Canada Revenue Agency: 4 Ways Your 8-Week CERB Extension Can Be Denied

Description

The decision to slowly reopen economies in provinces and territories across the country has come as a major sigh of relief to many Canadians who have been out of work due to the pandemic. The mandated social distancing and lockdown measures resulted in millions of people losing their income.

The government announced the Canada Emergency Response Benefit (CERB) as a 16-week program to pay Canadians unemployed due to the pandemic. The program would see them receive $500 per week for up to 16 weeks. While the gradual reopening of economies is fantastic news, it can’t immediately compensate for the millions who still require jobs.

The people who initially began receiving CERB money began to worry that the CERB period will expire, but the government announced an eight-week extension to the program. People who still can’t find jobs can rely on receiving the $2,000 per month from the Canada Revenue Agency (CRA) for another two months.

Of course, not everybody who applies can receive the CERB. There are reasons why the CRA can reject your application for CERB.

CERB rejection

The CERB is available for Canadians who qualify a certain set of criteria to receive the payments. The CRA sped up its application approval process with the initial rollout of CERB to help the most-affected citizens and allowed many undeserving applicants to take advantage of the payments. The CRA will follow up and collect the funds from ineligible applicants.

If you do not meet the following criteria, the CRA can reject your application for CERB:

- You can't have been re-hired under the Canada Emergency Wage Subsidy (CEWS) program.
- You can't be receiving any Employment Insurance (EI) benefits.
- You must have earned at least $5,000 in the last 12 months.
- You can't have earned more than $1,000 in the last 14 days.

Receiving the CERB if you qualify for it is excellent. However, the program comes with an expiry date, and the money you receive will count as part of your taxable income for the 2020 income year. There is another way you can earn passive income that does not come with an expiry date, and you do not need extensive eligibility criteria to qualify.

It requires the prerequisite that you have savings that you can invest, but it can be quite beneficial for you in the long run.

Creating your own passive income

If you have cash savings set aside, you can use it as capital to create a passive income stream through your Tax-Free Savings Account (TFSA). Use the money to invest in shares of a dividend-paying company that provides you with a good value for your money and increases your wealth over time.

Any asset you store in your TFSA can grow without incurring any taxes that the CRA can collect, and you do not need to pay fees, taxes, or penalties for withdrawing funds from the TFSA.

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is an ideal stock to add to your TFSA portfolio. The railway sector is the backbone of the country's economy, and it is vital to the operation of various other industries in Canada.

The coronavirus pandemic disrupted businesses throughout the country, and the latest quarterly performance report by CNR showed a 60% earnings drop for the company. While it is an alarming figure, it could have been far worse. CNR still plays a vital role in transporting grain and fertilizer. Investor confidence in the railway has skyrocketed in the last few months.

Since the market bottom in March, CNR is up 33.8%, and is up 7.66% from its year-to-date value. It means that the railway stock is already doing better than its pre-pandemic price. At writing, it is trading for $128.30 per share.

While the price might not seem like a bargain, it does offer good long-term value when you include its dividends. The stock also pays at a modest but decent 1.79% dividend yield.

Foolish takeaway

Creating a tax-free passive income stream in your TFSA can present you with better long-term income. The CERB is a temporary program aimed to help unemployed Canadians.

On the other hand, a TFSA portfolio with a stock like CNR presents you with a revenue stream that lasts as long as you need it.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/09/09
Date Created
2020/07/27
Author
adamothman