



How to Prevent the CRA From Taking Back Your \$8,000 CERB!

Description

The Canada Emergency Response Benefit (CERB) began as part of the measures taken by the Canadian government to provide relief to its citizens amid the pandemic. The program would see eligible applicants receive \$500 per week for up to 16 weeks to compensate them for lost income due to the lockdown resulting from COVID-19.

The Canada Revenue Agency (CRA) chose to err on the side of leniency in approving applications. Many of the applicants were eligible Canadians who qualified to receive the payments. A substantial portion of people, knowingly or unknowingly, applied for and received the funds without being eligible.

The CRA will come knocking

The CRA is well aware that many people have been collecting CERB money without being eligible. It recently updated its "Leads Program" and classified the CERB to its list of reportable cheating activities. As it finds out about people who have been ill-receiving the emergency benefits, punishments will also follow.

The CRA staff was instructed to ignore red flags during the approval process to speed up applications and make sure that the most vulnerable Canadians received their money without delay. When it comes to financial relief, timing is everything.

Are you worried about CERB repayment and penalties? I will discuss a couple of ways you can avoid potential problems.

Make sure you qualify

The first and most obvious method to avoid paying back the CERB you have collected or plan on collecting in the future is to make sure you are eligible for it. There are eligibility criteria on the CRA's website you have to fulfill to collect this money without fears of repercussions.

For instance, you must have earned at least \$5,000 in the last 12 months. You must not have earned more than \$1,000 in the 14 days before applying for CERB money. If you have been re-hired under the

Canada Emergency Wage Subsidy (CEWS) program, you do not qualify for the fund. I've written about the [eligibility criteria for CERB](#) to help you better understand.

Create passive income of your own

I would advise entirely avoiding CERB if it is possible. The benefit is taxable, and it will contribute to your income tax returns in the next tax season. There is a better way to stop worrying about CERB repayment, whether you do not qualify for the CERB or you want tax-free income.

You can create your own passive income through a dividend-paying portfolio stored in your Tax-Free Savings Account (TFSA). A TFSA that consists of income-generating assets like **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) can help you earn money on your investment without worrying about paying taxes to the CRA or worrying about CERB repayments.

Chemtrade is an Ontario-based company that provides industrial chemicals and services in Canada, the U.S., and in South America. Shares of the income fund were not spared from the COVID-19 market devastation. However, its share price has increased by 50.28% since its March low.

At writing, the stock is trading for \$5.29 per share, and it pays its investors with a hefty 11.34% dividend yield.

Foolish takeaway

Making sure you are eligible can help you avoid CERB repayments. Avoiding CERB altogether can entirely remove the headache of worrying about it. You would have to create a dividend income portfolio of stocks like Chemtrade Logistics to earn a substantial monthly income.

There is a prerequisite of investing significant amounts in dividend-paying stocks and building an [income portfolio in your TFSA](#). It may take a while to find the right combination of stocks, but it can help you create a fantastic alternative to the CERB program.

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1. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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