

Canada Emergency Response Benefit (CERB)

As at April 16, 2020

Note: the rules have changed. You now must stop or will stop working due to COVID-19 and not expect to receive more than \$ 1,000 from employment or self employment during the 4-week period. For a subsequent period, you must expect that your situation will not change, and you must not expect to receive more than \$ 1,000 from employment or self employment. The new rules are still confusing as you must stop working but you can receive up to \$1,000 from employment or self employment during the period. You should consult with your professional advisor to ensure you are eligible before you apply for this benefit

CERB provides a taxable benefit for up to four months. To be eligible for the benefit you must be an “eligible worker” meaning that you must:

Be at least 15 years old

Have not quit your job voluntarily

Be a resident of Canada

You do not expect to receive more than \$ 1,000 of employment or self employment income for at least 14 consecutive days in the first four-week period. For subsequent four-week periods, you do not expect the situation to change and you do not expect to receive more than \$ 1,000 from employment or self employment income

Have stopped working because of COVID -19 or be eligible for EI benefits

And for 2019 or the 12-month period preceding the day on which you make the application, have had a total income of at least \$ 5,000 from employment or self employment

The eligible worker needs to meet all the conditions and have income of at least \$ 5,000 in the past year. The condition of being at least 15 years old is not a problem. If the person is not a resident of Canada (i.e. a US resident who comes to race in the summer) this condition would not be met, and the person would not be an eligible worker. **The eligible worker can meet the condition of income less than \$1,000 if they do not expect to receive more than \$ 1,000 for the four-week period.** Farmers who are on the cash basis are deemed to earn income when it is received. If they do not receive any payments from their owners during the period, then for tax purposes farmers who are on the cash basis would not have any income for the period.

To meet the condition that the eligible worker has stopped or will stop working the eligible worker will have to demonstrate that they have stopped working or they do not expect to receive

more than \$ 1,000 during the period from employment or self employment. The requirement that they stopped or will stop working could be a problem as they may be caring for their horses even though they are not being paid as they are not able to earn purse income from entering their horses in races. If we go to the dictionary to find the definition of working, the definition is **“having paid employment”**. Based on the definition of working the eligible worker who is caring for his own horses may meet the requirement as there is no expectation of being paid either as an employee or as a self employed individual.

More information can be obtained at the CRA website www.canada.ca/en/revenue-agency.html or google CRA. The DERB information in on the top of the first page.

If you are unsure if you are eligible you can contact the CRA at the automated help line for answers to common questions 1-833-966-2099. To speak to an Agent at CRA about CREB, or your CRA my Account call 1-800-959-8281.

There are two ways to apply for the CERB.

The first is to sign into your CRA My Account. If you do not have a CRA My Account, you can register for one, or you can call the automated CREB registration toll-free line.

You will need your social insurance number and postal code to verify your identity if you are using the automated toll-free line. You should also have a copy of your 2018 tax return as you may be asked for some amounts from the return as further confirmation of your identity. If your professional advisor is an authorized representative for you with CRA that can call on your behalf.

The numbers are 1-800-959-2019 or 1-800-959-2041

The information in this memo is general in nature and, accordingly no assurance is expressed thereon. Readers are cautioned that this information may not be appropriate for their purposes. The rules for CERB are complicated and the definitions of who is eligible are not clearly defined in some areas. The eligible worker should consult with their professional advisors before applying for the benefit.