

# COVID-19 Update: Summary of Federal Measures for Canadians



Canadian employers and employees during the COVID-19 pandemic. Most notably, it introduced the Canada Emergency Wage Subsidy, which will cover up to 75 percent of an employer's remuneration costs.

Over the past few weeks, the federal government has announced several measures to help employers and employees cope with the COVID-19 pandemic. To assist you in processing this ever-evolving information, this summary provides all the significant federal government announcements up to April 16, 2020.

## New programs for Canadian businesses and individuals

### Canada Emergency Wage Subsidy (CEWS)

- CEWS is a subsidy which includes up to 75 percent of eligible payroll costs on the first \$58,700 per employee, maxing out at \$847 per week.
- The subsidy is proposed to be available from March 15, 2020 to June 6, 2020.
- Businesses of all sizes, that are not public bodies, can apply (including individuals, partnerships and corporations, as well as non-profit organizations and charities).
- Special rules apply to calculate the subsidy for non-arm's length employees (e.g. owner/managers).
- Eligibility is based on a decline in revenues from 2019 of at least 15 percent for the month of March and 30 percent for April and May.
- The rules offer flexibility in determining revenues, with special rules for organizations earning revenues from non-arm's length sources. Employers will have options on how to best calculate revenues and how to determine the percentage decrease in revenue to qualify for the subsidy.
- As a further incentive to re-hire employees, the government will offer an additional refund of 100 percent of employer EI and CPP premiums for each week that an employee is on leave with pay.
- A business can claim this subsidy with respect to an employee who has not been without pay for 14 or more days during the qualifying period. Timing will need to be considered when re-hiring employees.
- Employees who were eligible for the Canada Emergency Response Benefit

(CERB) may need to repay any benefit received under that program if they are re-hired and the CEWS is subsequently received.

### **Canada Emergency Business Account (CEBA)**

- The CEBA [ 1653 kb ] consists of a \$40,000 interest-free loan that will be available to small businesses and non-profit organizations.
- To qualify, an organization must have paid between \$20,000 and \$1.5 million in payroll for 2019 (previously, the range was between \$50,000 and \$1 million), as evidenced by its 2019 T4 Summary page.
- If repaid by December 31, 2022, 25 percent of the loan will be forgivable, up to \$10,000.
- Structured as a revolving line of credit until December 31, 2020, any remaining balance on the line of credit after this date will be converted to a non-revolving five-year term loan, maturing on December 31, 2025.
- The organization must have a business banking account at the financial institution at which it is applying, which must be its primary financial institution.
- Online applications are now open, and the major banks are indicating that this application should be completed online, so it appears that it may not be possible to apply in person. Smaller financial institutions, such as credit unions, may have a different process.
- Once the application has been approved, it is estimated that the funds will be received within five days.

### **Temporary Wage Subsidy**

- The Temporary Wage Subsidy [ 203 kb ] is available to employers that had a business limit in the prior year. Canadian-controlled private corporations (CCPC) that claimed the small business deduction would generally have a business limit; however, other CCPCs may also qualify.
- It will allow an eligible employer to reduce its payroll income tax remittances by 10 percent for up to three months, up to a maximum of \$1,375 per employee.
- The maximum aggregate amount an employer can save is \$25,000 (and associated corporations are not required to share this maximum employer limit).
- There is no application required to access the subsidy. The employer would calculate the amount of the subsidy and reduce the amount of income tax remittances (both the employer and employee portions of CPP and EI are still required to be remitted).
- The Temporary Wage Subsidy and the CEWS are separate programs, so an employer that was eligible for both programs could access both, but any amount received under the temporary wage subsidy would reduce the amount able to be obtained through the CEWS for the same period.

### **Canada Emergency Commercial Rent Assistance (CECRA)**

- The federal government intends on introducing this program to provide rent relief for small businesses.
- It will provide loans, including forgivable loans, to commercial property owners who in turn will lower or forgo the rent of small businesses for the months of April (retroactive), May, and June.
- The program will require a partnership between the federal government and

provincial and territorial governments, which are responsible for property owner-tenant relationships. Additional details should be available soon.

### **Canada Emergency Response Benefit (CERB)**

- CERB [ 572 kb ] provides \$2,000 per month (i.e., \$500 per week) to qualified workers for up to 16 weeks.
- The program is currently set to run from March 15 to October 3, 2020. Individuals can now apply for this benefit.
- To qualify, a worker must have had income of at least \$5,000 (through salary or non-eligible dividends) in the 12 months prior to the date of application.
- Individuals who submit a claim must not have earned more than \$1,000 of income from employment or self-employment for 14 or more consecutive days in the first four-week benefit period in which they submit their claim. The individual must not have earned \$1,000 or more within the entire four-week benefit periods that they submit subsequent claims for. This is a recent change to the program.
- Seasonal workers and workers who have recently exhausted their EI regular benefits and who cannot find work due to COVID-19 can also qualify. This was another recent change.
- Those wishing to continue to receive the CERB after the first month must re-apply each month. Any employee that is rehired by their employer who is claiming the CEWS for that employee will likely have to repay the CERB if pertains to the same four-week period.

