



The CRA Is Taking Back the \$2,000 CERB for 3 Reasons

Description

You must have heard that the Canada Revenue Agency (CRA) has tightened the scrutiny on the Canada Emergency Response Benefit (CERB) payments. It is taking back the CERB payments from those who are not eligible and asking more details from claimants before disbursing the payments. These measures came after Prime Minister Justin Trudeau [extended](#) the CERB till September.

The CRA extended the CERB to help those who are still unemployed and actively searching for a job. This could probably be because their area is still under a lockdown or their industry is badly hit by the pandemic. For instance, the people working in the airline industry are still out of job, with few openings in the industry.

The CRA is taking back your CERB payments for three reasons

When the government disbursed CERB payments in April without stringent background checks, it knew the benefit could be misused. At that time, the government stated that it will investigate the claims at a later date, and impose penalties on fraudulent claims. In June, when things began to normalize, the CRA started cracking down on the fraudulent CERB claims

The CRA will take back your CERB payments if you:

- Continue to receive CERB payments despite knowing that you are not eligible.
- Refuse to return to work or accept job offers just to continue receiving CERB payments.
- Make false claims by deliberately giving wrong information or hiding relevant information.

How is CRA dealing with the faulty CERB payments

In the first scenario, the CRA has opened a helpline to answer any queries you have regarding CERB. It is asking people to repay wrongly paid CERB. As of June 3, it has received over 190,000 repayments. For the second scenario, it is asking CERB claimants to submit proof that they are actively searching for a job.

For the third scenario, the CRA has kept the portal open for Canadians to voluntarily repay the wrongly received CERB payments. It is also investigating fraudulent claims and calling back CERB payments. There is a possibility that it might penalize fraudulent claims, but the penalty has not yet been finalized. According to the Ipsos poll, 85% of Canadians believe that fraudulent CERB claims must be fined.

You TFSA can give you an incentive for not working

The CRA's objective behind launching the CERB was to ensure that the needy are not left in these difficult times. The CERB payments solved the purpose as they provided temporary relief to those who are out of work because of COVID-19. But don't mistake it as an incentive for not working. What if I say you can build your incentive for not working?

All you need to do is [every week put \\$100](#) in your Tax-Free Savings Account (TFSA) for the next 10 years. Your total contribution would reach \$52,000. You can invest this amount in the **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)). The ETF gives you exposure to high-quality, expensive stocks like **Constellation Software** and **Shopify** for a cheaper price.

The ETF has generated average annual returns of 19% in the last 10 years. If you invested \$100 every week for 10 years, you would have more than \$120,000 in your TFSA.

Earn \$1,000 in tax-free income every month from your TFSA

If you want to earn a regular income from your investment, invest the \$120,000 amount into a high-growth dividend stock like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

The company

has been paying regular dividends for over 20 years. It has increased its dividend per share at an average annual rate of 8.8% in the last five years.

If you invest \$120,000 in Enbridge, which has a dividend yield of 7.7%, you will earn \$770 a month. This dividend income will grow every year in the 5%-8% range, which would increase your monthly income to \$1,000 in the next five years.

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1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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Author

pujatayal

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