

COVID-19 Pandemic Economic Measures For Individuals



The federal government recently announced a new set of economic measures to help stabilize the economy during the COVID-19 pandemic. Outlined below are new measures implemented by the federal government, along with expanded existing programs, that are designed to assist Canadians individuals facing financial challenges during the pandemic.

Changes to Employment Insurance (“EI”)

The EI sickness benefit is 55% of an employee’s earnings, up to a maximum of \$573 per week. The one-week waiting period for EI sickness benefits will be waived if individuals are quarantined and as a result, they are able to be paid for the first week of their claim. If an individual cannot complete the claim due to quarantine, the claim can be backdated to cover the period of delay. Priority will be given during application processing for those under quarantine and a medical certificate confirming sickness is not required. The waiver of the medical certificate requirement is in effect until September 30, 2020. In order for an employee to access EI benefits, the employer must issue a Record of Employment.

Canada Emergency Response Benefit (“CERB”)

This program (administered under the new *Canada Emergency Response Benefit Act* (the “**CERB Act**”)) is expected to provide \$2,000 a month for up to four months for workers who lose their income as a result of the COVID-19 pandemic. This program is the combination of the Emergency Care Benefit and the Emergency Support Benefit, originally announced on March 18, 2020. Certain details are as follows:

- The term “worker”, for the purposes of the CERB Act, is defined to mean a Canadian resident, at least 15 years of age, who for 2019 or a 12 month period before the day they make an application for the CERB, had a total income of at least \$5,000 (or any other amount fixed by regulation) from employment, self-employment, certain EI benefits (pregnancy/parental benefits for employees and self-employed persons) and maternity/parental

benefits under a provincial plan.

- The CERB can be applied for any four week period falling between March 15, 2020 and ending on October 3, 2020. No applications can be made after December 2, 2020.
- A worker is eligible to apply if the worker (a) ceases working for reasons related to COVID-19 for at least 14 consecutive days within the four-week period in respect of the period applied for, and (b) does not receive for those days, any income from employment or self-employment, EI benefits, provincial plan pregnancy/parental leave benefits or other prescribed income.
- The CERB is not available to those that voluntarily quit employment.
- According to the federal government's news release, workers who are already receiving EI regular or sickness benefits as of March 25, 2020 continue to receive those benefits and should not apply for the CERB.
- The exact amount of the CERB will be specified in the Regulations (which, as of publication time, have not been released) but is expected to be \$2000 a month and will be treated as taxable income.
- The CERB is (i) not subject to bankruptcy or insolvency law, (ii) cannot be assigned, charged or pledged as security, and (iii) cannot be retained by way of deduction or set off by any Act of Parliament, other than the CERB Act.
- Although not specified in the CERB Act, the Department of Finance's COVID-19 website describes the following as workers who could be eligible for the CERB:
 - workers who are sick, quarantined, or taking care of someone who is sick with COVID-19;
 - working parents who must stay home without pay to care for children who are sick or need additional care because of school and daycare closures; and
 - employees whose employment has not been terminated but who are not being paid and were asked by their employer not to work because of a shortage of work.
- Applications are expected to be made through (i) a secure web portal starting in early April, or (ii) an automated telephone line or a toll-free number.

Changes to the Goods and Services Tax Credit ("GSTC")

Changes to this program 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.

Changes to the Canada Child Benefit ("CCB")

For individuals receiving the CCB, payments will be increased for the 2019-20 benefit year by \$300 per child. The overall increase for families receiving CCB will be approximately \$550 on average; these families will receive an extra \$300 per child as part of their May payment.

Changes to Tax Deadlines and Procedures:

- Individuals – the filing deadline for personal tax returns that would otherwise have been due after March 18 and before June 1, 2020, has been

deferred until June 1, 2020. Individuals may also defer the payment of any income tax amounts (tax balances, instalment) that become owing on or after March 18, 2020 and before September 1, 2020, until September 1, 2020 without interest or penalties. Notwithstanding the deferral, individuals who expect to receive benefits under the GSTC or the CCB are encouraged not to delay the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.

- Trusts – the due date for the trust return (including associated T3 reporting) for trusts with a year-end of December 31 is postponed to May 1, 2020. Trusts that have a filing due date in April or May, have a deadline extension until June 1, 2020. Trusts may also defer the payment of any income tax amounts (tax balances, instalment) that become owing on or after March 18, 2020 and before September 1, 2020, until September 1, 2020 without interest or penalties.

The Canada Revenue Agency will also recognize electronic signature as meeting the requirements for signatures for income tax purposes.

Changes to Registered Retirement Income Fund (“RRIF”) and Pension Plan (“RPP”) Withdrawals

The minimum withdrawals under RRIFs are subject to a 25% reduction for 2020. The 25% reduction does not apply for the purposes of the spousal attribution rules, the exemption from withholding tax on RRIF withdrawals up to the minimum amount, and/or non-resident withholding taxes. Similar rules will apply to variable benefit payments under defined contribution registered pension plans. Old Age Security and Guaranteed Income Supplement payments will continue on a regular basis.

Mortgage Relief

Canada Mortgage and Housing Corporation (“CMHC”), is providing increased flexibility for homeowners facing financial difficulties to defer mortgage payments on homeowner CMHC-insured mortgage loans. CMHC will permit lenders to allow payment deferral beginning immediately. Individuals need to contact their respective lenders to access available deferrals.

Student Loans Relief

The government has introduced a six-month (from March 30, 2020 to September 30, 2020) interest-free period, and moratorium on account of principal and interest on guaranteed student loans under the *Canada Student Loans Act*, prescribed loans under the *Canada Student Financial Assistance Act*, and apprentice loans under the *Apprentice Loans Act*.

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