

Welcome to the debtor's advocate where Nic and Harmon break down debt.

Hi, everybody. Thanks for joining us again. Today we're gonna be talking about some of the initiatives and programs that were put in place, and 2020 to deal with and the measures I got put in place to help with the covid 19 pandemic. So mainly we're going to be trying to cover perhaps how these programs 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.

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 Serb programs so the CRV or this CERB program, which is currently rolling out right now, in the CERB program, the Serb program, 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 CERB you couldn't be on social assistance and collecting serve. So there were 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 to 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 crew got more than that weren't collected that were collecting CRB. And they did not make net \$5,000 of self-employed income in the year of 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 left over 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 an 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 misread 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 as Nick mentioned.

So there were a number of different programs issued within the implemented within the last year CERB was one then now it's a CERB and there was the Canada recovery caregiving benefit this year CB Canada recovery sickness benefit the CRS be and there was the Canada emergency rent subsidy, the CRS, and there was the Canada emergency wait subsidy. So any of those things, if you miss represented your information when you applied 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 programs. And then it does in the 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 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 included in your bankruptcy 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 the is going to survive your proposal or bankruptcy until we hear from them. 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 CERB. And you may think that it is a genuine callback. So as always, as in you know, pass scams it has happened. So make sure you always double-check your information first to call the CRA Canada emergency directly first, before paying anybody any gift cards online through 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 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, iTunes and 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 programs 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, 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 debts or other party-related debt, please give us a call and we can go we always had a license of the trustee. We do a free continental consultation, 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 through. Yep, so next session.

In the 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 self-employed business. Yes, so if you're an individual who is self-employed, you want to make sure that you tune in to 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 going to 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 open to we're hoping that you will be able to join us at that point.

Once again, Nic and Harmon break down debt. Thanks, everyone. Have a great day.