### **Temporary wage boost for essential workers**

- Low-income essential workers who earn less than \$2,500 per month will receive a top-up.
- This will apply to workers such as auxiliary nurses, elderly-care workers, grocery store and food supply workers, workers in essential retail services and others.
- The federal government will work closely with the provinces and territories to cost-share the temporary top-up.
- Additional details will be provided.

## **Tax filing & payment extensions and related relief measures**

Federal income tax filing and payment extensions have been announced and are included in the table below. Quebec and Alberta have announced similar extensions, as applicable.

<b>Taxpayer</b>	<b>Original filing deadline</b>	<b>New filing deadline</b>	<b>New balance due date</b>	<b>2020</b>
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<b>Corporations</b>	6 months after the taxation year-end	Extension to June 1, 2020 for tax years ending otherwise due from March 19, 2020 to May 31, 2020	September 1, 2020 for Part I tax otherwise due on or after March 18, 2020.	September 1, 2020
<b>Individuals without business income</b>	April 30, 2020	June 1, 2020	September 1, 2020	June 1, 2020
<b>Individuals with business income (&amp; spouse)</b>	June 15, 2020	Unchanged	September 1, 2020	June 1, 2020
<b>Trusts (excluding SIFTs)</b>	March 30, 2020 (Dec 31, 2019 year ends)	May 1, 2020 for Dec 31, 2019 year ends. June 1, 2020 for trusts otherwise due in April or May, 2020	September 1, 2020 for balances otherwise due on or after March 18, 2020.	June 1, 2020
<b>Specified Income Flow-Through (SIFT) Trusts</b>	March 30, 2020	(See note below)	September 1, 2020 for balances otherwise due on or after March 18, 2020.	June 1, 2020
<b>Partnerships (excluding SIFTs)</b>	Many due March 31 (varies depending on ownership structure)	May 1, 2020	September 1, 2020 for balances otherwise due on or after March 18, 2020.	September 1, 2020
<b>SIFT Partnerships</b>	March 31, 2020	(See note below)	September 1, 2020 for balances otherwise due on or after March 18, 2020.	September 1, 2020
<b>NR4 return</b>	March 31, 2020	May 1, 2020	No change for remittance deadlines	No change
<b>Charities (Form T3010 – Charity return)</b>	6 months after year end	Dec 31, 2020 if due between March 18, 2020 and Dec 31, 2020	Not applicable	Not applicable

**Note:** The federal government currently has not indicated whether the filing deadline extensions apply to SIFT trusts or SIFT partnerships (Quebec has clearly indicated they do not).

#### Changes for GST/HST registrants

- GST/HST payments and import/export duties have been deferred until June 30, 2020.
- GST/HST returns are still required by their deadline; however, CRA has stated that they will not impose penalties for late returns, provided they are filed by June 30, 2020.

## **Other relief measures**

- Foreign reporting forms (e.g. T1134, T1135, T106) due after March 18, 2020 have been extended to June 1, 2020.
- CRA audit activities will be suspended temporarily for the majority of businesses.
- CRA will not commence new audits as of March 27, 2020, with limited exceptions.
- CRA has suspended collection activities on new debts and will allow for flexible payment arrangements.
- Deadlines for objections due March 18, 2020 or later have been extended to June 30, 2020.
- To assist with social-distancing requirements, electronic signatures are being accepted for T183 and C0-1000/TP-1000 file authorizations

## **Increased credit availability and lower interest rates**

### **Business Development Bank of Canada**

- Working capital loans will be provided through the Business Development Bank of Canada (BDC) of up to \$2 million and payment postponement of up to 6 months.
- Incremental loan amounts up to \$6.25 million will be available through a co-lending program between a business's financial institution and the BDC.

### **Export Development Canada**

- Operating credit up to \$6.25 million will be made available to small and medium enterprises through Export Development Canada (EDC). The loans will be available through a business's financial institution and will be guaranteed by EDC.
- Increased limits to the Canada Account, which is a program funded by the federal government and administered through EDC, will assist with export transactions in the national interest.
- BDC and EDC will work with private lenders (e.g., banks) to provide financing to sectors hard-hit by the economic slowdown, including oil and gas, air transportation and tourism.

### **Farming businesses**

- Increased credit availability will be available for businesses in farming and the agri-food sector through Farm Credit Canada of \$5B; Additionally the Advanced Payment Program (APP) has provided a stay of default on existing loan balances for an additional six months while allowing producers with balances outstanding to apply for an additional \$100,000 interest free loan for 2020-2021 (APP).

### **Interest rates and other**

- The Bank of Canada has lowered its key interest rate to 0.25 percent (a decrease of 150 basis points since beginning of March).
- The purchase by the federal government of up to \$50 billion of insured mortgages through the Insured Mortgage Purchase Program will also provide

banks and lenders with additional liquidity and stability to facilitate private lending to Canadian businesses and individuals.

## **Enhancements to existing government programs**

### **Work-sharing program**

- This federal government program [ 407 kb ] is administered through the employment insurance program to allow employers to coordinate with their employees to share work hours in an effort to avoid layoffs.
- Employers who participate in the program due to COVID-19 can do so for up to 76 weeks, which is an extension of the usual maximum period of 38 weeks.
- To be eligible for this program, an employer must be experiencing a downturn in business activity related to the global outbreak of COVID-19 and have:
- Work-sharing (WS) agreements signed between March 15, 2020 and March 14, 2021,
- WS agreements that began or ended between March 15, 2020 and March 14, 2021, and
- WS agreements that ended between June 23, 2019 and March 14, 2020 and are in their mandatory cooling-off period.
- Additional requirements apply to both employers and employees and can be found at the Work Sharing Program website.
- There is a mandatory “cooling-off” period, where an employer cannot re-enter a WS agreement with the same employees; however, the cooling-off period is being temporarily waived.
- Any employers that participated in the program and whose participation period ended prior to March 13, 2020 may be able to waive the mandatory cooling-off period to participate in the program again.

### **Canada Summer Jobs Program**

- Changes have been made to this program as a response to the pandemic.
- Private and public sector employers who are employing students and other young people through this program will be able to obtain a wage subsidy equal to 100 percent of the provincial or territorial minimum hourly wage for each employee, up from 50 percent previously. Private sector employers must have 50 or fewer full-time employees to qualify.
- Not-for-profit employers can continue to receive a subsidy equal to 100 percent of the provincial or territorial minimum hourly wage.
- Employees must be between the ages of 15 and 30 to qualify. Previously, only full-time employees (i.e. those working a minimum of 30 hours/week) qualified; however, it has been expanded to part-time employees now.
- Job placements must begin by May 11, 2020. The job end date has been extended from August 28, 2020 to February 28, 2021.
- Applications to the Summer Jobs Program are currently closed for the 2020 year so there are questions as to whether this new support will only be available to those who had previously applied to the program, or if the government will open it up to new applications as a result of COVID-19.
- More information about the program can be found [here](#).

### **Employment insurance change**

- EI provides [ 212 kb ] an employee with 55 percent of their earnings, to a

maximum of \$573/week.

- For workers eligible for EI, the one-week mandatory waiting period has been waived for those accessing EI due to impacts from COVID-19.
- The requirement for a doctor's note has also been waived.
- Both employed and self-employed individuals can qualify for EI. The individual must participate and pay into the EI program, have lost at least 40 percent of their usual pay and worked a minimum of 600 hours in the year prior to the claim or since their last claim. Self-employed individuals must wait at least 12 months after registering to participate in the program.
- The application for EI can be found on the benefits page of the Government of Canada website.
- Depending on the type of assistance being applied for, and the type of worker, workers can click on the appropriate link and provide the information required, including personal and banking details (to receive payment) and potentially a copy of the Record of Employment (ROE), if a paper-copy is provided. If electronic copies of the ROE are submitted to Service Canada, this step is not required.
- Individuals who became eligible for EI after March 15, 2020 will automatically be rolled into the CERB for the remainder of their benefit period.

## **Additional measures affecting Canadian businesses and individuals**

### **Mortgage deferrals**

- Canada's banks have confirmed that they will provide Canadian businesses and individuals with up to a six-month deferral of mortgage payments (principal and interest) and other credit relief, which will reduce short-term cash flow issues.

### **Canada-US border**

- The Canadian and US governments have agreed to close the border to tourists, shoppers and all non-essential travel. However, the border remains open for commerce (e.g., trucks with delivery of goods) to ensure minimal disruption to supply chains and the flow of goods.

### **GST credit**

- An additional one-time payment of \$400 for single individuals and \$600 for couples beginning in April.

### **Canada Child Benefit**

- An additional one-time payment of \$300 per child to be paid in early May.

### **Student loans**

- Repayment requirements will cease until September 30, 2020, interest-free.

## **Seniors**

- Minimum withdrawals required for registered retirement income funds (RRIFs) will be reduced by 25 percent for 2020.
- Old Age Security and Guaranteed Income Supplement payments will continue on a regular basis.

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