



The below is a summary of Canada's COVID-19 Economic Response Plan, reflecting key measures announced as of May 21, 2020. All attempts have been made to include the most relevant information impacting individuals and businesses. However, for further announcements, please refer to the federal government website at <https://www.canada.ca/en/department-finance/economic-response-plan.html>.

COVID-19 Economic Response Plan

The federal government has enacted the following acts aimed at stabilizing the economy during the COVID-19 outbreak:

-) Bill C-13, the COVID-19 Emergency Response Act, enacted March 25, 2020.
-) Bill C-14, the COVID-19 Emergency Response Act No. 2, enacted April 11, 2020.
-) Bill C-15, the Canada Emergency Student Benefit Act, enacted May 1, 2020.

Additional announcements were made with respect to the federal government's COVID-19 Economic Response Plan for which legislation has not yet been released. Below is a summary of key measures that impact our industry.

Support for Individuals

Employment Insurance

For Canadians who have a new regular or sickness Employment Insurance (EI) claim starting March 15, 2020 or after, benefits will be delivered as part of the Government of Canada's Canada Emergency Response Benefit (CERB). Service Canada and the Canada Revenue Agency (CRA) deliver this benefit jointly. Canadians can apply through one or the other, but not both. A medical certificate is no longer required for EI claims beginning March 15, 2020 or later and applications can be made without a record of employment.

Canada Emergency Response Benefit

The Canada Emergency Response Benefit (CERB) will provide a payment of \$2,000 for a four-week period (equivalent to \$500 a week) for up to 16 weeks for workers who lose their income as a result of COVID-19. It will be available for Canadians who have lost their job or are facing reduced work hours, including seasonal or regular workers who have exhausted their EI benefits and are unable to find a job because of COVID-19.

The designated online portal started accepting applications on April 6, 2020. According to the Canada Revenue Agency (CRA) website, the benefit is available to workers:

-) Residing in Canada, who are at least 15 years old;



-) Who have stopped working because of reasons related to COVID-19 **or** are eligible for Employment Insurance regular or sickness benefits **or** have exhausted their Employment Insurance regular benefits or Employment Insurance fishing benefits between December 29, 2019 and October 3, 2020;
-) Who had employment and/or self-employment income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application;
-) Who have not quit their job voluntarily.

In addition, according to the CRA website, when submitting the applicant's:

-) First claim, the applicant cannot have earned more than \$1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of the claim.
-) Subsequent claims, the applicant cannot have earned more than \$1,000 in employment and/or self-employment income for the entire four-week benefit period of the new claim.

The following conditions also exist:

-) The CERB will be available for employees, contract workers and self-employed workers (i.e., sole proprietorships) regardless of whether they are normally eligible for EI or not.
-) The CERB will be available for each four-week period starting from March 15, 2020 to October 3, 2020, to a maximum of 16 weeks.
-) The CERB received will be taxable to the recipient for 2020.
-) Where the government determines that an individual has received the CERB in error, or received more than what they were entitled to, the erroneous or excess amount will need to be repaid.

Note: The requirement that an applicant has "stopped working" appears to be inconsistent with the eligibility requirement that an applicant can earn \$1,000. This matter has been brought to the CRA's attention by the Canadian Tax Foundation (CTF) and Chartered Professional Accountants Canada (CPA Canada). As of the date of publication, no clarification has been provided.

More information is available here:

<https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

<https://www.canada.ca/en/services/benefits/ei/cerb-application/questions.html>

Goods and Services Tax Credit

The government is providing a one-time special payment which began April 9 through the Goods and Services Tax Credit (GSTC). This measure will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. For qualifying taxpayers, the maximum one-time payment will be \$443 for a single individual and \$580 for couples.

On May 15, 2020, the CRA announced that eligible Canadians who are presently receiving the GSTC will continue to receive these payments until the end of September 2020. If the 2019 tax return is not assessed, and to allow time to calculate benefits and/or credits for the July to September 2020 payments, payment amounts will be based on information from 2018 tax returns. If 2019 tax returns are not received and assessed by early September 2020, estimated benefits and/or credits will stop in October 2020 and the taxpayer will have to repay the estimated amounts that were issued as of July 2020.



