



Is Canada Shooting Itself in the Foot With the CRA's CERB?

Description

The confidential online portal of the Canada Revenue Agency (CRA) has received thousands of leads on suspected abuse of emergency aid programs, particularly the Canada Emergency Response Benefit (CERB). There was laxity before, but the tax agency is now [scrutinizing CERB applications](#) for possible fraud.

Canada might be shooting itself in the foot. Extending the CERB will require the stricter implementation of the rules. At the same, spending more on the program will burden the economy. The Parliamentary Budget Officer (PBO) says the CERB extension will cost an additional \$17.9 billion.

Financial baggage

The PBO estimates the total cost of the CERB program to reach \$71.3 billion with the program extension. It would be one of the most expensive initiatives of Canada's government in history. The \$500-a-week taxable benefit is too costly, considering the impact of COVID-19 on the labour market.

The 13.7% unemployment rate in May 2020 was the highest rate on record since 1976. Before the lockdown, the unemployment rate in February was 5.6%. Some CERB payments were supposed to end on July 4, 2020, but millions remain out of work in June. It paves the way for the program extension.

Retrieving CERB payments

Instead of 16 weeks and \$8,000 total, CERB payments will extend to 24 weeks plus \$4,000 more of emergency money. The CRA is also dealing with a host of bogus claims, and that is why you can't easily take advantage of CERB today.

Employment Minister Carla Qualtrough is aware of double payments and that some applied out of confusion. Her office said [no one is going to receive more money](#) than they're supposed to. The CRA and Service Canada are reviewing CERB and Employment Insurance (EI) payments, respectively, for accuracy.

More permanent than CERB

The COVID-19 pandemic is a shocker with far-reaching economic implications. Emergency aid programs like CERB are temporary. If you want something more permanent, start saving and go dividend investing. Investment income should answer your financial needs, even for a lifetime.

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is an appealing investment, because this energy stock pays a monthly dividend. The current yield is a high 7.08%. A \$20,000 investment will deliver \$118 in passive income.

While the shares of this \$18.41 billion energy infrastructure company are down 27.7% year to date, you can rely on sustained dividends. Pembina has endured oil price collapses in the past, including the recent plunge. It has the size, scale, and economic strength to pull through in any storm.

Most of the profits come from fee-based revenue. The set-up enables Pembina to generate stable and predictable cash flow. More so, it's an 80/20 split of revenues (Canadian and U.S. dollars) from crude, natural gas liquids, and gas. This pure-play energy stock will deliver the goods for decades to come.

Do your share

The federal deficit might hit a staggering \$256 billion in 2020. Canadians can help or do their share by not cheating and abusing the various COVID-19 response programs, including CERB. It will be a disaster if the government tightens the application procedures, reduce the benefits, or stops them altogether.

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