



If You Did These 3 Things Wrong, the CRA Can Take Back Your \$14,000 CERB

Description

Some Canadians might have to return or repay their Canada Emergency Response Benefit (CERB) money received in 2020. The Canada Revenue Agency (CRA) is sending out “educational letters” to former recipients whom the agency cannot confirm [eligibility for the program](#).

The CRA clarifies that if you receive such a letter, don't interpret it as an outright demand to return the \$14,000 CERB. It only means your information is lacking, and the CRA needs to determine whether you're eligible to receive the taxable benefit or not. However, the CRA can take back your CERB if you did three things wrong.

1. Did not meet income eligibility

The CRA expects the majority of return cases to stem from not meeting income eligibility. If you're a CERB recipient but haven't filed your latest return, the tax agency “strongly encourages” you to file as soon as possible. Self-employed workers, mostly, were taken aback by the CRA letter.

According to the CRA, they're taking an educational approach with the letters. It aims to explain what qualifies as earned income to be eligible for CERB and what does not. Before applying for CERB, a self-employed individual's income in 2019 or the previous 12 months must be more than \$5,000.

2. Received two CERB payments

Strictly speaking, you must receive only one full CERB payment and nothing more. There are instances that the CRA inadvertently paid out double to the same individual. About 213,000 letters, distinct from the educational letters, were sent to Canadians who may have received two CERB payments instead of one.

3. Made fraudulent claim

While the vast majority of Canadians are honest, the CRA has effective systems in place to aggressively pursue people who filed fraudulent claims. No applicant should apply for CERB using false or misleading information. Also, you didn't knowingly fail to disclose income sources or other relevant facts.

The CRA expects to discover and catch fraudulent claims in the next tax season. Under the criminal code, false claims are chargeable offense. The current penalty is to pay back CERB in full.

Sufficient seed capital

The \$14,000 CERB is substantial and more than sufficient to [create income from a high-yield stock](#) like **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). This energy stock pays a market-beating 8.17% dividend.

Since the dividend payouts are monthly, you'll earn an extra \$95.32 per month. Also, any amount you invest in Pembina will double in less than nine years. Income investors pick this \$16.97 billion energy infrastructure company because it's a pure dividend play and a relatively safe investment. Pembina serves North America's energy industry and provides a full spectrum of midstream and marketing services.

You can attribute the company's six decades-long success to its efficient pipeline network. The company currently owns and operates an 18,000 kilometre long pipeline whose total capacity is three million barrels of oil equivalent per day. The integrated business model supported by long-term contracts is the reason why Pembina's earning capacity won't weaken for decades to come.

Make payment arrangements

Canadians who wrongfully or mistakenly received CERB must contact the CRA promptly. Individuals who can't return the pandemic money can make payment arrangements. Thus far, the tax agency's online portal has received nearly one million CERB repayments.

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