Canada Child Benefit

For families with children, the government is increasing the maximum annual Canada Child Benefit (CCB) amounts up to \$300 per child for the 2019-20 benefit year with the regular May 2020 payment. In addition to this one-time special CCB payment, the government announced on May 16, 2020 that the CCB will be increased in July for the 2020-21 benefit year and will raise the maximum benefit to \$6,765 per child under age 6, and \$5,708 per child aged 6 through 17.

On May 15, 2020, the CRA announced that eligible Canadians who are presently receiving the CCB will continue to receive these payments until the end of September 2020. If the 2019 tax return is not assessed, and to allow time to calculate benefits and/or credits for the July to September 2020 payments, payment amounts will be based on information from 2018 tax returns. If 2019 tax returns are not received and assessed by early September 2020, estimated benefits and/or credits will stop in October 2020 and the taxpayer will have to repay the estimated amounts that were issued as of July 2020.

Canadian Income Tax Filing and Payment Deadlines

The following deadlines are available on the Canada Revenue Agency (CRA) website:

Taxpayer	Filing Deadline	Payment Deadline
Individual	June 1, 2020 (extended)	September 1, 2020 (extended)
Self-employed	June 15, 2020 (unchanged)	– includes June 15, 2020 instalment
Trusts (with Dec. 31, 2019 year-end)	May 1, 2020 (extended)	September 1, 2020 (extended)
Trusts (with April or May filing date)	June 1, 2020 (extended)	– includes June 15, 2020 instalment
Information Returns (i.e., T1135 Foreign Income Verification Statement)	June 1, 2020 (extended)	n/a

U.S. Income Tax Filing and Payment Deadlines

The deadline to file 2019 federal U.S. personal tax returns has been extended to July 15, 2020. Taxpayers can also defer federal income tax payments due on April 15, 2020 to July 15, 2020.

Reduction to Registered Retirement Income Fund Minimum Payments for 2020

Required minimum Registered Retirement Income Fund (RRIF) payments have been reduced by 25% for 2020 to provide flexibility for seniors, particularly those concerned that they would have to liquidate RRIF assets to meet minimum withdrawal requirements. Locked-in plans are subject to the same tax legislation as registered plans and the changes will also apply to life income funds (LIFs).

Income taxes are withheld at source where amounts are withdrawn from a RRIF in excess of the minimum amount. Under the new rules, investors can choose to withdraw amounts ranging between the reduced minimum and the unreduced minimum (i.e., the amount that would have been the minimum before these rules changed). For example, assume an investor's RRIF minimum for 2020, before the new rules (i.e., the "unreduced minimum") was \$1,200. The "reduced minimum" is 75% of that amount, or \$900. If total RRIF withdrawals for 2020 fall within \$900 and \$1,200, they will not be subject to withholdings at source.



Investors who have already withdrawn more than the reduced minimum for 2020 are not permitted to re-contribute an amount up to the 25% reduction to their RRIF. Although the recently passed legislation does not allow for this, the government is regularly making announcements and changes to their COVID-19 Economic Response Plan so the ability to re-contribute may become available in the future.

More information is available here:

<https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/registered-retirement-savings-plans-registered-retirement-income-funds-rrsps-rrifs/economic-statement-measure-annuitants-rrsp-rrif.html>

Additional Support for Seniors

The government is providing a one-time tax-free payment of \$300 for seniors eligible for the Old Age Security (OAS) pension, with an additional \$200 for seniors eligible for the Guaranteed Income Supplement (GIS).

The government is also temporarily extending GIS and Allowance payments if seniors' 2019 income information has not been assessed. To avoid an interruption in benefits, seniors are encouraged to submit their 2019 income information as soon as possible and no later than October 1, 2020.

