

COVID-19 UPDATE

On March 18, 2020, the Prime Minister announced a new set of economic measures to help stabilize the economy during this challenging period. These measures, delivered as part of the Government of Canada's COVID-19 Economic Response Plan, will provide up to \$27 billion in direct support to Canadian workers and businesses. But what does this really mean for you?

Support for Businesses

The Business Development Bank of Canada (BDC) and Export Development Canada (EDC) are looking to provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses.

Income Taxes

- To date, there does not appear to be any extensions in the filing deadline for corporations with a year ended December 31, 2019. Tax returns continue to have a filing deadline of June 30, 2020.
- Any income taxes that become owing (including installments) between March 18, 2020, and August 31, 2020 are deferred until August 31, 2020. An exact date was not mentioned but I interpret this to mean amounts are due September 1, 2020.
- For the next four weeks, any CRA audit activity related to GST and income tax will cease.

Payroll

- The Government is proposing to provide eligible small employers a temporary wage subsidy for a period of 3 months. The subsidy will be equal to 10% of the remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Business 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 include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

Support for Individuals

Income Taxes

- For individuals, the income tax return filing date will be deferred until June 1, 2020.
- Any income taxes that become owing (including installments) between March 18, 2020, and August 31, 2020, are deferred until August 31, 2020. An exact date was not mentioned but I interpret this to mean amounts are due September 1, 2020.

* Despite the extension of the income tax filing deadline, our preference is to continue to work towards an April 30, 2020 filing deadline.

** This is especially important if you are receiving benefits under the following programs:

- GST Credit
- Canada Child Benefit
- Old Age Security
- Guaranteed Income Supplement and more.

Many of these benefits rely on information from your 2019 income tax return to properly calculate your 2020/21 benefits.

Income Support Programs

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 support to workers who are not eligible for EI and who are facing unemployment.

- For Canadians without paid sick leave who are sick, quarantined or forced to stay home to care for children:
 - Waiving the Employment Insurance (EI) one-week waiting period for individuals in imposed quarantine.
 - 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:
 - 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, 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.

Applications are expected to be available in April 2020 which will require bi-weekly updates.

- For low- and modest-income families:
 - a one-time special payment by early May 2020 through the GST credit of close to \$400 for single individuals and close to \$600 for couples.
 - increase the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child. This benefit is expected to be paid in May 2020.
- Utility payments:
 - residential, farm and small commercial customers can defer payment of utility (electricity and natural gas) bill payments for the next 90 days to ensure no one will be cut off from these services during this time of crisis.

Other Measures

- The Federal and Alberta government are providing a six-month interest-free period on the repayment of Canada and Alberta Student Loans.
- The Government is reducing the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020.
- The office of the superintendent of Financial Institutions (OSFI) announced changes that will allow Canada's large banks to inject \$300 billion of additional lending into the economy.
- The Bank of Canada cut the prime lending interesting rate to 0.75%. This translates to a prime rate of 2.95% at the major Canadian banks.

In addition to the above measures, Canada's banks and credit unions have announced measures to work with personal and small business banking customers to defer mortgage payments for up to six months due to pay disruption related to COVID-19, childcare issues, and school closures. The banks will consider each case individually. If you feel you are in this situation, it's important to contact your bank directly.

These measures announced by the federal government today will require parliamentary approval. The government is planning to recall parliament briefly to pass the necessary legislative matters.

In Good Health,



Dave Rogers, BMgt
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