



Don't Cheat the CRA: Your \$2,000 CERB Can Get You Fined

Description

The federal government is paying the price for the quick releases of the Canada Emergency Response Benefit (CERB) to individuals by the Canada Revenue Agency (CRA). [Pandemic benefit](#) cheats are growing in numbers. Organized crime is defrauding the system, while other cheaters are destroying the program's integrity.

One advice to claimants is not to cheat the CRA to receive the \$2,000 monthly CERB. You can get fined or even serve jail time. Cheating the benefits program will soon be a criminal offence.

No checks and balances

The intention of the government with CERB is noble, and the rollout was timely. Many Canadians are losing jobs or are unable to work due to the COVID-19 pandemic. From the start, the CRA was not verifying the CERB applications. The mandate was to release the taxable benefit as quickly as possible.

Because of the lack of checks and balances, there is an opening for misdeeds and fraud. People can automatically get CERB without proper verification or confirmation on whether the claimant meets the criteria.

Pending bill

Members of the House of Commons are now debating on a proposed legislation to impose stiff fines and penalties on CERB fraudsters. There is no agreement or voting yet. Opposition parties want to be clear as to what constitutes outright fraud.

Some people did double dip and applied for CERB and Employment (EI) by mistake. The CRA will [collect back](#) the CERB or demand repayment. To deter misrepresentations and bogus applications, the tax agency has a snitch line where you can call to report suspected cheaters.

Loopholes are emerging, although the CRA can do a back-end clean-up next year during the tax

season. The agency is exerting efforts to discourage people from applying if they are not eligible.

CERB applicants should be aware that CERB is a regular income and, therefore, subject to tax. Apply for CERB if you're eligible and need emergency money. You can opt not to if tax is a consideration or you have investment income to tide you over.

Fund builder

Many investors are building their emergency funds through high-yield dividend stocks like **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). This \$19.27 billion owner of an integrated pipeline system is a pure dividend play. The dividend yield is a high 7.37%. You only need a \$30,000 capital to produce \$2,211 in passive income.

Pembina's primary business is to transport crude oil, natural gas and natural gas liquids in North America, but the company belongs in the energy sector. While the energy space is volatile, it's a defensive stock. You have a pipeline operator that generates resilient cash flow streams from take-or-pay contracts.

The company has been operating for more than two decades and known in Western Canada as one of the best-managed companies. Even in a multi-year volume reduction scenario, Pembina can maintain and sustain dividend payments.

Given Pembina's \$2.5 billion cash-on-hand and a new \$800 million revolving credit facility of \$800 million, liquidity shouldn't be a problem,

Resist the temptation

Take the matter of CERB applications seriously and don't attempt to cheat the CRA. The fines for deceit could be higher than the payments, while jail time could be six months.

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