More information is available here:

<https://www.canada.ca/en/department-finance/economic-response-plan.html>

Canada Emergency Student Benefit and Other Support for Students

The Canada Emergency Student Benefit (CESB) will provide a benefit to qualifying students of \$1,250 for a four-week period from May 10 to August 29, 2020. The designated online portal started accepting applications on May 15, 2020. According to the CRA website, the benefit is available to students who:

-) did not apply, receive, nor qualify, for the CERB or EI benefits for the same eligibility period;
-) are a Canadian citizen, registered Indian, permanent resident, or protected person;
-) are studying in Canada or abroad;
-) satisfy at least one of the following:
 - (i) enrolled in a recognized post-secondary educational program (at least 12 weeks in duration) that leads to a degree, diploma or certificate;
 - (ii) completed or ended post-secondary studies in December 2019 or later; or,
 - (iii) completed or expect to complete high school, or received, or expect to receive high school equivalency in 2020, and have applied for a post-secondary educational program that starts before February 1, 2021;
-) satisfy at least one of the following:
 - (i) are unable to work due to COVID-19;
 - (ii) are looking for, but cannot find work due to COVID-19;
 - (iii) are currently working during the COVID-19 pandemic, but whose income from employment and self-employment has been \$1,000 or less (before taxes) during the 4-week period being applied for.

The CESB will be \$2,000 for students who satisfy all of the above conditions and at least one of the following:

-) the student has an impairment, including a physical, mental, intellectual, cognitive, learning, communication or sensory impairment — or a functional limitation — whether permanent or episodic in nature, or evident or not, that, in interaction with a barrier, hinders a person's full and equal participation in society;



-) the student has a child (adopted child, stepchild, or foster child) who is under 12 years old and is completely dependent on the student, student's spouse, or common-law partner for support, care, and upbringing;
-) the student has a dependent with a disability who is completely dependent on the student, student's spouse, or common-law partner for support, care, and upbringing.

Students must meet the above conditions for each four-week period being applied for. More information is available here: <https://www.canada.ca/en/revenue-agency/services/benefits/emergency-student-benefit/cesb-who-apply.html>

Additional support is available to post-secondary students through:

-) a six-month interest-free moratorium on the repayment of Canada Student Loans;
-) changes to the Canada Summer Jobs program;
-) funding for 76,000 new jobs for industries needing support and front-line workers;
-) \$291 million in additional grants for graduate students; and
-) the Canada Student Service Grant (CSSG) which will provide up to \$5,000 for a volunteer student's education in the fall.

Mortgage Default Management Tools

The Canada Mortgage and Housing Corporation (CMHC) and other mortgage insurers offer tools to lenders that can assist homeowners, on a case-by-case basis, 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, through CMHC and other mortgage insurers, is providing increased flexibility for homeowners facing financial difficulties by permitting lenders to allow payment deferral for up to six months.

Support for Businesses

Temporary Wage Subsidy

To support businesses and help prevent layoffs, the government will provide eligible employers a temporary wage subsidy for a period of three months (from March 18, 2020 to June 19, 2020). 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; however, remittances relating to CPP and EI will still need to be submitted. Eligible employers benefiting from this measure must employ at least one individual in Canada, have a CRA payroll number on March 18, 2020 and will include:

- (i) Corporations eligible for the small business deduction
- (ii) Individuals other than a trust
- (iii) Partnerships, all the members of which are described in (i) to (iii) or (v)
- (iv) Non-profit organizations
- (v) Charities.

More information is available here:

<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html>



Canada Emergency Wage Subsidy

To help Canadians and businesses, the government introduced the Canada Emergency Wage Subsidy (CEWS) of 75% for qualifying businesses, for up to 24 weeks, retroactive to March 15, 2020. Some of the details are as follows:

-) The program will be in place for a 24-week period, from March 15 to August 29, 2020.
-) Eligible employers who suffer a drop in gross revenues of at least 15% in March, 30% in April or 30% in May, would be able to access the subsidy.

NOTE: On May 15, 2020 the government announced it will consult with key business and labour representatives over the next month on potential adjustments to the program to incent jobs and growth, including the 30% revenue decline threshold. Any potential changes following the consultation will have as key objectives to maximize employment, ensure the CEWS reflects the immediate needs of businesses, and support the post-crisis economic recovery.

