

Episode 9: CERB Repayment

The Debtors Advocate

Nicole 0:14

Welcome to the debtors advocate where Nick and Harmon break down debt.

Harmon 0:18

Hi, everybody. Thanks for joining us again. Today we're gonna be talking about some of the initiatives and programmes that were put in place in 2020 to deal with and the measures that were put in place to help with COVID-19 pandemic. So mainly we're going to be trying to cover perhaps how these programmes may fade into the insolvency system, and how they may be dealt with in the coming time here now when it comes to the tax season.

Nicole 0:44

So as we mentioned, in the last session, we talked about how the CRA Income Tax Debt can be included in proposals and bankruptcies. And over the last year of 2020, the CRA introduced either the CERB programme, so the CERB or the CRB programme, which is currently rolling out right now, in the CERB programme, the CERB programme, people collected about 12 to \$16,000 was \$2,000 a month, if you lost your employment, or were on reduced hours or work income base, and due to COVID, and there were certain restrictions, like you couldn't have been on, you couldn't be working, making more than \$1,000 and collecting serb you couldn't be on social assistance and collecting service. So there are certain conditions that applied. And obviously, the CRA didn't have enough time to put in place application checks, they were just handing it out. And if you felt that you were available to get it that they would give it to you on the thought process that one, you're going to have to pay taxes on it. And two that if you're not eligible for it, you're going to have to pay it back. There are a few people who just received in December and January notices from the CRA to request repayment. These are people that got more than that weren't collected that were collecting CERB. And they did not make net \$5,000 of self employed income in the year 2019 or 2020. net income for a business is essentially your gross receipts. So all of the money that you take in from generating for your business minus your business expenses, your taxes that you need to pay in GST that you need to pay, and then whatever's leftover is what you net out of your business. Quite a few people were showing that their businesses were generating a loss because their expenses were higher than their gross receipts, or they were showing very little income that they generated during the 2019 year. So according to the CRA, you would have been not eligible to collect the Serb because you didn't have income of \$5,000. And so they've been receiving notices to say that they need to pay back this \$12,000. So we're getting a lot of questions from people. How do I deal with this? So ultimately, we would add this as a debt in a bankruptcy or proposal and send it off to the CRA. Now the CRA early indications are that if it was for a legitimate reason or a mis rep like a misunderstanding, not understanding the rules that these will be allowed to be compromised is what we called it or included in a bankruptcy or proposal, but there is part of the

bankruptcy and insolvency legislation that says under Section 178 if a debt was due to misrepresentation, fraudulent actions, misappropriation, and such that they will not be compromised in the proposal or bankruptcy essentially, they will survive the bankruptcy or proposal

Harmon 3:40

as Nick mentioned. So there were a number of different programmes issued within the implemented within the last year CERB, or CRB was one then now it's a CRB and there was the Canada recovery caregiving benefit this year, CRSB Canada recovery sickness benefit the crsp and there was the Canada emergency rent subsidy, the CERS, and there was the Canada emergency wage subsidy.

Nicole 4:04

So any of those things, if you misrepresented your information, when you apply for those and said, Yep, I'm not collecting social assistance, and that made you qualify for the CRB or any one of those types of programmes and then it does in fact that you were collecting that amount of money, it's possible that the CRA could take the position that this debt should survive your bankruptcy your proposal. At this point in time though, it's just too early for us to know as insolvency professionals if this is going to be the strategy that the CRA is going to use or not. What we're explaining to our clients at this point in time is just preparing them for absolutely will include This will include it in your bankruptcy your proposal, but ultimately until we hear back from the CRA on how they're going to view this claim, whether it's fraudulent or just a misunderstanding. We won't know if this is going to survive your proposal or bankruptcy until we hear from them.

Harmon 5:03

Yeah. And it's also can be predicted as we see in the past years. I think it can be highly anticipated that there will probably be at least a single number of scams that will likely be happening around this as well. So stay careful when it comes to tax season. As we have seen in the past years, the new scam calls could be related to an overpayment or a payment of CRB payments. So you may be getting a call in regards to somebody trying to scam you in relation to an overpayment for CRB. And you may think that it is a genuine callback. So as always, as in the you know, pass scams it has happened. So make sure you always double check your information first to call that CRA kind of emergency directly first, before paying anybody any gift cards online through gift gift cards online or sending wire transfers internationally. Because some scammer is possibly threatening who may be going to prison for an overpayment of CRB. So make sure you keep an eye out for that as the tax season

Nicole 6:12

arrives, right. So never ever, ever give out your social insurance number over the phone to anybody who's calling even if they claim that they're with the CRA, the CRA has your social insurance number, so they you don't need to provide it to them. And second, typically with those scams, hang up the phone,

call the CRA back directly using the phone number off of like Google, or directly off the CRA website called that number. Ask them if they contacted you with regards to an overpayment, then you can speak with them. And the CRA will never request that you make payments to them, using gift cards, itune cards, anything like that, the CRA will accept payments through he transfers through your bank directly to them using your social insurance number as the account number. And your bank can help you set up that so before sending any money, make sure that you're actually talking to the CRA by reaching out to them directly. And if you have any questions or concerns about a debt that you might owe, with relation to CRB CRB, or any of these programmes that the government has set up, feel free to reach out to our office and talk to an insolvency specialist about what your options are, how this is going to affect you in the long run. And if there's a possibility that this might survive your bankruptcy or proposal,

Harmon 7:26

yes, so we're always here to help you deal with your debt. So if you are one of the individuals currently facing financial difficulties, whether it's to do with kind of emergency debt or other credit related debt, please give us a call. And we can go we always, as a liaison officer trustee, we do a free continental consultation. So we will be happy to go over your information with you and try to explore some of the options that we may be able to assist you to

Nicole 7:56

Yep, so next session. Our next podcast we're going to talk a little bit about CRA debts and how they function in relation to self employment with your business director liabilities, what all of those things talk about and how we can deal with the CRA debts when it what involves your your self employed business.

Harmon 8:14

Yes, so if you're an individual who is self employed, you want to make sure that you tune into our next episode, as it will contain some crucial information that will be very helpful in your operations. And in case if you ever fall in a situation where you need to explore insolvency options, so it would be helpful so we hope that you're gonna be able to tune in to our next session, where we'll be covering topics related to tax obligations and personal liabilities, perhaps when it comes to self employment. So we're hoping to, we're hoping that you will be able to join us at that point. Once again, it betters advocate Nick and Harmon break down debt.

Nicole 8:58

Thanks everyone. Have a great day.