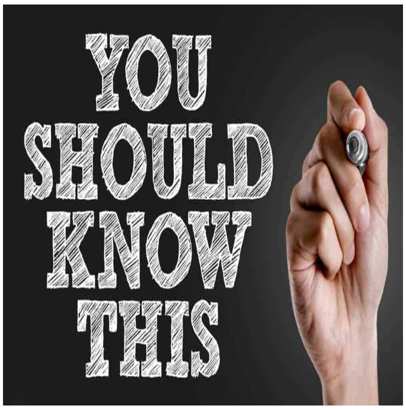

Beware! The Canada Revenue Agency Can Take Back Your $14,000 CERB From 2020

Description

The Canada Revenue Agency (CRA) was instrumental in the government's efforts to help its citizens during their time of need. The Canada Emergency Response Benefit (CERB) payments were part of the government's monumental COVID-19 Response Plan to pump stimulus into the economy and keep it from buckling under the immense pressure brought on by the pandemic.

However, some Canadians might have to return or repay their CERB money received in 2020. The CRA sent educational letters to CERB recipients who could not confirm eligibility for the program.

If you receive such a letter, it does not necessarily mean you have to return the $14,000 CERB. It only means that the agency does not have enough information and needs to determine your eligibility. The CRA could take back your CERB money if you got these three things wrong.

You do not meet income eligibility

The majority of CERB repayments will be due to not meeting the income eligibility criteria. If you received CERB but did not file your latest tax returns, the CRA strongly recommends filing them at your earliest convenience.

Your income must have been $5,000 in 2019 or in the 12 months before applying for the taxable fund. If you did not meet the income requirements necessary to qualify for receiving the CERB money, you might have to pay back the entire amount.

You were rehired

Suppose that you were laid off by your employer during the pandemic, but your boss applied for the Canada Emergency Wage Subsidy (CEWS) program. It would mean that you have likely received retroactive payments for when you were laid off as well as your ongoing salary. If you applied for CERB before you were rehired, you might need to send part or all of the $2,000-per-month CERB payments back to the CRA.

You received double payments

You should have received only one CERB payment. The CRA also had instances where it inadvertently paid double the amount to the same person instead of one. If you received any double payments for any of the eligibility periods, you might have to repay the excess amount you received.

The CRA also sent letters separate from the educational letters to Canadians who may have received double CERB payments, encouraging them to return the excess money.

Create your own passive-income fund

The CERB requirements were quite lenient, but it still barred a considerable number of people from becoming eligible recipients. If you were one of them, you should consider repaying the CERB money.

Suppose that you figure out the situation and have savings that you did not need to use. You can use your money to create your very own passive-income stream through your Tax-Free Savings Account (TFSA). Allocating some of the contribution room in your TFSA to a portfolio of income-generating assets like **Fortis** (TSX:FTS)(NYSE:FTS) can help you create tax-free passive income.

The best thing about it is that the portfolio can keep increasing your passive income over time, and it can come without any expiration date. Additionally, the CRA cannot tax any returns and withdrawals from your TFSA. The condition is that you need a portfolio of high-quality investments that can provide you reliable returns. Fortis could be ideal for this purpose.

Most Canadian investors have at least heard of Fortis if they do not own the stock. The stock is highly resistant to stock market movements. This makes the stock boring when the market is bullish but a rock solid and defensive asset in bearish markets.

Fortis can provide stability to your portfolio due to how it structures its business. Fortis is a utility provider that generates most of its revenues through highly regulated contracts. It means that the company knows about its income a year in advance, providing its investors with reliable returns.

Trading for $51.42 per share at writing, Fortis has a respectable 3.93% dividend yield. It might not be very high, but it is a virtually guaranteed payout on your investment.

Foolish takeaway

Creating your own passive-income source can help you stop relying on the government for financial support. You can use your cash to generate more money for you by investing it in the right assets and holding them in your TFSA. Fortis can be an excellent foundation for a dividend-income TFSA portfolio.

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