



Caution: 4 Ways You Can Land in CRA Trouble With the \$2,000 CERB!

Description

With the end of 2020, we can finally say that we have put one of the worst years in modern history behind us. However, the pandemic, which made the year so bad, is still a threat that we are facing in 2021. Besides the global health crisis making our daily life more dangerous because of COVID-19, millions of people lost their jobs.

Social-distancing measures were set into place to curb the spread of the virus. Businesses had to shut down, and people lost their income sources. The Canada Revenue Agency (CRA) sprung into action by launching the Canada Emergency Response Benefit (CERB) soon after the lockdown to financially help Canadians affected by the pandemic.

The CRA disbursed the \$2,000 CERB payments to Canadian applicants with little delay to ensure that they can meet their basic needs during this time. Urgency was the main focus with the onset of COVID-19, and the CRA relaxed its approval process to distribute the stimulus funds rapidly.

However, there were certain requirements you need to meet to qualify for CERB. Canadians who collected CERB without qualifying for it could land in trouble.

Not meeting CERB eligibility criteria

CERB applications were easy and required little effort on your part. The CRA quickly disbursed the payments to applicants. As a result, many ineligible Canadians ended up receiving CERB money without being eligible for it. If you don't meet the following criteria and received CERB payments, you may have to pay back some or all of your CERB money from last year:

- You must have earned at least \$5,000 in 2019 or 12 months before applying for CERB.
- You must not have been receiving Employment Insurance (EI) benefits at the time.
- You must not have earned more than \$1,000 in the two weeks before applying for CERB.
- You must not have been rehired under the Canada Emergency Wage Subsidy (CEWS) program.

If you received CERB money without qualifying for it and you did not know about the eligibility criteria

at the time, you can still send back the money to the CRA and avoid getting into trouble.

There are other ways you can generate passive income, and they do not necessarily come with an expiry date.

Create your own CERB

Suppose you have significant cash savings that you managed to leave alone. Investing your savings instead of it in the form of cash can help you earn more money. It is all a matter of investing it in reliable [income-generating assets](#) that can continue providing you consistent returns in the long run. A stock like **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) could be ideal for this purpose.

BMO is a high-quality dividend stock that is a staple in investor portfolios with a long-term horizon. The Canadian bank has an impressive 190-year dividend-paying streak that could be a reason for its popularity among income-seeking investors. The bank has exhibited its reliability throughout the years by paying its shareholders their dividends without fail for almost two centuries.

Investing a significant portion of your savings in a stock like BMO can entitle you to earn substantial passive income through its payouts. BMO is trading for \$99.24 per share and paying its investors at a juicy 4.27% dividend yield at writing. It means that investing \$10,000 in the stock can help you add \$427 to your account each year for just holding the stock.

If you held the same amount as cash under your mattress for the same time, it would remain \$10,000 for however long you hold it. But the value of your \$10,000 in BMO can increase over time, as the bank's valuation increases with a recovery in the economy.

Foolish takeaway

Making the right investment moves can help you [generate tax-free passive income](#) that can gradually replace the need for CERB and its alternatives. It is all about creating a portfolio of reliable income-generating assets. BMO could be ideal as a foundation for such an investment portfolio.

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