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COVID-19 – FINANCIAL RELIEF FOR CANADIANS

Since the beginning of March, restrictions and measures related to COVID-19 have rapidly escalated. On March 18, 2020, the Government of Canada announced a series of measures designed to support the finances of individuals, businesses, charities, and non-profit organizations. Since then, on an almost daily basis, new possibilities have been introduced, and old ones have been adjusted. This document aims to provide a consolidated summary of support in their most current state of affairs, as of April 8, 2020.

BUSINESSES

As Canada struggles with the COVID-19 pandemic, the federal government has implemented a number of measures to assist businesses **improve their cash flow** such that they can survive over the coming months. They can be sorted into three primary categories: **payroll support**, **financing**, and **deferrals of tax payments**. While sole proprietors are eligible for many of these measures, some additional measures will be discussed in the Individuals section of this newsletter.

Payroll Support

There are generally three payroll programs available: the **10% Temporary Wage Subsidy** (10% WS), the **75% Canada Emergency Wage Subsidy** (75% WS), and the Employment Insurance (EI) **Work-sharing Program**. In general, the 75% WS is available to a wide variety of entities whose revenue has dropped by at least 30%. The 10% WS is available only to smaller businesses, but does not require a revenue decline. In cases where employers are entitled to both, amounts received under the 10% WS will reduce the amounts receivable under the 75% WS.

The EI Work-sharing Program is different in that it enables the employees and employer to agree to **reduce working hours by 10% to 60%**. This reduces the employer's payroll costs, while the **employees receive EI payments** directly for the reduction in their hours. While the Work-sharing Program can be used in combination with a subsidy, the government has specifically noted that receipts under the 75% subsidy will be eroded by the EI received by the employee. The legislation implementing the 10% subsidy does not provide for any similar reduction.

COVID-19 – Financial Relief for Canadians

10% Temporary Wage Subsidy (10% WS)
A business may benefit immediately from a 10% subsidy by **reducing their remittances of income tax** withheld from their employees' remuneration.

Eligibility
In order to be **eligible**, the **employer** must meet three criteria:

(a) **employ** one or more **individuals in Canada** ("eligible employees");
(b) was **registered**, with a business number and a **payroll remittance account**, on March 18, 2020; and
(c) be any of the following:
  (i) **most Canadian-controlled private corporations** (CCPCs), based on eligibility for the small business deduction (see below);
  (ii) an **individual** (other than a trust);
  (iii) a **partnership**, all members of which are entities described in (i), (ii), (iii) or (v);
  (iv) a **non-profit organization** (exempt from income tax); or
  (v) a **registered charity**.

To be eligible, a **CCPC must** have had a **business limit**, for purposes of the small business deduction **greater than nil** for its most recent tax year ended prior to March 18, 2020 (or, if it had no taxation year ended before that date, would have had a business limit greater than nil if its taxation year ended on March 17, 2020).

For this purpose, the **reduction** to the business limit caused by the **passive income grind** (which commences when passive income exceeds $50,000) is **not considered.** However, a CCPC which had **no business limit for other reasons** (for example, its taxable capital, in combination with other associated corporations, exceeded $15 million; it was a member of an associated group of corporations and was not assigned any portion of the business limit; or it assigned its entire business limit to one or more other CCPCs under the specified corporate income rules) **would not qualify** for the subsidy.

A portion of **remuneration** (e.g. wages, salaries) **paid** to employees from **March 18, 2020 to June 19, 2020**, inclusive, will be recoverable by the employer. The legislation affords the government the ability to change several amounts that determine the availability of the subsidy. Items **in *italics*** are amounts that have been announced to date.

The subsidy will be equal to the **least of three amounts**, as follows:

- a fixed **maximum for each employer of *$25,000***. CRA has indicated that this amount is per employer and is not required to be shared between related or associated employers;
- a fixed percentage, being ***10%* of remuneration paid** to eligible employees during the period from March 18, 2020 to June 19, 2020; or
- the **number of eligible employees** employed during the period from March 18, 2020 to June 19, 2020, **multiplied by** a fixed amount, ***$1,375***.

Therefore, to get the maximum benefit of $25,000, the employer must have more than 18 employees with total wages no less than $250,000 during the period.

Application process
There is no formal application process. **Source deduction remittances for income tax**, but **not** for **CPP or EI**, can be reduced for the available subsidy, providing an **immediate cash flow** benefit to the employer. Presumably, there will be an eventual requirement to account for the subsidy claimed, possibly when T4 slips are prepared and filed in early 2021.

The legislation does not prevent salaries to the **owners** (or related persons) from being eligible for the subsidy. Note, however, that a **proprietor or partner** is not an employee of their unincorporated business, so **no subsidy** would be available for their work.

