



\$12,000 CRA CERB: You Might Have to Return It After It's Over

Description

COVID-19 came along and changed the way the world works. It would have been nice if the change was limited to washing hands more regularly and wearing masks in public. Unfortunately, the effects were far worse.

Governments worldwide ordered mandatory stay-at-home and social distancing measures to curb the spread of the virus. It also resulted in the loss of millions of jobs due to businesses shutting down their doors. Poor and rich Canadians alike felt the effects and had to cut down expenses to cope with unemployment during this time.

The Canada Emergency Response Benefit (CERB) program came as a massive sigh of relief for everybody who lost their income due to the pandemic. Part of its [COVID-19 Response Plan](#), the CERB program would pay \$500 weekly payments for up to 16 weeks to eligible Canadians. On June 16, the government instructed the Canada Revenue Agency (CRA) to extend the program to 24 weeks.

CERB criteria

The CRA wasn't altogether stringent in its approval process for CERB applications. Canadians pounced on CERB as soon as it launched, and many ineligible people also took CERB money that they should not have. Over 190,000 people had to return some or all of the CERB cash they received.

There are a few major rules to follow when you are applying for CERB. The criteria define certain conditions you need to meet so you can qualify for the funds, including:

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

If you can't meet these requirements, then CERB is not for you. Canadians who collected CERB money despite being ineligible will have to return the amount when all this is over.

The end is near

As economies gradually reopen, the number of jobs you can apply for is increasing. The government also wants to divert its efforts away from CERB to programs like CEWS to help Canadians get back to work. The federal government is looking to stamp down the soaring unemployment rate.

With the expiry of CERB, the CRA will likely begin following up with CERB applicants with ill-received money from the relief benefit fund. We will likely see the CRA collect payments during September and October, considering the September 1 tax payment deadline.

Create passive income

If you are currently receiving CERB and are worried that you will have no income when the program expires, you should not worry. There are chances that the government will replace CERB with another benefit until Canadians can find work. You can use other ways to earn income. Ideally, you should consider investing in dividend stocks with a reliable reputation for paying investors.

I would advise looking at the banking sector. Canada's Big Six Banks are some of the most reputable financial institutions worldwide. Among them, the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) could be an ideal equity you can add to your portfolio to receive an income.

The \$43.33 billion market capitalization bank has substantial liquidity to help it weather the pandemic and an excellent track record for providing value to its investors. At writing, it is trading for \$97.33 per share and offers a juicy 6.00% dividend yield. It is paying the highest dividend yield among Canadian banking stocks.

Foolish takeaway

CM is down by more than 13% of its pre-pandemic pricing. You can invest in the stock right now to lock in its attractive dividend yield. With enough capital in dividend stocks like CM, you can earn substantial passive income through dividends.

While the [CERB expiry](#) might take a hit on your monthly income, a dividend income portfolio can help you cover your expenses as the economy improves.

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