



One More Way CRA Can Take Back Your \$2,000 CERB in October

Description

You should know two things about the various benefits the Canada Revenue Agency (CRA) offers Canadian residents. First, the CRA gives benefits only to those who file their tax returns regularly. Second, it caps all its benefits and calculates them based on your previous year's tax returns.

In October, the CRA can take away all COVID-19 response benefits paid between July and September if you don't file and pay your 2019 tax returns before September 1.

The CRA's COVID-19 response

Generally, April 30 is the tax filing deadline for Canadians. But in the light of the COVID-19 pandemic, the CRA made many changes to respond to the emergency.

- Between April and June, it distributed up to \$2,000 in monthly Canada Emergency Response Benefit (CERB).
- On April 9, it paid a one-time Goods and Service Tax Credit (GSTC) of up to \$400 to individuals, and \$600 to couples. In May, it paid a one-time bonus of up to \$300 in Canada Child Benefit (CCB) per child. In July, it paid one-time up to \$300 in Old Age Security (OAS) pension, and \$200 in Guaranteed Income Supplement (GIS). All these one-time payments were tax-free and calculated on the 2018 tax returns.

The CRA paid these benefits only to those who filed their 2018 tax returns. If you haven't yet filed your 2018 tax returns, you can do so now. You will be eligible for retroactive benefits and credits.

The CRA has also [extended the tax filing deadline](#) for the 2019 tax year to June 1. It is allowing Canadians to file and pay their taxes before September 1 without incurring any penalty.

The CRA can take away all your benefits in October

In June, the CRA extended the CERB by eighty weeks to October 3. Now, if you received \$2,000 in

CERB payments between July and September, the CRA can take it back if you miss the September 1 deadline. It will also stop your estimated benefits and/or credits in October.

Other than tax filing, the CRA can also take back your CERB payments if you wrongly received them. It is tracking down on fraudulent and faulty CERB claims. If you have received excess CERB payments, the CRA adjusted the amount in June. If you were [not eligible for the CERB](#) and still received it, the CRA is giving you an option to repay it before December, and avoid a tax bill on these payments. As of June 3, it has received nearly 190,000 in CERB repayments.

The individuals who made fraudulent claims and did not repay when given a chance could face a penalty.

File and pay your taxes before September 1

It's better to pay your taxes before September, as you don't want to forego the benefits the CRA offers students, singles, families, and seniors. This year, the CRA paid a family of three with a five-year-old child up to \$1,466 in GST and \$6,700 in CCB. All of these are tax-free cash credits.

You can invest these credits in your Tax-Free Savings Account (TFSA), and build your non-taxable CERB payment for the future.

Don't let your one-time tax credits go in vain

This year, a family of three received a one-time tax-free bonus of up to \$600 in GSTC and \$300 in CCB by May. If you invested this extra payment in a growth stock like **Lightspeed POS** ([TSX:LSPD](#)), your money would have increased to \$1,360 in just two months.

Lightspeed provides cloud-based point-of-sale (POS) payment solutions that integrate retailers' and restaurants' in-store platform with an e-commerce store. Amid the COVID-19 pandemic, retailers and restaurants shifted to online stores.

This boosted Lightspeed's e-commerce volumes by 400% in April compared to February. The company has the potential to grow as it expands its e-commerce offerings to cater to the changing market needs.

In comparison with other cloud service stocks, Lightspeed is trading at a lower valuation of 17 times its sales per share while generating over 50% revenue growth. In the next five years, your \$900 could grow three to fourfold to \$3,600.

CATEGORY

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