75% Canada Emergency Wage Subsidy (75% WS)
On March 27, 2020 the government announced a **75% wage subsidy program** for eligible employers for up to 12 weeks, retroactive to March 15, 2020. Unlike the 10% WS, the 75% WS is **not limited to smaller businesses.** However, a **significant reduction of revenue** is generally required to be eligible. The 75% WS also differs from the 10% WS in that it will be paid in cash to the employer.

Eligible employers
Eligible employers include **individuals**, **taxable corporations** (large and small), **partnerships** consisting of eligible employers, as well as **non-profit organizations** and **registered charities.** Unlike the 10% WS, individuals were not noted as "other than trusts", however it was not specifically stated that trusts would qualify, leaving the eligibility of trusts which have employees uncertain. **Public bodies** would **not** be **eligible** (including municipalities and local governments, Crown corporations, public universities, colleges, schools and hospitals).

30% revenue decrease
This subsidy would be available to eligible employers that see **a drop of at least 30%** of their **revenue.** However, only a 15% drop is required in respect of March as only some sales during that month were generally affected. The

employer will be required to formally attest that the required decline in revenue occurred. An employer's revenue for this purpose would be its **revenue from** its **business carried on in Canada** earned from **arm's-length sources**. Revenue would be measured either on the basis of **accrual accounting** (as they are earned) or **cash accounting** (as they are received), but the selected method would be required to be used for the entire duration of the program.

The taxpayer would have two options for comparing revenues. **Option 1** is to **compare** the **2019 to 2020** revenue **for the calendar month** in which the period began. **Option 2** is to compare the applicable month's revenue to the average revenue earned in **January and February 2020**. The selected method would be required to be used for the entire duration of the program. The wage subsidy received by the employer in a given month would not be considered revenue for purposes of these calculations.

Non-profit entities and **charities** will have the option to **include or exclude government funding** in calculating revenue, but again, the selected method must be used for all applicable months.

The table below outlines each **claim period** and the month for which a decline in revenue would be required:

	Claiming period	Reference period for eligibility
Period 1	March 15 to April 11	March 2020 over: • March 2019 or • Average of January and February 2020
Period 2	April 12 to May 9	April 2020 over: • April 2019 or • Average of January and February 2020
Period 3	May 10 to June 6	May 2020 over: • May 2019 or • Average of January and February 2020

Subsidy amounts
The subsidy for most **employees** on eligible remuneration paid between March 15 and June 6, 2020 would be the **greater of**:

- **75%** of **remuneration paid**, up to a **maximum** of **$847 per week**; and
- the **full remuneration paid**, up to a **maximum** of **$847 per week** or **75% of** the employee's **pre-crisis weekly remuneration**, whichever is less.

"Pre-crisis remuneration" will be the average weekly remuneration paid to the employee between January 1 and March 15, excluding any seven-day periods in respect of which the employee received no remuneration (so if an employee was hired on February 1, the lack of any remuneration in January would not reduce their pre-crisis remuneration).

In effect, employers may be eligible for a subsidy equal to 75% of the employee's pre-crisis wages or salaries, to a maximum of $847 per week, provided the employee is paid at least that amount during the subsidy period. **Employers** would be expected to make **"best efforts"** to **maintain** existing employees' **pre-crisis employment earnings**, however the documents acknowledge that some employers will be unable to top wages up to pre-crisis levels.

Eligible remuneration may include **salary, wages, taxable benefits** and other remuneration for which employers would generally be required to withhold or deduct amounts. However, it does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle.

There will be **no overall limit** on the subsidy amount that an eligible employer may claim.

New employees
For **new employees**, the subsidy will be **75% of salaries and wages** paid, not exceeding $847 per week.

Business owners and their family
The subsidy amount for these and other non-arm's length employees will be **limited** to the **eligible remuneration paid** up to a **maximum** benefit of **$847 per week** or **75%** of the employee's **pre-crisis weekly remuneration**.

In other words, if there was no **pre-crisis weekly remuneration**, **no 75% WS** would be **available** for these employees, regardless of whether wages were paid after March 15, 2020.

Application process
Application will be available through CRA's **My Business Account** portal as well as a web-based application. CRA recommends that businesses that haven't already registered for My Business Account should do so as soon as possible at https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html). Employers would have to keep records demonstrating

their reduction in arm's-length revenues and remuneration paid to employees.

On April 8, 2020, the Prime Minister announced that they are aiming to get the **program ready within 3 weeks**. The original target was 3-6 weeks from the April 1, 2020 announcement date.

CPP, EI, QPP

Employers eligible for the 75% WS will be entitled to receive a **100% refund for certain employer-paid contributions to EI, the CPP**, the Quebec Pension Plan, and the Quebec Parental Insurance Plan. This refund would **recover the entire amount of employer-paid contributions** in respect of remuneration paid to furloughed employees (no work whatsoever is done in the relevant week) in a period where the employer is eligible for the 75% WS in respect of that employee.

This refund would not be subject to the weekly maximum benefit per employee of $847. There would be no overall limit on the refund amount that an eligible employer may claim.

