Beware! The CRA Might Ask You for Those $2,000 CERB and CRB Payments Back

Description

Dire circumstances require a quick response, and that was what the Canada Revenue Agency (CRA) was tasked with by the Canadian government. The Canada Emergency Response Benefit (CERB) was a monumental undertaking to respond to financial stress caused by COVID-19. The stimulus program had two extensions and was replaced by the Canada Recovery Benefit (CRB).

Both programs were designed to provide $2,000-per-month payments to eligible Canadians who lost income due to COVID-19. However, the swiftness of the payments might have led to some people receiving the benefit without qualifying for it.

The CRA can take back the CERB and CRB money from recipients who did not qualify for them. Here are the reasons why that can happen.

The CERB

With the CERB, the most common problem was that many people received the money without fulfilling the eligibility requirements. If you received CERB money without realizing that you are not eligible for the program, you might have to send the payment back.

Many Canadians received dual CERB payments. Many Canadians applied for CERB through both the CRA and Service Canada. If you qualified for CERB but received double payments, you should return the excess amount.

The CRB

With CRB, the issues are quite similar in terms of why you might have to pay back the $2,000-per-month benefit amount. The CRB was meant as a CERB alternative for people who did not qualify for Employment Insurance (EI) benefits and needed money the most. Eligibility is a major issue that you need to check before you apply, because you may have to return any amount you received without qualifying for CRB.

Another reason you could lose CRB money is by refusing to accept work. If you refuse to accept a reasonable job offer, the CRA can take back the CRB money for up to 10 weeks. It means that you can lose a significant amount of money you can otherwise qualify for later on.

Generate your own passive income

Investing in a portfolio of stocks and holding the shares in your Tax-Free Savings Account (TFSA) can help you earn tax-free passive income that the CRA cannot tax. You need to look for reliable stocks that can provide you with consistent dividends and capital gains. A stock like **Telus** (TSX:T)(NYSE:TU) can fit the bill for this purpose.

Telus is a top Canadian telecom provider that has outperformed the TSX Composite Index in the last 10 years. The company generates a stable cash flow and pays virtually guaranteed dividends to its investors. Telus is trading for $25.65 per share, and it has a juicy 4.93% dividend yield at writing.

Telus is a stock that can continue generating stable and growing revenues due to the essential nature of its service. No matter how bad the economy gets, people will still need their internet services and to communicate with each other over the phone. Telus is a stable business that can continue to perform well week in and week out.

Telus has increased its dividends by 9% compounded annually over the last decade. It means that the stock does not just provide you with reliable payouts. Telus also keeps increasing the passive income its shareholders make through its dividends.

Foolish takeaway

The CERB and CRB have both been monumental in helping Canadians survive the financial stresses of COVID-19. However, the pandemic has also highlighted the need to secure more revenue generation streams. Investing in a portfolio of reliable dividend stocks in your TFSA is an ideal method to achieve financial freedom.

I think that Telus could be an excellent stock to begin building such a portfolio in your TFSA.

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