



Beware: Your CERB Payments May Stop Anytime

Description

This month, some Canadians were shocked when they didn't receive their Canada Emergency Response Benefit (CERB) payments. Service Canada stated that the June payments were adjusted for the advance payments that were distributed in April. This is just the beginning. In April, the Canada Revenue Agency (CRA) disbursed CERB payments in haste, as the COVID-19 pandemic and the resulting lockdown created a state of emergency. It is now identifying the loose ends and rectifying the mistakes.

The CRA can take away your CERB payments

The CRA can stop your CERB payments anytime under the [following circumstances](#):

- You mistakenly applied for the CERB, even though you were not eligible and received the benefit.
- If you returned to work earlier than expected or your employer paid you retroactively.
- Both Service Canada and the CRA paid you the CERB for the same period.
- You received payments from both CERB and Employee Insurance.

The objective of the CERB payment is to help Canadians who lost their source of income or couldn't earn at least \$1,000 per month because of the COVID-19 pandemic. The CERB benefit applies only to those who were earning at least \$5,000 in the last 12 months and under \$1,000 in the 14 days before the lockdown. If you received the benefit while you were not eligible, you can repay your CERB payment voluntarily or after the CRA contacts you. As of June 21, 361,000 Canadians have returned the CERB benefit, up from 190,000 on June 3.

The CRA is cracking down on faulty CERB payments

The CRA is cracking down on deliberate CERB fraud. It has opened a confidential online portal where citizens can report any possible fraud of the benefit. On June 7, it received 1,300 leads, and this number swelled to 3,300 by June 21. The agency has not revealed the number of fraudulent cases, but they will penalize the fraudsters through fines and imprisonment.

The repayment and fraud charges do not apply to those who you accidentally received excess unemployment benefit in April. The CRA has adjusted this excess payment in June.

Earning from the CRA's mistake

The well-informed investors earned from CRA's mistake by investing their CERB payment in quality stocks. Individual stocks can be a risky bet. A [smarter way to invest is through ETFs](#) like the **iShares S&P/TSX Capped Information Technology Index ETF (TSX:XIT)**.

An ETF gives you exposure to some of the best stocks at a lower price. The XIT is trading below \$40, but it gives you exposure to expensive shares like **Shopify** and **Constellation Software**. If you go to buy these stocks, you will have to shell out around \$3,000 to buy just one unit of each of the two shares. The XIT has 50% of its holdings in Shopify and Constellation and the remaining 50% in other software and IT stocks like **Descartes** and **Open Text**.

On April 6, if you had invested \$4,000 of your CERB payment in Shopify and Constellation, you would have earned \$2,900 by now. However, your portfolio would not be diversified, thereby exposing you to the risk of selecting the wrong stock. If you had invested the same amount in Descartes and Open Text, you would have earned \$1,000. The XIT would have diversified your risk across multiple tech stocks and have given you a more balanced return of \$2,000 during the same period. And if you had invested in this ETF through your Tax-Free Savings Account (TFSA), this \$2,000 income would be tax-free.

You still have three months before the CERB ends. If you have any of the CERB payments left after meeting your daily expenses, put that money to work by investing it in ETFs. These CERB payments will be added to your taxable income. The XIT ETF can help you earn back some money that you will pay in taxes.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date

2025/08/25

Date Created

2020/06/26

Author

pujatayal

default watermark

default watermark