CRA: 3 Reasons You Can Be Denied Your 8-Week CERB Extension

Description

Among the many measures that the Canadian government took to help its citizens through the COVID-19 pandemic was the introduction of the Canada Emergency Response Benefit (CERB) program. The program entailed payments of $500 per week for up to 16 weeks to Canadians who lost their jobs due to the government-mandated lockdown.

The idea was to aid out-of-work citizens until the situation improved and they could go back to doing their jobs. However, even with millions laid off, the pandemic is not close to ending. While economies across provinces in the country are opening up, millions continue to remain unemployed.

The people who started receiving CERB money from the beginning were worrying about the expiry but found relief with the announcement of an extension to the program. However, you should know that there are ways the Canada Revenue Agency (CRA) can reject your application.

Why the CRA can reject your CERB application

When you collect CERB money, you receive $500 per week and reapply to continue receiving the benefits. With the extension, you can receive the funds for up to 24 weeks instead of the original 16-week program.

However, the CRA will reject your application if you do not qualify to receive the funds. The agency is encouraging people to find work if they can. The number of jobs created by reopening economies will need time to catch up with the unemployment rate, and you can reapply for CERB if you cannot find a job. However, these three things can disqualify your application for CERB:

- You must not be receiving any Employment Insurance (EI) benefits.
- You must have earned at least $5,000 in the last 12 months.
- You must not have earned more than $1,000 in the last 14 days.

It would help if you can create another income stream if you do not qualify for CERB rather than trying to secure CERB money without being eligible. You can face a fine and punishment if you are found [committing CERB fraud]

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Passive-income stream

The CRA distributes the money without deducting taxes. It means the amount will count in your taxable income for the next tax season. You can create a passive-income stream on which you don't have to pay the CRA taxes. It is a matter of opening a Tax-Free Savings Account (TFSA) and using it to store income-generating assets like **Canadian Utilities** (TSX:CU).

The company owns a diversified portfolio of utility assets that it uses to provide essential services to Canadians across the country. The utility sector is a massive cash maker for investors in any type of portfolio due to its resilience in harsh economic environments. No matter how bad the economy gets, the demand for utilities like natural gas and electricity never diminishes.

Canadian Utilities can keep generating revenue to finance dividend payouts to its shareholders. At writing, the stock is trading for $34.55 per share with a juicy 5.04% dividend yield. With 86% of its revenue from regulated sources, and the remaining from long-term contracts, Canadian Utilities can comfortably continue paying investors with its reliable and predictable income.

Foolish takeaway

Creating a TFSA portfolio of dividend-paying stocks like Canadian Utilities can help you earn substantial passive income. Since you will be storing the assets in your TFSA, the CRA will not be able to touch any dividend income or capital gains. You can keep all the returns for yourself.

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2. Investing

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1. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

1. Business Insider
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