Repayments/penalties

Repayments will be required where the employer **does not meet** the eligibility **requirements** and pay their employees accordingly. In addition, **anti-abuse** rules will be proposed to ensure that the subsidy is not inappropriately obtained and that **employees are paid** the amounts they are owed. **Penalties** may apply in cases of **abusive or fraudulent claims**. The government is considering the creation of **new offences** that will apply to individuals, employers or business administrators who provide **false or misleading information** to obtain access to this benefit or who **misuse** any **funds** obtained under the program. These more severe penalties may include **fines or even imprisonment**.

Interaction with the 10% Temporary Wage Subsidy

For employers that are **eligible for both** the 75% WS and 10% WS for a period, any **benefit from the 10% WS** would generally **reduce the amount** available to be claimed under the **75% WS** in that same period. Therefore, reducing income tax withholdings on employee payroll remittances will allow businesses to benefit from a portion of the 75% WS earlier.

Interaction with the Canada Emergency Response Benefit

The Government has indicated that the **75% WS** is **not intended** to be available for periods when the employee has **also collected the Canada Emergency Response Benefit**. Adjustments to how these programs interact are being considered to encourage recently laid off workers to be re-hired.

Interaction with the Work-sharing Program

For employers and employees that are participating in a Work-sharing Program, **EI benefits received** by employees through the program **will reduce the 75% WS** that their employer is entitled to receive.

Employment Insurance Work-sharing Program

The Work-sharing Program, which provides **EI benefits** to **workers** who **agree** to **reduce their normal working hours** (from **a 10% to 60% reduction**) as a result of developments beyond the control of their employers, is not a new program. However, it has been broadened as a consequence of COVID-19.

In general, the employer must have experienced a recent decline in business activity of at least 10% to be eligible for the program, which means that many businesses who are experiencing a downturn due to COVID-19 should be eligible. Effective March 15, 2020, the maximum duration of such agreements was **extended from 38 weeks to 76 weeks**, eligibility requirements were eased, and the application process has been streamlined.

Eligibility

Employers and employees must agree to participate in work-sharing and **apply together**. The employer must:

- be a **year-round business** in Canada in **operation for at least 1 year;**
- be a **private business** or a **publicly held company**; and
- have at least **2 employees** in the work-sharing unit.

Also note that eligibility was also **extended to**:

- **Government Business Enterprises**, and
- **not-for-profit** employers experiencing a shortage of work due to a reduction of business activity **and/or** a reduction in revenue levels due to COVID-19.

Employees must:

- be **year-round**, **permanent**, full-time or part-time employees needed to carry out the day-to-day functions of the business ("core staff"),
- be **eligible to receive EI benefits**, and
- **agree to reduce their normal working hours** by the same percentage and to share the available work.

Employee eligibility was **also extended** to:

- **employees considered essential to the recovery** and viability of the business, which would include, for example:
  - technical employees engaged in product development;
  - outside sales agents; and
  - marketing agents.

Employee earnings
The employer **pays the wages** to employees for the hours they worked, as per normal, and then **notifies** the government through a **utilization report** of the work hours that employees missed. The **employees are paid directly from EI** for the percentage of their benefit rate that corresponds with the percentage of the work hours they missed.
For example, if the employee missed 50% of their normal weekly hours due to work-sharing, they would receive 50% of their benefit rate from EI. Their benefit rate will not be equivalent to their normal wages, as it is generally 55% of their average weekly earnings to a maximum of $573 per week (for 2020).

Also, the employer must **maintain all existing employee benefits**.

Application process
A simplified process and set of forms have been introduced. Employers **must complete these forms**:

- EMP5100 - Application for a Work-Sharing Agreement
- EMP5101 - Attachment A: Work-Sharing Unit Attachment

Previously, a **recovery plan** was required, however, it was replaced by a **single line of text** within the application. Also, the requirement that the application be **submitted at least 30 days prior** to the commencement of the program has been **eliminated**.

Finally, **weekly utilization reports** must be submitted to ensure the appropriate EI benefits are calculated and paid.

For full details on the program and application process, go to: https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus/employers-factsheet.html

Layoff considerations
Each of these programs assists employers to keep employees. This can be very useful in **facilitating a quick restart** or gearing-up of the business. **Factors** to consider when determining which program should be used, if any:

- the need to have **staff ready** when the business is **ready to re-start** or gear-up;
- the **magnitude of revenue decline**;
- whether the business will be **permanently closed**;
- the **programs** for which the employer is **eligible**;
- whether there is any work available for the employee to do;
- **how much payroll** needs to be **reduced**;
- **employment agreement conditions**, restrictions, and costs of termination; and
- staff and client **morale.**

In some situations, even the support provided may not be sufficient to avoid partial or complete layoffs. In such cases, terminated employees may be eligible for the **Canada Emergency Response Benefit**, discussed in the next section. Note that employees can be **retained with no working hours** and still be **eligible** for this benefit. This would afford an additional option for maintaining workers to be re-activated when the economy recovers.

