday, the line had received 1,300 tips, up from 600 on June 1. Given that over eight million Canadians have applied for CERB, these tips are a drop in the bucket. However, they could be a start in helping the CRA catch people who received CERB when they shouldn't have.

### Repayments already starting

In addition to opening investigations into CERB fraud, the CRA is [already receiving repayments](#). According to CTV News, the agency received 190,000 repayments as of last week – that's larger than the number of fraud tips the CRA had received in the same week, showing that for the most part, Canadians are voluntarily complying with CRA rules.

### How to stay in the clear

In light of everything you've read so far, you may be worried about being investigated by the CRA for

CERB fraud.

It's an understandable concern. Draft legislation shows penalties [ranging from a \\$5,000 fine to jail time](#), just for improperly applying for a government benefit. While that may seem harsh, keep in mind that the CERB program has cost the government over \$40 billion so far. The feds will need to recover as much of that as possible. It's also worth noting that the legislation hasn't been passed yet; in all likelihood, the final laws will be less severe.

That said, it's a good idea to keep your ducks in a row. The easiest way to do that is simply not apply for CERB if you haven't yet.

If you have savings, you could build up an investment portfolio with ETFs like the **iShares S&P/TSX 60 Index Fund (TSX:XIU)** as an alternative to applying for CERB. XIU is a dividend-paying ETF that yields about 3.4% based on last year's dividend payments. With that yield, you'd get \$3,400 a year in dividends annually on a \$100,000 position.

That's more than the CERB pays out in a month and a half—although it would take a full year to collect that much income from XIU. The two figures aren't directly comparable, but it's undeniably true that dividend stocks/ETFs can establish passive income that won't trigger fraud investigations.

If you're already receiving CERB, your best bet is to re-examine the eligibility criteria and see if you truly qualify. If you don't qualify, then don't re-apply and pay back what you've already received. By doing so, you'll avoid a CRA investigation that could cost you much more.

If you do qualify, you don't need to do anything except pay the appropriate taxes on your CERB. That alone will be enough to keep the CRA at bay.

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## TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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andrewbutton

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