



Beware! 3 Ways the CRA Can Take Away Your CRB Payments

Description

The Canada Revenue Agency (CRA) made a huge change this past October. Previously, Canadians were receiving the Canada Emergency Response Benefit (CERB). This benefit provided a payout that pretty much covered everything under a large blanket. If you were sick, taking care of loved ones, or simply didn't have Employment Insurance (EI), this [benefit](#) was for you.

Enter CRB payments

Now, those CERB payments are Canada Recovery Benefit (CRB) payments. Well actually, those payments could fall under a number of categories. However, if you're simply not able to apply for EI and are still out of work or underemployed because of COVID-19, then you'll be looking for CRB payments.

The payments come in as \$1,000 every eligibility period. Each eligibility period lasts for two weeks. You can then reapply to a maximum of 13 eligibility periods, or 26 weeks in total. That brings in \$13,000 if you last the entire time. However, after tax it really comes out to about \$11,700.

But it can be taken away?

Unfortunately, yes. Just like CERB, the CRA is trying to weed out those that don't need the payments, or those that could be working and aren't. It's unfair for many, I'm sure, but the government has racked on an enormous debt load because of the CERB payments. Now, the CRA hopes to get Canadians back to work and investing in the economy, rather than receiving this benefit. So, if you're applying, make sure you don't fall into these three categories, or these payments could be taken away.

The first way is through your annual income. If you make over \$38,000 by the end of the year, the CRA will ask for \$0.50 from every dollar you earned beyond that \$38,000. That includes if you received CERB, not just what you earned from employment! Say you end up making \$45,000. You will owe the CRA \$3,500 in payments. That's about a third of your CRB payments right there!

Another way you'll pay back CRB payments is through penalties. If the CRA finds out you could be working but aren't, it will issue penalties to get you working again. These penalties could go beyond just asking for the payments back, as it could constitute tax fraud. Meanwhile, it will slash five periods from your 13 eligibility periods. It will continue to do this until you have no payments left if you continue to make the same mistake.

Finally, CRB payments are taxable income. That means you must claim it on taxes, even after the tax that's already been taken from the payments. So, depending on your tax bracket, you could pay quite a lot at the end of the day and make CRB payments not even worth it.

What should you consider instead?

Dividends offer passive income just like CRB payments, but they're not taxable by the CRA! That's right, as long as they're in the Tax-Free Savings Account (TFSA), the CRA can't do a thing about it. All you need is to invest in a strong company, like **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)), for example.

The company sells crop nutrients around the world, acquiring companies over and over to grow through acquisition in a world that needs [arable land](#). This will continue to be the case for decades, even centuries. So, companies like Nutrien will be in high demand.

This is why shares may have dropped with the market, but revenue remains relatively normal, and EBITDA has grown by 26.9% as of the latest earnings. Meanwhile, the company's dividend yield remains stable at 4.47% as of writing, with a recent boost in the dividend payment.

Bottom line

If you want to receive those \$11,700 in payments, you would need to invest \$268,905 in Nutrien. However, if you manage to use your TFSA contribution room and invest just half of that room to Nutrien, you would still bring in \$1,512 in dividends. And that's each and every year!

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