Financing
On March 27, 2020, details of the **Business Credit Availability Program** were announced. It provides support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC). Both organizations will work with **private lenders** to **extend credit** for **businesses**. In many cases, financial institutions will reach out to their clients with details and the specific application process. In general, three programs are available:

- **Canada Emergency Business Account** (CEBA) **–** this provides **interest-free loans** of **up to $40,000** to **small businesses** and **not-for-profits** to help cover **operating costs** during a period where **revenues** have been **temporarily reduced**. To qualify, organizations will need to demonstrate they paid between $50,000 and $1 million in total payroll in 2019. **25%** of the **loan** will be **forgiven** where the loan is **repaid** by **December 31, 2022**. Applications through the borrower's financial institution should be available on **April 9, 2020**.

- **Loan guarantee for small and medium-sized enterprises –** EDC is working with financial institutions to issue new operating credit and cash flow term loans of up to $6.25 million to small and medium enterprises.

- **Co-lending program for small and medium-sized enterprises –** BDC is working with financial institutions to co-lend term loans to small and medium enterprises for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts of up to $6.25 million through the program.

Interested businesses should work with their current financial institutions.

Deferral of tax payment and filings

Income tax
Deadlines for **payment** of **corporate income tax** payable under Part I of the Income Tax Act that **become due on or after March 18, 2020** (also including instalments) and **before September 2020** are deferred to **September 1, 2020**. No interest will accumulate on these amounts during this period.

Taxpayers may **defer** a **number** of other **administrative tax actions** required under the Income Tax Act that are due after

March 18, 2020, until **June 1, 2020**. These include filing of income tax returns, forms, elections, designations, and responses to information requests. This includes **corporate income tax returns**.

Payroll and scientific research and experimental development (SR&ED)
Payroll deductions and all related activities **must** continue to **be done on time.** As well, the **extension does not apply** to **SR&ED** prescribed forms and investment tax credits including the **apprenticeship job creation tax credit**. These claims cannot be accepted if they are submitted later than 12 months after the due date of the related income tax return. CRA has no discretion in this regard.

GST/HST
A **GST/HST remittance deferral** is offered which would extend **until June 30, 2020** the time for:

- monthly filers to remit amounts collected for the February, March and April 2020 reporting periods;
- quarterly filers to remit amounts collected for the January 1, 2020 through March 31, 2020 reporting period; and
- annual filers, whose GST/HST return or instalment are due in March, April or May 2020, to remit amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

In other words, any GST/HST which would otherwise become payable at the end of March, April or May will instead be payable by June 30, 2020.

Finally, in respect of **customs duty and sales tax for importers**, the payment deadlines for statements of accounts for March, April, and May are being deferred to **June 30, 2020.**

See Appendix 2 of this document for a summary of deadlines and due dates.

INDIVIDUALS

A number of **measures** have been offered to individuals **based on** the number of individuals in their **family**, **employment/business status**, and **income levels.** These can be divided into the following categories: one-time payments, tax deferrals, employment insurance sickness benefits, the Canada Emergency Response Benefit and other supports.

One-time payments

Special GST Credit payment
A one-time special payment through the **Goods and Services Tax Credit** (GSTC) was to be made on April 9, 2020. This will double the maximum annual GSTC and result in an average payment for those benefitting by close to $400 for single individuals and close to $600 for couples. **Some individuals or families** whose "adjusted **income**" was **too high** to qualify **for** any **quarterly** GSTC **payments** will be **eligible for** this **one-time payment**. No application was required to receive the benefit.

Special Canada Child Benefit (CCB) payment
An additional Canada Child Benefit payment amount of **$300 per child** will be added to the May 2020 benefit cheque. Some families with children under age 18 who do not receive monthly benefits will be eligible for a one-time benefit in May.

Tax deferrals
Payment deadlines for income tax amounts that **become due on or after March 18, 2020** and **before September 2020** are deferred to **September 1, 2020.** This includes the June 15, 2020 instalment. No interest will accumulate on these amounts during this period.

Employment insurance (EI) sickness benefit
EI sickness benefits provide up to 15 weeks of income replacement and is available to eligible claimants who are **unable to work** because of **illness**, **injury** or **quarantine.** The government has enhanced access to this benefit by:

- **waiving** the **one-week waiting period** for new claimants who are quarantined that claim EI sickness benefits, effective March 15, 2020; and
- **waiving** the requirement to provide a **medical certificate.**

Note that sickness and regular EI benefits will be rolled into the Canada Emergency Response Benefit discussed below.

Canada Emergency Response Benefit (CERB)
The CERB will provide a **taxable benefit for up to four months** for workers who lose their income as a result of the COVID-19 pandemic but are not eligible for traditional EI. It will also cover sickness and regular EI claims made for periods commencing on or after March 15, 2020.

