

By now, you have most likely heard about the Canadian Emergency Response Benefit (CERB) - a \$2,000/month payment for those who have stopped working due to COVID-19. I have included all of the necessary information below from the Canada Revenue Agency website as it pertains to this. I also spent time reviewing the CERB in-depth and a couple of things jumped out to me:

- These benefits will need to be **reported as taxable income** on your 2020 tax return. There will be no tax deducted at source. Just as Employment Insurance (EI) is taxable as income, the CERB is no different. It is important for recipients to be aware of the income tax liability they will face next year.
- The eligibility only addresses individuals who are "no longer working." There is no mention about including individuals who have lost income due to COVID-19 but are attempting to continue working, or are receiving a reduced amount of their original income. For example, if someone has gone from earning \$6,000/month to earning \$1,000/month as a direct impact of COVID-19, it would be unjust to label them as ineligible for the CERB. For this reason, I am looking forward to reviewing the eligibility questions when the application process opens on Monday. I feel this is an ever-changing situation and the CRA will continue to adapt accordingly.

From the CRA website: pertinent information for the CERB

On Monday April 6th, the Federal Government will open the application process for the Canadian Emergency Response Benefit (CERB). The CERB provides a payment of \$2,000 for a 4 week period (equivalent to \$500 a week) for up to 16 weeks for those who have been directly affected by COVID-19.

The CERB will be available to workers:

- residing in Canada, who are at least 15 years old;
- who have stopped working because of COVID-19 or are eligible for Employment Insurance regular or sickness benefits;
- who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and
- who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period.

The income of at least \$5,000 may be from any or a combination of the following sources: employment; self-employment; maternity and parental benefits under the Employment Insurance program.

The Benefit is only available to individuals who stopped work and are not earning employment or self-employment income as a result of reasons related to COVID-19. If you have not stopped working because of COVID-19, you are not eligible for the Benefit.

How to apply:

1. Online with CRA My Account: [CRA ACCOUNT LOGIN](#)
2. Over the phone with an automated phone service: **1-800-959-2019**

Also, CRA has outlined preferred application dates based on the month you were born in:

<u>If you were born in the month of</u>	<u>Apply for CERB on</u>	<u>Your best day to apply</u>
January, February or March	Mondays	April 6
April, May, or June	Tuesdays	April 7
July, August, or September	Wednesdays	April 8
October, November, or December	Thursdays	April 9

Each payment of the Canada Emergency Response Benefit (CERB) covers a 4-week period, beginning March 15, 2020. When you apply, it is for a single payment for the 4-week period. If your situation continues, you can apply for an additional 4-week period, up to a maximum of 16 weeks (4 periods in total).

If you have questions about the CERB or any other matters as they pertain to finances, please contact me via email at jeff@firstoakfinancial.ca or by phone at 604-761-7543.

Sincerely,

Jeff Graham, B.Comm, CFP
Founder & Principal
First Oak Financial Inc.