



CRA: If You Did This 1 Thing Wrong, You Might Have to Pay Back Your \$2,000 CERB

Description

When the Canada Revenue Agency (CRA) started dishing out the Canada Emergency Response Benefit (CERB) in March 2020, there was hardly a verification process. The goal then was to deliver the [pandemic money](#) as swiftly as possible. After that, the CRA corrected the flaw in the program's extension.

Tightening the noose was necessary to make sure only Canadians who need income support the most received CERB. The clean-up by the CRA is ongoing in 2021. If you were a CERB recipient but did one thing wrong, you might have to pay it back.

No waiver or forgiveness

The Trudeau administration said early on that a CERB clean-up would follow after the fact. On January 21, 2021, the office of Employment Minister Carla Qualtrough announced that the federal government would not waive repayments for ineligible CERB recipients who applied for the emergency benefit.

The office was also emphatic when it said forgiveness for those who didn't qualify "wasn't on the table." There were miscommunications in the first few weeks of the CERB rollout, especially regarding how applicants would be assessed for their eligibility.

The confusion arose from income determination, whether the assessment should be gross or net income. CRA call centre agents relayed to applicants that gross income was the basis when it should have been net income. There were more than 8.9 million CERB applications and about \$81.6 billion dole out through the program until September 2020.

Did not meet the income requirement

The CRA sent out 441,000 education letters warning Canadians that they may not be eligible for the CERB after all. One of the key criteria is employment or self-employment income. You don't have to

pay back your CERB if net income in 2019 or 12 months before the application date is at least \$5,000.

Consumer-defensive investment

The \$14,000 maximum CERB isn't a small amount. If you have the same amount you won't need anytime soon, you could earn extra from dividend stocks. Also, **Metro** ([TSX:MRU](#)) is [a perfect choice](#) if you have a low-risk appetite. This \$13.52 billion company can endure economic downturns, because it provides essential products and services.

Metro operates a network of 950 food stores and 650 drugstores. The consumer defensive stock's 7.6% total return in 2020 is proof of business resiliency amid the pandemic. If you invest today, the share price is \$54.45, while the dividend yield is a modest 1.65%. The dividend is more than secure, given the low 20.9% payout ratio.

For Q1 fiscal 2021 (quarter ended December 19, 2020), Metro reported sales and earnings growth of 6.2% and 12.3% versus the same period in fiscal 2020. Online food sales posted a 170% increase, the most notable among all business segments. Metro encourages its customers to shop online or to use the in-store order service for convenience.

Recovery of inadvertent payments

Because of its haste to disburse the \$2,000 weekly CERB, the CRA was unable to confirm most applicants' income for eligibility purposes. Now, it's recovering and collecting the inadvertent payments. However, the tax agency clarifies that not all letter recipients are required to repay CERB benefits.

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Date

2025/09/01

Date Created

2021/02/09

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