The Canada Revenue Agency Is Taking Your CERB Back if Your Income Is Below This

Description

If the Canada Revenue Agency (CRA) can't confirm your eligibility for the Canada Emergency Response Benefit (CERB), you might receive a letter to pay or return the benefit. Self-employed individuals, in particular, are receiving such letters.

The CRA says self-employed individuals who did not earn $5,000 in net income in 2019 or the 12 months leading to the application date are not qualified to receive CERB. Many were shocked to receive the collection letters that encourage payments by December 31, 2020. The CRA will not charge penalties or interest.

Belated verifications

The CRA was releasing CERB payments in haste and didn't have time to validate eligibility requirements before. However, the clean-up is starting. Letter recipients are in panic mode, because they have to return thousands of dollars for the CERB benefits already received.

Affected CERB recipients lament the timing of the CRA's letters. Some suggest it would have been better for the tax agency to wait for people to file their tax returns before sending out the letters. Many are still without jobs or receiving reduced income. Also, Christmas is around the corner, so it's terrible timing.

Educational approach

Regarding the letters, the CRA said it's taking an educational approach where the content explains who qualifies and who does not based on income. Likewise, the specified date is a recommendation only to avoid confusion on tax returns. A letter recipient should not confuse it with a payment deadline.

Some people are wondering whether CERB rules suddenly changed. Prime Minister Justin Trudeau clarified before the House of Commons that the CRA is doing verifications of CERB and other COVID-

19 emergency payments “on the back end.”

Resilient and defensive income stock

A good thing that came out from the pandemic is that Canadians are cautious, not reckless, in spending their money. The recent **Scotiabank** survey results also reveal that people are saving for emergency funds and investments.

If you have the cash you don’t need soon, put your money to work and purchase dividend stocks. For instance, a $20,000 investment in **Northwest Healthcare Properties** (TSX:NWH.UN) will produce $1,284 in passive income, or $107 monthly. You earn extra while keeping your capital intact.

The $2.19 billion real estate investment trust (REIT) is one of the most attractive income stocks in the pandemic. It manages a portfolio of high-quality international clinics, healthcare facilities, and hospitals that operate nearly around the clock. Likewise, the REIT pays a lucrative 6.42% dividend.

Northwest Healthcare has 190 income-producing properties or healthcare real estate infrastructure. The locations are in Canada, Australia, Brazil, New Zealand, and Europe. COVID-19 highlighted the resiliency and defensive nature of this high-yield dividend stock.

In Q3 2020 (quarter ended September 30, 2020), the occupancy rate was a high 97.2%. Cash flows and rent collections should be stable, given the weighted average lease expiry of 14.5 years. For healthcare facilities and hospitals, it’s 20.4 years.

Flexible payment parametres

The CRA is sympathetic to the financial implications to CERB recipients who applied in good faith but didn’t qualify for the benefits upon verification during the clean-up. Thus, the agency will collect regardless. Payment arrangements are in place to give Canadians more time and flexibility to repay CERB based on the ability to pay.

CATEGORY

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TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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