



## WARNING: Here's When the CRA Will Take Back CERB

### Description

The COVID-19 pandemic has changed the way Canadians live – not only when it comes to wearing a mask and washing our hands, but Canadians rich and poor have had to learn how to cut back on spending. Most Canadians stated they have been financially affected by the virus, so it's little wonder that when the Canada Emergency Response Benefit (CERB) became available, people pounced on it.

CERB launched back in March of this year right after the markets crashed. While stipulations were made as to who would be eligible, no one worried about that for the moment. Instead, everyone raced to apply, and the government raced to provide cash to Canadians to keep them afloat financially afloat while everyone tried to figure out next steps.

CERB paid applicants \$500 every four weeks for up to 16 weeks when it was first introduced. However, as of the most recent pay period, that payment was extended to \$500 every four weeks for up to 24 weeks. Now, as businesses begin opening again and Canadians get back to work, it looks like changes are already underway for this program.

### CERB criteria

There haven't really been all that many changes to the criteria for CERB, but now the Canada Revenue Agency (CRA) is taking it seriously. If you don't meet the eligibility, you'll be denied. If you meet the eligibility, but something changed, that money will have to be returned.

What is the criteria then for CERB? In case you haven't looked into it already, there are only [a few major rules to follow](#). You must first have no made \$1,000 or more in the last 14 consecutive days. Second you must have made \$5,000 in 2019, or in the last 12 months.

Finally, you must not have been rehired under the Canada Emergency Wage Subsidy (CEWS), or already receiving government payments like employment insurance (EI).

If you can't meet these requirements, CERB isn't for you. Even you can, there are many that think its days are numbered.

## The end is near

There have been a few faults with CERB since its creation, but the main issue is getting funds to Canadians while also getting Canada back to work. The federal government wants to start diverting funds away from CERB payments, and towards things like CEWS to let businesses rehire workers.

So when could CRA start looking for payments from people receiving CERB when (arguably) they shouldn't? My guess is during September and October. The main reason is the payment deadline for tax returns of September 1, 2020. As Canadians will hopefully have paid their taxes, the CRA can then move onto CERB payments.

They can then work on taking the cash from those payments once the next payment schedule comes to a close for CERB, and put it towards new programs.

## Another method? Passive income

You don't have to panic if you've been receiving CERB and worry you might be cut off. First of all, the program likely won't end entirely. It's likely it will fade out so that those who still rely on the program to make ends meet still have access to it. But for those who are back to work, there are other ways to bring in extra income.

The perfect option are dividend stocks. Of those stocks, [Canada banks are ideal](#). Canadian banks performed as some of the best in the world after the last recession, and are likely to be the first to rebound after the pandemic is over. Banks also have a long history of dividend payouts, so you can rely on dividends even while your shares are low.

Of the Big Six Banks, **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) offers the best deal and highest dividend. The bank is still down by about 20% as of writing to reach pre-crash prices. Before that, it grew about 188% from the last financial crash until March 2020.

Meanwhile, its dividend has remained strong, sitting at 6.09% as of writing. With earnings around the corner, now could be a great time to add this bank to your watch list.

## Bottom line

By using a Tax-Free Savings Account (TFSA) you can take any cash you can manage right now and create passive income for life.

While you might not receive \$12,000 off the bat as with CERB, you could turn even \$1,000 into that \$12,000 in 20 years with dividends reinvested.

## CATEGORY

1. Bank Stocks
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2. TSX:CM (Canadian Imperial Bank of Commerce)

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alegatewolfe

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