Amounts
These income support payments can be made for a maximum of 16 weeks. **$2,000** would be provided per 4-week period. The first 4-week period goes from March 15 to April 11, 2020. The CERB is **taxable** although tax will **not be deducted at source.** It must be reported as income for the 2020 tax year. CRA has indicated an **information slip** will be issued.

Eligibility
To receive the CERB, the applicant must be an **"eligible worker"**, meaning they must:

- be at least **15 years** of age;
- be **resident in Canada**;
- have **stopped working** because of COVID-19 or be eligible for EI regular or sickness benefits;

- be or expect to be without employment or self-employment income for at least 14 consecutive days in the four-week period; and
- for 2019 or in the 12-month period preceding the day on which they make an application, have had a **total income** of at **least $5,000** from:
    - employment;
    - self-employment;
    - certain EI benefits (maternity and parental benefits); and
    - allowances, money or other benefits paid to the person under a provincial plan because of pregnancy or in respect of the care by the person of one or more of their new-born children or one or more children placed with them for the purpose of adoption.

On April 6, 2020, the date applications for the CERB commenced, the government announced that **non-eligible dividends** would also count towards the **$5,000 prior income** eligibility requirement. Therefore, **owner-managers or their family members** compensated only by **non-eligible dividends** may be **eligible** for the CERB provided that the other requirements are met. Further, the **minimum $5,000 income** does **not have to be earned in Canada**, but the taxpayer needs to reside in Canada.

The worker, whether **employed or self-employed**, must **cease to work** for **reasons related to COVID-19** for **at least 14 consecutive days** within the four-week period (required to commence on a Sunday) in respect of which they apply for the payment. Specific examples of people who would be eligible were:

- workers who must stop working due to COVID-19 and do not have access to paid leave or other income support;
- 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 that are sick or need additional care because of school and daycare closures;
- workers who are still employed but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work; and
- wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for EI.

For the period of work cessation, the applicant **cannot receive income** from the **sources listed above** and cannot receive **any other EI benefits**. Further, **workers that quit** voluntarily are **not eligible**.

On April 7, 2020, the Prime Minister acknowledged that access to the CERB needed to be fine-tuned, including consideration of eligibility to those whose income was markedly reduced, but not eliminated.

Workers who are **not Canadian citizens or permanent residents –** including temporary foreign workers and international students **– may be eligible** to receive CERB if they meet the other eligibility requirements.

Interaction with the EI system

If an individual became eligible for **EI prior to March 15th**, the claim will be processed under the **pre-existing EI rules**. If the individual applied for EI regular or sickness benefits **on March 15, 2020 or later**, the claim will be automatically processed through the **CERB.** The CERB will pay **$500 per week**, **regardless** of what the individual may have been eligible to **receive through EI**. If still eligible for EI after the completion of CERB payments, individuals can receive normal EI benefits.

If the individual was eligible for **EI benefits** that started before March 15, 2020, and these benefits **end before October 3, 2020**, the individual may then **apply for the CERB** if they meet the eligibility requirements, including having stopped work because of reasons related to COVID-19. **EI** benefits **and** the **CERB cannot be paid** for the **same period.**

Application process

Applications commenced on April 6, 2020, and can be made through My Account or by using a dedicated automated phone line (1-800-959-2019 or 1-800-959-2041). Applicants need to provide their **contact information** and **Social Insurance Number**, and **confirm** that they meet the eligibility requirements. Individuals who have never filed a Canadian tax return must apply through CRA's General Enquiries Line, 1-800-959-8281. **Additional documentation** to verify eligibility may be required at a **future date. Payments** by direct deposit can be expected within **three business days** after application.

For the first week **of applications, CRA requested that applications be** made on specific days **of the week,** based on month of birth**, in order to minimize delays.**

Other support

Mortgage/debt support

The government has stated that Canada's large banks have confirmed that support will **include up to a 6-month payment deferral for mortgages** and the opportunity for relief on other credit products. Banks have affirmed their commitment to working with customers to **provide flexible solutions**, on a case-by-case basis, for managing through hardships caused by recent developments. This may include situations such as pay disruption, childcare disruption, or illness. Further, some banks have begun to offer reduced credit card interest rates.

Emergency Loan Program for Canadians Abroad

This provides the option of an **emergency loan** to **Canadians** in need of **immediate financial assistance** (of up to $5,000) to **return home** or to temporarily cover their **life-sustaining needs** while they work toward their return. Each application will be assessed according to their specific situation and needs. Eligible

Canadians currently outside Canada and needing help to return home can contact the nearest Government of Canada office (https://travel.gc.ca/assistance/embassies-consulates), Global Affairs Canada's 24/7 Emergency Watch and Response Centre in Ottawa at +1 613-996-8885 (collect calls are accepted where available), or email sos@international.gc.ca.

