



## Scared of a \$2,000 CERB Audit? Make Sure You Did These 3 Things Right

### Description

Since June 2020, the Canada Revenue Agency (CRA) has been cracking down on people misusing — if not abusing — the Canada Emergency Response Benefit (CERB). Some people were suspected of taking advantage of government-sponsored [emergency benefits](#).

In late August, the tax agency announced that audits of CERB and the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Student Benefit (CESB) would commence. CERB is a big concern as the CRA and Service Canada processed 27.56 million applications and paid a total of \$81.64 billion as of October 4, 2020.

There was little pre-payment verification when the CRA started disbursing CERB payments. Now the time has come to validate the payments and recover inadvertent releases, particularly from ineligible recipients. If you did things right, there's no reason to worry about the CRA taking back your CERB.

### 1. Single application

Many Canadians received double payments because they applied for CERB with the CRA and Service Canada. As a result, the government shelled out over \$442 million in double payments. It was mostly out of the confusion that people filed two CERB applications. If you did, the CRA or Service Canada would contact you to repay the excess amount.

### 2. Did not double-dip

The CRA doesn't allow double-dipping. It means that you can't receive CERB while receiving a salary at the same time. The taxable benefit is for Canadians who need urgent financial support because of job loss due to COVID-19. You could face serious consequences if there was a deliberate attempt to mislead the CRA.

### 3. Met eligibility requirements

You need to return CERB if you earned more income than expected when you received the payment. Also, it can be that you were rehired and no longer met the eligibility requirements. You don't need to repay CERB only when your employment or self-employment income was \$1,000 or less (before deductions) for at least 14 straight days during the four-week period.

### Lasting CERB replacement

Canadians can replace CERB with non-federal aid and more [lasting income](#). A high-yield dividend aristocrat that pays out monthly dividends is an ideal replacement. Consider **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) if you have free money to invest.

The top-tier energy stock pays an 8.45% dividend, although it's down 35.68% year to date. Still, income investors are relishing the recurring monthly payout because it's rare. The current price of \$29.24 is a good entry point. Analysts project the price to rebound by 13.41% to \$45 in the next 12 months.

An initial investment of \$50,000 will generate \$352.08 in monthly income. Your money will double in eight-and-a-half years. However, a \$285,000 position will deliver \$2,006.58 or the CERB monthly equivalent. Pembina boasts of eight straight calendar years of dividend increases.

The business model should ease investor apprehensions as Pembina doesn't produce oil and natural gas but transport and store them. Furthermore, this \$16.07 billion company derives revenues from long-term, fee-based contracts in its pipeline operations.

### Clean-up drive

Aside from the records on-hand of CERB recipients and benefit periods, the CRA requires Canadian employers to provide additional information on T4 slips for the 2020 tax year. The audits are part of CRA's intensified efforts to track pandemic-related benefits.

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