-) To measure the decline in revenue, an employer can compare the current month to the same month last year, e.g., March 2020 revenue vs. March 2019 revenue, if applicable, or compare the current month to an average of January and February 2020, e.g., March 2020 revenue vs. the average revenue for Jan/Feb 2020.
-) Where an employer has a choice in how to measure the decline in revenue, it must choose the same method throughout the duration of the program.
-) Eligible employers would include employers of all sizes and across all sectors of the economy, with the exception of public bodies including municipalities and local governments, Crown corporations, wholly owned municipal corporations, public universities, colleges, schools and hospitals.

NOTE: On May 15, 2020 the government announced it has extended eligibility for the CEWS to the following groups:

- o Partnerships that are up to 50% owned by non-eligible members;
 - o Indigenous government-owned corporations that are carrying on a business, as well as partnerships where the partners are Indigenous governments and eligible employers;
 - o Registered Canadian Amateur Athletic Associations;
 - o Registered Journalism Organizations; and
 - o Non-public colleges and schools, including institutions that offer specialized services, such as arts schools, driving schools, language schools or flight schools.
- The subsidy amount for a given employee on eligible remuneration paid for the period between March 15 and August 29, 2020 would be the greater of:
 - o 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
 - o the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75% of the employee's pre-crisis weekly remuneration, whichever is less.
 -) A special rule will apply to employees who do not deal at arm's length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and August 29, 2020, up to a maximum benefit of the lesser of \$847 per week and 75% of the employee's pre-crisis weekly remuneration. The subsidy would only be available in respect of non-arm's length employees employed prior to March 16, 2020.
 -) Eligibility for the CEWS of an employee's remuneration will be available to employees other than those who have been without remuneration for 14 or more consecutive days in the eligibility period.
 -) For employers that are eligible for both the CEWS and the 10% wage subsidy for a period, any benefit from the 10% wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the CEWS in that same period.



-) For employers and employees that are participating in a Work-Sharing program, EI benefits received by employees through the Work-Sharing program will reduce the benefit that their employer is entitled to receive under the CEWS.
-) All employers are expected to at least make best efforts to top up salaries to bring them to pre-crisis levels.
-) Eligible employers are able to access the CEWS by applying through a CRA online portal.
-) The wage subsidy received by an employer would be considered government assistance and be included in the employer's taxable income.
-) On May 15, 2020, the government announced it also intends to propose legislative amendments to ensure that the CEWS continues to meet its objectives. These proposed amendments would:
 - o provide flexibility for employers of existing employees who were not regularly employed in early 2020, such as seasonal employees;
 - o ensure that the CEWS applies appropriately to corporations formed on the amalgamation of two predecessor corporations and
 - o better align the treatment of trusts and corporations for the purpose of determining CEWS eligibility.

Those organizations that do not qualify for the CEWS may continue to qualify for the temporary wage subsidy of 10% of remuneration paid as described above.

More information is available here:

<https://www.canada.ca/en/departement-finance/news/2020/04/additional-details-on-the-canada-emergency-wage-subsidy0.html>

<https://www.canada.ca/en/departement-finance/news/2020/05/government-extends-the-canada-emergency-wage-subsidy.html>

Income Tax Filing and Payment Deadlines

The following deadlines are available on the CRA website:

Taxpayer	Filing Deadline	Payment Deadline
Corporation	June 1, 2020 (extended) – for corporations that would otherwise have a filing due date after March 18 and before June 1, 2020	September 1, 2020 (extended) - applies to balances and instalments under Part I of the Income Tax Act due on or after March 18 and before September 1, 2020
Charities	December 31, 2020 (extended) – for charities with form T3010 due between March 18 and December 31, 2020	n/a
Partnerships	May 1, 2020 (extended)	n/a
Payroll	Dependant on employer remitter type (unchanged)	Dependant on employer remitter type (unchanged)
NR4 Information Return	May 1, 2020 (extended)	15 th of each month following month non-resident paid (unchanged)
Other Information Returns	June 1, 2020 (extended) – for information returns that would otherwise be due after March 18, 2020 and before June 2020	n/a



GST/HST and Income Tax Audits

CRA 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, CRA will temporarily suspend audit interaction with taxpayers and representatives.