Student loans

A **six-month interest-free moratorium**, from March 30, 2020 to September 30, 2020, has been provided on the repayment of loans under the **Canada Student Act**, **Canada Student Financial Assistance Act**, and **Apprentice Loans Act** for all individuals currently in the process of repaying these loans.

Minimum RRIF withdrawal

In recognition of the substantial recent **value declines** in the investment markets, the **minimum withdrawal** from a RRIF or a money purchase pension plan **for 2020** (computed as a percentage of its value on January 1, 2020) has been **reduced by 25%.** No similar reduction is available for defined benefit individual pension plans.

This reduction will not be considered in determining whether withdrawals from a spousal RRIF attribute back to the other spouse or for purposes of certain benefits available to non-residents of Canada under income tax treaties.

OTHER FILINGS AND ADMINISTRATION

The following summarize administrative changes aimed at easing or delaying filing obligations and other CRA related activities. A summary of filing and payment deadlines is included in Appendix 2.

EFILE signatures

In order to reduce the necessity for taxpayers and tax preparers to meet in person, CRA will **recognize electronic signatures** as a temporary administrative measure. This provision applies to authorization forms T183 and T183CORP.

CRA audit and verification activity

On March 18, 2020, CRA stated that they will **not contact** any **small or medium 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. Interaction with taxpayers will be limited to high risk and exceptional cases, or cases of high-risk GST/HST refund claims which require some contact before they can be paid out. Other audits are temporarily suspended.

CRA collections

Collection activities on new receivables **have been suspended** until further notice, and **flexible payment arrangements** will be offered. As well, CRA has noted that, where **payments** or other **tax obligations** have been **missed** due to COVID-19, the **usual process** of **requesting penalties** and/or **interest** be **waived** is available. CRA has also temporarily suspended **requirements to pay** (RTP) sent to employers to require they withhold amounts for unpaid taxes from employees' remuneration.

CRA objections and appeals

Any objections related to Canadians' entitlement to **benefits** and credits have been identified as a **critical service** which will **continue** to be **delivered**. As a result, there should **not** be any **delays** associated with the processing of these **objections**.

With respect to **objections** related to **other tax matters** filed by individuals and businesses, CRA is currently **holding these accounts** in abeyance. **No collection action** will be taken with respect to these accounts during this period of time.

On March 27, 2020, CRA stated that for **any objection request due March 18 or later**, the deadline is effectively **extended until June 30, 2020**.

CRA Call Centres

The individual and benefit CRA call centres will continue to be open from 8 a.m. to 11 p.m. Monday to Friday and 9 a.m. to 5 p.m. on Saturdays (local time). Hours will be reduced for April 10-13 due to the holidays.

As fewer agents are available, assistance will **only** be provided for calls from those having **issues filing their 2019 income tax and benefit return**, getting their **benefit payments**, or those looking to **register for My Account**. Similarly, fewer staff will be available on the other call centre lines. Further, the call centres for debt management, charities, and national leads have been closed indefinitely.

FUTURE CHANGES

In many situations, the legislation behind these programs have been constructed in ways that allow the government to **make quick modifications** to criteria, amounts and timing. Further, over the next days and weeks, the specifics on some programs will be released.

Most of the details for these initiatives will be released on one of these four government webpages:

- **General –** https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/canadas-reponse.html
- **CRA –** https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update.html
- **Travel –** https://travel.gc.ca/assistance/emergency-info/financial-assistance/covid-19-financial-help

- **Employment and Social Development Canada –** https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html

Thank you very much. We appreciate you and want to support you as much as possible ver these challenging times.

Yours truly,

C. RALPH & ASSOCIATES

per:

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Practicing as a Professional Corporation

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APPENDIX 1

Federal Government Financial Relief Measures Related to COVID-19

This summary should be read in conjunction with the rest of this document (COVID-19 – Financial Relief for Canadians). It is only intended to be a general overview of the programs - specific details should be reviewed. Further, it should be noted that clarifications or modifications to the supports may have been released by the government since publication on April 8, 2020.

Businesses

Payroll	What?	How much is it worth?	Application process
10% Temporary Wage Subsidy	This subsidy is a 3-month measure targeting employers that are small businesses (including incorporated and unincorporated businesses), non-profit organizations and registered charities. Eligible employers will receive a wage subsidy accessible by reducing remittances of income taxes withheld as source deductions from their employees' remuneration.	The subsidy is equal to 10% of the remuneration paid from March 18 to June 19, 2020, capped at the lesser of $1,375 x the number of eligible employees and $25,000.	No need to apply - the employer calculates the subsidy when they remit payroll to CRA.
75% Canada Emergency Wage Subsidy	This subsidy is a 3-month measure which will permit employers experiencing a significant revenue decline (announced as 30%) to receive a subsidy for employee remuneration paid. This subsidy will be paid by the government to the employer. Eligible employers are to include businesses (both incorporated and unincorporated), non-profit organizations and registered charities, but not public sector entities. As of April 8, 2020, negotiations as to the final form of the subsidy were still being held.	The general principal is to encourage the employer to maintain workers at their pre-COVID-19 compensation levels. In general, the subsidy is intended to cover 75% of wages paid, with the employer covering the remaining 25%.	Applications will be taken through CRA's My Business Account portal and a web-based application. Businesses not already registered for the My Business Account service may wish to do so to be prepared when the application process becomes available.
Employment Insurance Work-sharing Program	This existing program provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers.	Reduce payroll costs by 10% to 60%.	Application required prior to commencing participation. Details online at https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus/employers-factsheet.html.

