



THE CANADA EMERGENCY RESPONSE BENEFIT CLAWBACK?

By: Amanda Miller-Fleming

With the millions of Canadians facing hardships due to the COVID-19 pandemic the Canada Emergency Response Benefit (“**CERB**”) was introduced by [Bill C-13](#) to provide financial support to workers across Canada. It’s a streamlined process that made it possible to send financial support quickly to those in need. The CERB was made available from March 15, 2020 to October 3, 2020 with eligible recipients receiving \$500.00 per week for up to 16 weeks, paid in four-week blocks.

WHO IS ELIGIBLE?

The CERB is available for those who meet the following criteria:

1. You reside in Canada and are at least 15 years old;
2. You earned a minimum income of \$5,000.00 in 2019 **or** in the 12 months prior to the CERB application;
3. Did not quit their job voluntarily;
4. Experienced reduced work hours **or** will stop or has stopped working due to COVID-19 **or** you are unable to work because of COVID-19 or your regular or fishing EI benefits have run out (any time between December 29, 2019 and October 3, 2020); and
5. If you are applying for the first time, you have earned income of less than \$1,000.00 for at least 14 consecutive days during the 4 week period. If you are applying for a subsequent claim period you are an eligible worker and do not expect to earn over \$1,000.00 for the entire 4 week period.

The CERB applications were processed based on attestations (i.e. promises made by the applicant that they meet the qualifying criteria). As of June 2, 2020 Service Canada and the Canada Revenue Agency have received a total of 15.32 million applications with a total dollar value of \$43.18 billion¹ being paid out to those that qualify. To many, this was much needed financial aid at a time when many across the country were struggling financially due to the repercussions of the pandemic. However, were there any strings attached to this financial aid?

DO I HAVE TO PAY THE MONEY BACK?

The Government has stated that at a later date they will review the applications more closely to determine whether the recipients actually qualified for the benefit. If it is

¹ <https://www.canada.ca/en/services/benefits/ei/claims-report.html>

determined that you didn't qualify, you may have to pay the money back. The Government has suggested that they may utilize the tax system to sort out the incorrect payments.

Further, in an effort to perhaps recoup some of the financial aid that went to Canadians fraudulently, the Canada Revenue Agency has set up a [portal](#) for those who want to report individuals, businesses or charities they suspect committed benefit fraud.

TAX ON CERB?

Unlike most standard paycheques, the CERB cheques did not have income tax deducted from them before being sent out to the recipients, therefore they are taxable. You are expected to report any amounts received as income when you file for your 2020 tax year. The amount you are expected to pay back not only depends on how much money you receive but also on your total income for the year and any deductions you may have when you file. To avoid any unpleasant surprises for the upcoming tax season, you may want to consider putting aside a portion of the benefit to cover any money you may have to pay back at a future date.

However, if you do repay the benefit you will not have to pay any taxes on the amount received as long as you make the repayment prior to December 31, 2020.



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The information contained in this article is intended to provide general information and is not intended to provide legal advice.