



CRA: Did You Set Aside Enough Money for Your 2020 CERB Taxes?

Description

Canadians endured financial hardships during the health crisis thanks to the federal government's aid. The Canada Emergency Response Benefit (CERB) was the flagship COVID-19 program. After it lapsed in September 2020, new emergency measures followed. If you're one of the millions who received the original lifeline last year, the [tax reckoning](#) is this year.

CERB is a taxable benefit, and all recipients in 2020 will pay taxes on it in the 2021 tax season. The Canada Revenue Agency (CRA) or Service Canada didn't deduct the 10% withholding tax from the proceeds. It's the same thing for recipients of the Canada Emergency Student Benefit (CESB).

More than 27 million Canadians received CERB, while over two million got CESB. Recipients of both must include the payments as taxable income in their 2020 tax returns. Others who had the foresight did not spend all of the pandemic money. Instead, they set aside a portion for tax payment.

Tax information slip

The T4A tax information slip from the CRA should be with most CERB or CESB recipients by this time. You can also obtain the T4A slip in CRA MyAccount. Quebec residents received a T4A slip and an RL-1 slip. Your T4A slip should reflect the benefits you received in 2020. Note that people who received CERB from Service Canada will get a T4E information slip instead. Verify the amounts' correctness on the said slip before your complete and report your 2020 tax return.

As a guide, a CERB amount is shown in box 197 of the tax slip, while you can find other COVID-19 benefit amounts in boxes 197 to 204. You must enter the total pandemic money received on line 13000 of your tax return. Those filing a paper return, not online, must attach a list of all benefits received.

Tax due on CERB

Had the CRA or Service Canada withheld the tax at source like in the new emergency benefits, the tax would have been 10%. However, CERB will mix with a taxpayer's regular income in 2020. Hence, the

tax due will depend on the income you'll report in your personal income tax return.

Dividend machine

The maximum CERB for the entire 28 weeks was substantial. Canadians who invested the equivalent amount of \$14,000 in a dividend stock would be earning [passive income](#). If you have free cash of the same amount, **True North Commercial** ([TSX:TNT.UN](#)) pays a hefty 8.49% dividend.

You can purchase 1,980 shares (\$7.07 per share) of the \$610.47 million real estate investment trust (REIT). Your capital will produce \$1,188.60 in passive income. Income investors have confidence in investing in True North because of its tenant base.

The federal government that dispenses CERB and other COVID benefits is the anchor tenant in 13 of True North's more than 40 commercial properties. You can include some provincial governments, Alberta Health Services, and Ontario Power Generation. REITs are also excellent alternatives to owning physical real estate properties. True North is a dividend machine if you want extra income during this recessionary environment.

CERB repayment

For those returning CERB but has difficulty paying, the CRA has no deadline and charges no penalties or interest whatsoever. Everyone should file their returns so that there's no interruption in benefit and credit entitlements.

CATEGORY

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2. Investing

TICKERS GLOBAL

1. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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