Loans	What?	How much is it worth?	Application process
Canada Emergency Business Account	Interest-free loans to small businesses and not-for-profits to help cover their operating costs during a period where their revenues have been temporarily reduced. To qualify, organizations will need to have paid between $50,000 and $1 million in total payroll in 2019.	Up to $40,000 loans. 25% of the loan will be forgiven where it is repaid by December 31, 2022.	Contact your lending institution.
Loan guarantee and co-lending program for small and medium-sized	Loans supported by Export Development Canada and the Business Development Bank of Canada will become available.	Up to $6.25 million in loans available from each of the two programs.	Contact your lending institution.

enterprises			

Deferral of Tax	What?	How much is it worth?	Application process
Deferral of corporate income tax	Payment of balances and instalments under Part 1 of the Income Tax Act due on or after March 18 and before September 1, will be due on September 1, 2020. No interest will accumulate on these amounts during this period.	Variable based on outstanding tax amount.	No need to apply - done automatically.
GST/HST & customs deferral	Payment of GST/HST payments, instalments or remittances due on March 27 and up to June 2020, will be due on June 30, 2020. Custom duties and GST on imports due for March, April and May 2020, will be due on June 30, 2020. No interest will accumulate on these amounts during this period.	Variable based on outstanding amount.	No need to apply - done automatically.

Individuals

One-time payments	What?	How much is it worth?	Application process
Special GST Credit payment	A one-time payment through the GST credit will be made on April 9.	Amount will double the maximum annual GST credit, resulting in an average payment for those benefitting by close to $400 for single individuals and close to $600 for couples. Some whose income was too high to qualify for regular payments will be eligible for this one-time payment.	No need to apply - based on tax returns filed for 2018.
Special Canada Child Benefit (CCB) payment	An additional one-time payment in May under the CCB program.	$300 per child for those currently receiving CCB payments. A reduced amount may be available to those whose income is too high to receive regular CCB payment.	No need to apply - based on tax returns filed for 2018.

Tax deferrals	What?	How much is it worth?	Application process
Deferral of personal income tax	Income tax amounts that become due on or after March 18, 2020 (also including instalments) and before September 2020 are deferred to September 1, 2020. No interest will accumulate on these amounts during this period.	Variable based on income tax outstanding.	No need to apply - done automatically.

Support for lost income	What?	How much is it worth?	Application process
Employment insurance (EI) sickness benefit	EI regular or sickness benefits are still available. The one-week waiting period for EI sickness has been waived for claimants who have been quarantined, as has the requirement to provide a medical certificate.	Unchanged from the past. If eligible for both EI and CERB, CERB will be paid first (regardless of whether it is higher or lower than EI) for the respective period. If still eligible for EI at the end of the CERB eligibility period, EI will be available as normal.	Applications for EI regular or sickness benefits for periods commencing on or after March 15 are being processed through CERB.
Canada Emergency Response Benefit (CERB)	A taxable benefit for eligible workers who have lost their income due to COVID-19.	$2,000/4 week period for up to 4 periods (16 weeks). Benefit is available from March 15 to October 3, 2020, divided into 7 periods.	Online through CRA's My Account portal or by automated phone service (1-800-959-2019 or 1-800-959-2041 if you have filed a tax return in the past) or call 1-800-959-8281, CRA's Enquiries Line, if you have never filed a tax return).

Other Support	What?	How much is it worth?	Application process
Mortgage support	Case-by-case support to assist with mortgage payments, including the possibility to defer up to six monthly mortgage payments (interest and penalty).	Variable based on outstanding mortgage.	Contact your lending institution.
Emergency Loan Program for Canadians Abroad	An emergency repayable loan to Canadians abroad in need of immediate financial assistance to return home or to temporarily cover their life-sustaining needs while they work toward their return.	Up to $5,000.	Go to https://travel.gc.ca/assistance/embassies-consulates, call Global Affairs Canada's 24/7 Emergency Watch and Response Centre in Ottawa at +1 613-996-8885 (collect calls are accepted where available), or email sos@international.gc.ca.
Student loans	Loan repayments and interest under the Canada Student Act, Canada Student Financial Assistance Act, and Apprentice Loans Act are suspended until September 30, 2020.	Variable based on outstanding loan.	No need to apply - done automatically. Borrowers should check with their provincial or territorial student loan provider to see if payment is required on the provincial or territorial portion.
Minimum RRIF withdrawal	The minimum withdrawal from a RRIF or a money purchase pension plan for 2020 (computed as a percentage of its value on January 1, 2020) will be reduced by 25%.	Tax on 25% reduction deferred until funds are withdrawn in the future.	Contact your financial institution for process to reduce withdrawals.

