



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

*Paul Manly*

Member of Parliament  
Nanaimo-Ladysmith

December 17, 2020

The Honourable Carla Qualtrough, P.C., M.P.  
Minister of Employment, Workforce Development and Disability Inclusion

The Honourable Diane Lebouthillier, P.C, M.P.  
Minister of National Revenue

Dear Ministers Qualtrough and Lebouthillier,

We are writing with urgency to ask the Canada Revenue Agency to address the situation faced by hundreds of thousands of Canadians who have been asked to repay the Canada Emergency Response Benefit.

The reported 441,000 educational letters sent to Canadians by the CRA have caused confusion, fear, and worry at a time when people are already suffering the impacts of the second wave of the pandemic.

Most of these individuals are Canadians with low incomes and/or in precarious financial situations who have been severely and disproportionately impacted by the pandemic. We have heard from many affected individuals, including persons with disabilities; single moms; parents with chronically ill children; seniors; people who invested in new equipment in 2019 to expand their businesses; and more. Telling these people they may not be eligible does not change their need for the funds, and worsens already precarious financial situations by indebting them to the CRA.

On December 5th, the [Green Party caucus wrote to Minister Lebouthillier urging the CRA to take a compassionate approach](#) to CERB repayments. It has since become clear that, while a compassionate approach is necessary, it is not sufficient to fairly address the situation at hand. This is especially true in the case of self-employed Canadians who are facing

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repayment amounts of \$14,000 due to a lack of clarity from the government about whether they should consider their gross or net income when determining their eligibility.

**We are calling on the government to take the following actions:**

1. Make a public statement by December 21st and send follow up letters to all Canadians who received a CERB repayment letter to clarify that there is no requirement to repay the CERB immediately, debt will not accrue interest, and the situation is being reviewed. This is essential to reduce the negative mental health impact and confusion caused by repayment letters.
2. Retroactively allow self-employed Canadians to use their gross pre-tax income before business expenses when determining their CERB eligibility.
3. Allow anyone who owes CERB repayments to the CRA to pay back the CERB interest-free with small regular payments. Take disability benefit amounts into consideration when determining repayment plans for individuals on disability benefits.
4. Do not collect 2020 income tax on CERB amounts from individuals who are required to repay the benefit to avoid further financial hardship.

These requests are in line with requests and rationale sent to you in a [December 11th letter from associations representing 75,000 professional artists and art workers](#) across the country.

We have followed the evolution of the CERB closely to assist constituents in understanding how to access the program. We recognize that adjustments were made to improve and address gaps in the CERB, including many specific clarifications about eligible income. However, there are numerous examples where unclear eligibility criteria led many self-employed Canadians to mistakenly believe that they were eligible for the CERB.

First, the government should have specified on the CERB's [main landing page](#) that self-employed people should consider their gross income before taxes but after business deductions. Not making this distinction in an accessible manner was an oversight by the government, especially considering (1) the CERB was designed specifically to include self-employed people who were not eligible for Employment Insurance, and (2) the government did not verify eligibility of most applicants while they received the CERB.

Second, while the [CERB Q&A page](#) does specify that business owners who rely on business income should consider their net pre-tax income (gross income less expenses), this information is difficult to find. It is currently on a list of 56 drop-down questions that must be individually opened and read and cannot be easily searched. Moreover, a [CRA spokesperson recently stated](#) that "there has been no change to this position during the lifecycle of the CERB" and that the requirement has been posted on the Q&A page "since the beginning." However this section was only added sometime after April 21st, after millions of Canadians had already assessed their eligibility and applied for the CERB.

Third, the [CRA eligibility page for the CERB](#) still indicates that, in addition to other eligibility criteria, an individual “must have earned a minimum of \$5,000 (before taxes) in the last 12 months, or in 2019” from different types of income, and specifies that this includes self-employment income without any mention of business expenses.

Fourth, [CRA agents have given out incorrect information](#) to Canadians about whether they should consider their gross vs. net income. In fact, even Liberal MPs were not provided with complete and accurate eligibility information, and as a result have provided incorrect advice to their constituents. This was compounded by the fact that it was difficult to contact the CRA and Service Canada in the beginning of the pandemic because of hours-long hold times on phone lines.

Finally, a general lack of clarity and interchangeable use of words has further confused the matter. On March 25th, [then-Minister Morneau said](#): “Every Canadian that finds themselves in the situation where they’ve earned revenue in the past 12 months of \$5,000 or more and they don’t have any income as a result of COVID-19, they can get this benefit.” The word “revenue” is used to describe gross income before deductions. More generally, confusion also exists around gross vs. net income relating to tax deductions vs. business expenses.

We recognize that time was of the essence and the CERB rolled out very quickly. Canadians needed support and in many cases they did receive support. However, given all of the above considerations, it is clear that eligibility misunderstandings for this program were not only made on the part of honest Canadians - they were also made by the government, and the government should accept responsibility.

Thank you for your consideration.

Respectfully,



Paul Manly, MP  
Nanaimo-Ladysmith



Jenica Atwin, MP  
Fredericton



Elizabeth May, MP  
Saanich-Gulf Islands

cc:

The Honourable Chrystia Freeland, P.C., M.P.  
Deputy Prime Minister and Minister of Finance