



## CRA Rumour: 800,000 Canadians Might Have Collected CERB Fraudulently

### Description

A major news organization in Canada alleged that the Canada Revenue Agency (CRA) paid out the Canadian Emergency Response Benefit (CERB) to about 800,000 non-taxpayers, [ineligible applicants](#), and fraudsters. If the rumour is true, the federal government would have erroneously paid \$1.7 billion in CERB.

Economists say the story by the *National Post* that appeared in its newspapers was factually incorrect. Lindsey Tedds, an economics professor from the University of Calgary, said the facts were completely wrong, particularly on the tax-filing eligibility. The professor adds the headline was a “clickbait” with a tinge of knowledge about CERB.

### Mistaken interpretation

According to the CRA, there’s no data showing hundreds of thousands of ineligible CERB claims. The story seems to interpret that 800,000 CERB recipients didn’t file their 2019 tax returns and therefore were ineligible.

The tax agency clarifies there’s no requirement for individuals to file a tax return before receiving CERB. Hence, it would be erroneous to say the non-tax filers are ineligible individuals or fraudsters. For CERB, an applicant must have earned at least \$5,000 before taxes (employment or self-employment income) in the last 12 months.

### Reclaiming CERB

The CRA has yet to verify ineligible CERB claims, but it promises to take steps. The verification process will cover all COVID-related economic measures. Likewise, the tax agency is aware that some inadvertent payments might be due to confusion in the filing of applications or deliberate attempt to cheat the system.

If the CRA finds people were ineligible, a repayment plan is in place. For those that refuse to repay, the

CRA may take further legal action. In case a low-income Canadian received payment by mistake but couldn't repay, the tax agency has expanded payment arrangement parameters to give more time and flexibility to repay based on income.

## High-yield REIT for passive income

The CERB amount is not random but a government estimate of [how much an unemployed individual would need](#) to tide them over during the pandemic. However, those with financial flexibility and have spare cash equivalent to CERB can earn passive income.

**Plaza Retail** ([TSX:PLZ.UN](#)) is a \$375.55 million real estate investment trust (REIT). It's also a leading retail landlord in Canada pays a fantastic 7.61% dividend. Your \$14,000 free cash can generate \$1,065.40 in extra income. Since the current recession might take longer than expected, it would be good to have emergency funds on hand.

Many think Plaza Retail won't survive the health crisis. On the contrary, the REIT has held its ground. The property rental revenue and net operating income declined by only 5.8% and 9.5% in the nine months ended September 30, 2020, versus the same period in 2019.

Michael Zakuta, Plaza Retail's president and CEO, cites the surprising performance to its tenant base that consists of value retailers and businesses providing essential needs. Rent collections in Q3 2020 were at 97.4%. The headwind, for now, is the uncertainty in the retail space in the future. If you can take the risk, this small-cap retail REIT trades at \$3.93 per share.

## Received CERB in good faith

Don't worry if you applied in good faith then realized you were ineligible to receive CERB. The CRA will still require you to return or pay back the money but without interest or penalties.

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### TICKERS GLOBAL

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