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APPENDIX 2

Tax Deadlines & Payments – Summary of Extensions*

	Filing Deadline	Payment Deadline
Individuals - 2019 tax year	June 1, 2020	September 1, 2020 (including June 15, 2020 instalment payment)
Individuals (**self-employed or spouse** of self-employed) **-** 2019 tax year	Unchanged **-** June 15, 2020	September 1, 2020 (including June 15, 2020 instalment payment)
Corporations - filing for current tax year	June 1, 2020 (for any corps whose returns would have been due after March 18 and before June 1, 2020)	September 1, 2020 (balances and instalments for most income tax amounts (Part 1 under the ITA) due on or after March, 18 and before September 2020)
GST/HST	Unchanged. However, CRA has stated that they won't impose penalties where a return is filed late provided that it is filed by June 30th. No relief has been announced for any other GST/HST filings, such as elections or rebate claims.	June 30, 2020 (amounts due March 27 to June 30)
Trusts - for current tax year (including the associated T3 information return)	May 1, 2020 (trusts with tax year end of December 31, 2019) June 1, 2020 (trusts that would otherwise have a filing due date in April or May)	September 1, 2020 (balances and i instalments due from March 18 to September 1, 2020)
Charities	December 31, 2020 (charities with T3010 due between March 18 and December 31)	N/A
PART XIII non-resident tax - 2019 NR4 information return	May 1, 2020	Unchanged **-** 15th of each month following an amount paid or credited by residents of Canada to non-resident persons
2019 **T5013 Partnership Information Return**	May 1, 2020	N/A
2019 **NR4 Information Returns**, Statement of Amounts Paid or Credited to Non-Residents of Canada information return	May 1, 2020	N/A
Other information returns (for example, T1134, T1135, T2054 and T2057)	June 1, 2020 (returns, elections, designations and information requests that would otherwise be due after March 18, 2020, and before June 2020, unless CRA specifically noted as having a different deadline)	N/A
Payroll remittances	Unchanged	
Scientific Research and Experimental Development (SR&ED)	Unchanged	
Apprenticeship Job Creation Tax Credit and other Investment Tax Credits	Unchanged	

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Provincial Income Tax Filings

	Filing Deadline	Payment Deadline
Most provinces and territories	With the exception of Quebec (which has separate income tax filings for all taxpayers) and Alberta (which has separate corporate income tax filings), the provinces' income tax filings are incorporated in the tax returns filed with, and administered by, the Canada Revenue Agency. Alberta and Quebec have announced exceptions similar to the Federal extensions, as set out above below.	
Alberta - Corporations - filing for current tax year	June 1, 2020 (for any corporations that would have had a due date after March 18 and before June 1, 2020)	August 31, 2020
Quebec - Individuals - 2019 tax year	June 1, 2020	September 1, 2020 (including June 15, 2020 instalment payment)
Quebec - Corporations - filing for current tax year	June 1, 2020 (for any corporations that would have had a due date between March 17 and May 31)	September 1, 2020 (balances and instalments due between March, 17 and August 31)
Quebec - Partnership Information Return	May 1, 2020*	
Quebec - GST/HST and QST	Unchanged. No penalty will be levied if filed by June 30, 2020, for returns due between March 27 and June 1.	June 30, 2020 (balances and instalments related to returns normally filed between March 27 and June 1)

* Quebec originally announced a due date of March 31, 2020, but subsequently extended the deadline to May 1, 2020, to follow the Federal extensions.

Other Administrative Deadlines

CRA Audits	For the vast majority of businesses, CRA will temporarily suspend audit interaction with taxpayers and representatives. Interaction with taxpayers will be limited to high risk and exceptional cases, or cases of high risk. GST/HST refund claims which require some contact before they can be paid out. Other audits are temporarily suspended.
Responses to CRA information requests	Extended to June 1, 2020 (related to administrative tax actions due after March 18 to June 1, 2020)
CRA objections and appeals	The deadline for objections that are due March 18, 2020 or later is deferred to June 30, 2020. Objections related to benefits and credits should not be delayed, as entitlement to these are a critical service which will continue to be delivered. Objections on other matters will be held in abeyance.
CRA Collections	Collection activities on new receivables will be suspended until further notice.
Requirements to pay (RTP) currently in place	Remittances are not required until further notice. RTPs received during the week of March 23, 2020 should not be actioned.

*As of April 8, 2020

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The preceding information is for educational purposes only. As it is impossible to include all situations, circumstances and exceptions in a newsletter such as this, a further review should be done by a qualified professional.

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