

March 19, 2019

The Department of Finance Canada has made several announcements over the course of the past week to stabilize the economy and to put plans into place to financially support Canadians as a result of the rapidly evolving situation with Covid-19. The following summary is intended to highlight some of the more common measures applicable to individuals and small businesses. For a review of the complete measures announced please read the official announcement by the Department of Finance at the following webpage:

<https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>

Support for Individuals

Income Support for Workers and Parents

For Canadians without paid sick leave (or similar workplace accommodation) who are sick, quarantined or forced to stay home to care for children, the Government is:

1. Waiving the one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits. This temporary measure is in effect as of March 15, 2020.

2. Waiving the requirement to provide a medical certificate to access EI sickness benefits.

3. Introducing the Emergency Care Benefit providing up to \$900 bi-weekly, for up to 15 weeks. This flat-payment Benefit would be administered through the Canada Revenue Agency (CRA) and provide income support to:

- Workers, including the self-employed, who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.
- Workers, including the self-employed, who are taking care of a family member who is sick with COVID-19, such as an elderly parent, but do not qualify for EI sickness benefits.
- Parents with children who require care or supervision due to school closures, and are unable to earn employment income, irrespective of whether they qualify for EI or not.

Application for the Benefit will be available in April 2020, and require Canadians to attest that they meet the eligibility requirements. They will need to re-attest every two weeks to reconfirm their eligibility.

There will be a choice of three different methods to apply for the Benefit:

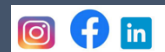
- by accessing it on their CRA MyAccount secure portal;
- by accessing it from their secure My Service Canada Account; or
- by calling a toll free number equipped with an automated application process.



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Longer-Term Income Support for Workers

For Canadians who lose their jobs or face reduced hours as a result of COVID's impact, the Government is:

- Introducing an Emergency Support Benefit delivered through the CRA to provide up to \$5.0 billion in support to workers who are not eligible for EI and who are facing unemployment.
- Implementing the EI Work Sharing Program, which provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements, and streamlining the application process. This was announced by the Prime Minister on March 11, 2020.

Additional Income Support Measures

- A one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC). This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The average boost to income for those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples.
- To increase the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child as part of their May payment.
- Placing a six-month interest-free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans.
- Reducing required minimum withdrawals from Registered Retirement.

Reducing required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020, in recognition of volatile market conditions and their impact on many seniors' retirement savings. This will provide flexibility to seniors that are concerned that they may be required to liquidate their RRIF assets to meet minimum withdrawal requirements. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.

Flexibility for Taxpayers

The Canada Revenue Agency (CRA) will extend the deadline for filing tax returns for individuals to June 1st, 2020. However, the Agency encourages individuals who expect to receive benefits under the GSTC or the Canada Child Benefit not to delay the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.

There is no mention of any changes for self-employed taxpayers whose filing deadline is typically June 15th, 2020.

For personal trusts with a December 31, 2019 year end, the tax return filing deadline has been extended from March 31, 2020 to May 1, 2020.

The CRA will allow all taxpayers to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period. Therefore, this measure will not apply to some income tax obligations such as withholding tax on payments made to non-residents of Canada which fall under Part XIII of the Income Tax Act or for GST/HST which fall under the Excise Tax Act.

Electronic Signatures

Effective immediately the CRA will accept electronic signatures on T183 forms providing authorization to tax preparers to file tax returns on behalf of taxpayers.

Support for Businesses

Helping Businesses Keep their Workers

To support businesses that are facing revenue losses and to help prevent lay-offs, the government is proposing to provide eligible small employers a temporary wage subsidy for a period of three months. The subsidy will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration. Employers benefiting from this measure will include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

Flexibility for Businesses Filing Taxes

The CRA will allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020.

This relief would apply to tax balances due, as well as instalments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

Therefore, this measure will not apply to certain income tax obligations such as withholding tax on payments made to non-residents of Canada which fall under Part XIII of the Income Tax Act, to non-resident corporations operating in Canada, or for GST/HST obligations which fall under the Excise Tax Act.

The Canada Revenue Agency will not contact any small or medium (SME) businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks. For the vast majority of businesses, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives.

The Liaison Officer service offers help to owners of small businesses to understand their tax obligations. Traditionally available in-person, this service is now available over the phone and will be customizing information during these challenging times by ensuring small businesses are aware of any changes such as filing and payment deadlines, proactive relief measures, etc.

Ensuring Businesses Have Access to Credit

The Business Credit Availability Program (BCAP) will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses. This will be an effective tool for helping viable Canadian businesses remain resilient during these very uncertain times. BDC and EDC are cooperating with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation and tourism. The near-term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada.