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Canada's COVID-19 Economic Response Plan: Support for Canadians and Businesses

What support is available and how can you
access it?

On March 18, 2020, the Government announced a series of economic measures designed to support Canadian workers and businesses. We have summarized the key measures and the mechanisms in place to access this support. As always, the team at Crowe Soberman is here to advise, assist and support you wherever needed.

Support for Individuals

Temporary Income Support for Workers and Parents

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

- Waiving the one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits, effective March 15, 2020.
- Waiving the requirement to provide a medical certificate to access EI sickness benefits.
- 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:

- o Workers, including the self-employed, who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.
- o 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.
- o 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 will require Canadians to attest that they meet the eligibility requirements. They will need to re-attest every two weeks to reconfirm their eligibility. Canadians will select one of three channels 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 (to be announced) equipped with an automated application process.

Longer-Term Income Support for Workers

For Canadians who lose their jobs or face reduced hours as a result of COVID-19's impact:

- the EI Work Sharing Program was introduced to provide 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.

Other Individual Income Support

The Government is proposing:

- a one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC) which 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.

- an increase in the maximum annual Canada Child Benefit (CCB) payment amounts for the 2019-20 benefit year, of 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.
- a six-month interest-free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans.
- to reduce the 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.

Flexibility for Taxpayers

- For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020. However, the CRA 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.

- For trusts having a taxation year ending on December 31, 2019, the return filing due date will be deferred until 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. No interest or penalties will accumulate on these amounts during this period.
- The CRA will recognize electronic signatures as having met the signature requirements of the Income Tax Act, as a temporary administrative measure. This applies to authorization forms T183 or T183COPR.

Mortgage Default Management Tools

- Canada's large banks have confirmed that this support will include up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products.
- The Canada Mortgage and Housing Corporation (CMHC) and other mortgage insurers offer tools to lenders that can assist homeowners who may be experiencing financial difficulty. These include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.
- The Government 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.

Support for Business

- The CRA will allow all businesses to defer the payment of any income tax amounts that become owing on or after today and before September 2020, until after August 31, 2020. This relief would apply to tax balances due, as well as instalments. No interest or penalties will accumulate on these amounts during this period.
- 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.

- The CRA will not contact any small or medium-sized businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks.
- For the vast majority, the CRA will temporarily suspend audit interaction with taxpayers and representatives.

This article has been prepared for the general information of our clients. Specific professional advice should be obtained prior to the implementation of any suggestion contained in this article. Please note that this publication should not be considered a substitute for personalized tax advice related to your particular situation.

NEED TO TALK TO SOMEONE?

Your Crowe Soberman advisor is always available to answer your questions. Our group of tax experts are available to point you in the right direction and provide tangible planning and solutions.

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