GST/HST Filing and Payment Deadlines

The CRA announced that it will allow all businesses to defer, until June 30, 2020, any GST/HST payments that became owing on or after March 27, 2020 and before June 30, 2020. The GST/HST return filing deadline is unchanged; however, the CRA won't impose penalties where a return that was due to be filed between March 27, 2020 and June 30, 2020 is filed by June 30, 2020.

Canada Emergency Business Account

The Canada Emergency Business Account (CEBA) will provide loans of up to \$40,000 for businesses with 2019 payroll between \$20,000 and \$1,500,000. Where 75% of the loan is repaid by December 31, 2022, the remaining 25% will be forgiven. The loan is interest-free until December 31, 2022 after which it becomes a five-year term loan at 5% annual interest.

More information is available here:

<https://ceba-cuec.ca/>

On May 19, 2020, the government announced an expansion to the eligibility criteria for the CEBA to include many owner-operated small businesses. To qualify under the expanded eligibility criteria, applicants with payroll lower than \$20,000 would need:

-) a business operating account at a participating financial institution;
-) a Canada Revenue Agency business number, and to have filed a 2018 or 2019 tax return;
-) eligible non-deferrable expenses between \$40,000 and \$1.5 million. Eligible non-deferrable expenses could include costs such as rent, property taxes, utilities, and insurance.

More information is available here:

<https://pm.gc.ca/en/news/news-releases/2020/05/19/prime-minister-announces-expansion-support-workers-and-small>

Business Credit Availability Program

Business Credit Availability Program (BCAP) will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide support through various credit solutions.

The program includes:

Loan Guarantee for Small and Medium-Sized Enterprises

Through the BCAP, EDC is working with financial institutions to guarantee 80% of new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized enterprises (SMEs).



This financing support is to be used for operational expenses and is available to both exporting and non-exporting companies.

More information is available here:

<https://www.edc.ca/en/covid-19-business-resources.html>

Co-Lending Program for Small and Medium-Sized Enterprises

Through the BCAP, BDC is working with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements.

The program offers differing maximum finance amounts based on business revenues.

Financed amount:

-) 80 % provided by BDC
-) 20 % provided by your financial institution

This support is available until or before September 30, 2020.

More information is available here:

<https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19>

BDC's Mid-Market Financing Program

BDC's Mid-Market Financing Program will provide commercial loans ranging between \$12.5 million and \$60 million to medium-sized businesses whose credit needs exceed what is already available through the BCAP and other measures.

BDC anticipates that qualifying companies will have annual revenues in excess of approximately \$100 million.

More details are expected soon.

EDC's Mid-Market Guarantee and Financing Program

EDC's Mid-Market Guarantee and Financing Program will bring liquidity to companies who tend to have revenues of between \$50 million to \$300 million, to sustain operations during this uncertain period. EDC will continue to work with Canadian financial institutions to guarantee 75% of new operating credit and cash-flow loans – ranging in size from \$16.75 million to a maximum of \$80 million. These expanded guarantees are available to exporters, international investors and businesses that sell their products or services within Canada.

More information is available here:

<https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html>

Additional details are expected soon.



Canada Emergency Commercial Rent Assistance

The federal government reached an agreement in principle with all provinces and territories to implement the Canada Emergency Commercial Rent Assistance (CECRA) for small businesses. This program will lower rent by 75% for small businesses that have been affected by COVID-19.

The program will provide forgivable loans to qualifying commercial property owners to cover 50% of three monthly rent payments that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June.

The loans will be forgiven if the owner of commercial real property* agrees to reduce the small business tenant's rent by at least 75% under a rent forgiveness agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25% of the rent.

Impacted small business tenants are businesses paying less than \$50,000 per month in rent and who have temporarily ceased operations or have experienced at least a 70% drop in pre-COVID revenues. This support will also be available to non-profit and charitable organizations.

Applications will be accepted through the Canada Mortgage and Housing Corporation website beginning on May 25.

More information is available here:

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>

**Commercial Real Property is defined as commercial properties with small business tenants. Commercial properties with a residential component and multi-unit residential mixed-use properties would equally be eligible with respect to their small business tenants.*

We Can Help

Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.



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