



3 CERB Mistakes That Could Cost You

Description

The Canada Emergency Response Benefit (CERB) has been a lifeline for many individuals out there. To date, the Canada Revenue Agency (CRA) has processed over 18 million applications for CERB, with 8.06 million people receiving benefits. The total benefits total \$52.14 billion as of writing.

About 5% of Canada's population lost work because of the coronavirus, so there are still *many* people who genuinely need this benefit. However, the CRA warns that there are people out there taking advantage of the CERB system.

When it first arrived, the CRA simply wanted people to get CERB as soon as possible to keep the economy running. Now, there have been some necessary changes. These changes mean if you have made any of these mistakes, you could not only see an end to your benefits, you may need to pay those benefits back.

CERB while working

While you can certainly work while receiving CERB, the benefit is really for those who are out of work during COVID-19. So, if you're working, there is a limit. The CRA states that if you earned more than \$1,000 in employment of any kind (including self-employment) for 14 or more days in a row within the four weeks you received a benefit, this would affect your claim.

This also affects future claims. If you earned more than that \$1,000 in income, you can't apply for future benefits for the next four weeks as well. So, if the CRA finds out you were working, your payments will either stop, or you'll be asked to pay it back.

Double payments

When you lose your job, you need money fast. That's why many Canadians immediately applied for both CERB and employment insurance (EI). If you started receiving EI and then also received CERB, again, the CRA will find out and ask for that money back.

On top of this, if you applied for CERB through the CRA and Service Canada, you may have received double payments. It may have looked like good news at the time, but hopefully you didn't spend it all, as the CRA will ask for those payments back as well. Again, the government wanted to just get cash out the door as soon as possible. So, it's only now that the CRA is able to dig into this problem.

Fraud

While the last two points seem more like genuine mistakes, there has been a lot of fraud with CERB as well. This is costing taxpayers and those that really need the CERB a lot of money. While there haven't been any penalties announced as of yet, there are many who believe severe penalties are coming. These can range anywhere from a fine to even jail time, as it can be seen as tax fraud.

So, before you think about taking in "easy" cash, even if it's just to help out while your cash is low, think twice. You might be seen as abusing the system, and the fines could be hefty.

Foolish takeaway

There are [other methods](#) to bring in cash rather than use or abuse CERB. One method is finding a passive-income stream through dividend stocks. One such stock I would highly consider is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)). Nutrien is a strong company for those looking for growth for years to come. The company is in acquisition mode, bringing together the fractured industry of crop nutrients. As arable land becomes less throughout the world, a company like Nutrien becomes more in demand.

The stock has stabilized around \$45 per share, which is still [undervalued](#), according to analysts. Meanwhile, it offers a fantastic dividend yield of 5.5% as of writing. If you used the potentially \$12,000 you would have received from CERB and invested it in this stock, you could bring in \$675.51 per year in passive income.

Even with COVID-19, Nutrien stated in its last earnings report it would maintain its dividend. The company expects this to remain stable thanks to its retail earnings, especially with its competitive advantage in potash and nitrogen. While the first quarter is usually a bit weaker, the company believes COVID-19 should continue to have a limited impact on earnings.

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Date

2025/08/05

Date Created

2020/07/04

Author

alegategwolfe

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