

THE GOVERNMENT OF CANADA'S COVID-19 ECONOMIC RESPONSE PLAN

As of April 5, 2020

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SUPPORT FOR INDIVIDUALS

A. Canada Emergency Response Benefit (CERB)

The personal taxable benefit would provide \$2,000 a month for up to four months for workers who lose their income as a result of COVID-19.

Who does this apply to?

- a) Workers residing in Canada, who are at least 15 years old;
- b) Workers who have stopped working because of COVID-19 or are eligible for Employment Insurance regular or sickness benefits;
- c) Workers who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; it should be noted that non-eligible dividends will count towards the income requirement; and
- d) Workers who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period.

The CERB is only available to individuals who stopped work and are not earning employment or self-employment income as a result of reasons related to COVID-19. If you have not stopped working because of COVID-19, you are not eligible for the CERB.

How to apply?

Individuals may apply for payment for any four-week period falling within the period beginning March 15, 2020 and ending on October 3, 2020. No application may be made after December 2, 2020.

Canadians who have applied for Employment Insurance (“EI”) after March 18, 2020 and before the announcement of the CERB program **DO NOT** need to reapply under the new CERB as you will be automatically signed up as of April 6, 2020.

Application process begins the week of Monday, April 6, 2020. Guidelines when you can apply are as follows:

If you were born in the month of:	Day to apply for CERB	Best day to apply
January, February or March	Mondays	April 6
April, May, or June	Tuesdays	April 7
July, August, or September	Wednesdays	April 8
October, November, or December	Thursdays	April 9
Any month	Fridays, Saturdays and Sundays	

Register online – login to My Account for Individuals and signing up for direct deposit:

<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>

Register by phone - 1-800-959-2019 or 1-800-959-2041

When will payment be received?

Canadians would begin to receive their CERB payments within 10 days of the application. The CERB would be paid every four weeks and be available from March 15, 2020 until October 3, 2020. Individuals receiving the CERB will be required to confirm once every four-week period that they remain unemployed due to COVID-19.

Website link:

<https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html>

B. EI Work-Sharing (WS) program enhancements

Work-Sharing (WS) is a program that helps employers and employees avoid layoffs when there is a temporary decrease in business activity beyond the control of the employer. The program provides EI benefits to eligible employees who agree to reduce their normal working hours and share the available work while their employer recovers.

Effective March 15, 2020 to March 14, 2021, and not limited to one specific sector or industry, the Government of Canada is introducing temporary special measures:

- a) Extend the qualifying weeks for the EI WS program from 38 to 76 weeks;
- b) Waive the mandatory waiting period between agreements for employers who already use the WS program;
- c) Reduce the previous recovery plan requirements to a single line of text in the application form; and
- d) Able to submit applications 10 calendar days prior to the requested start date rather than 30 days.

Who does this apply to?

For employers and their employees willing to participate in the program as long as the employer can demonstrate a decrease of at least 10% in sales and/ or production levels directly or indirectly related to the impact of COVID-19.

How to apply?

In general, the WS program is for eligible employers and their employees where the employer can demonstrate a recent decline in business activity of at least 10%, and a temporary decrease of employee hours of work in the range of 10% to 60%. Note that there are multiple eligibility criteria that must be met for both the employer and the employees. Temporary measures are available where the decrease is directly or indirectly related to the impact of COVID-19.

Website links:

Temporary special measures

<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html#work-share>

General information about the WS program

<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html#work-share>

Applicant guide

<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html#work-share>

C. GST Credit (GSTC)

An extra payment amount will automatically be paid to those individuals that normally receive the GST/HST credit and have filed a 2018 tax return.

Who does this apply to?

Anyone who already receives the GSTC based on the 2018 taxation year will automatically apply.

How much is the increase?

The maximum amounts for the 2019-2020 benefit year will increase from:

- \$443 to \$886 if you're single
- \$580 to \$1,160 if you're married or living common-law
- \$153 to \$306 for each child under the age of 19 (excluding the first eligible child of a single parent)
- \$290 to \$580 for the first eligible child of a single parent.

This one-time GST credit begins phasing out at 5 cents for every dollar of family income earned in 2018 over \$37,789.

How to apply?

There is no need to apply for this payment. If you are eligible, you will get it automatically receive this amount in the same manner you currently receive your payment.

When will payment be received?

Payments will be issued on April 9, 2020.

D. Enhanced Canada Child Benefit (CCB)

This one-time payment is set to pay an additional amount of \$300/child.

Who does this apply to?

Anyone who already receives the CCB based on the 2018 taxation year.

How to apply?

Those who already receive the CCB do not need to re-apply; the increase will automatically be deposited in the same manner as your current payment.

When will payment be received?

Families that receive the CCB will get the extra \$300 per child as a single payment in May.

E. Canada student loan payments and apprentice loan payments

A six-month principal and interest-free moratorium on the repayment of Canada student loans and apprentice loans for all individuals currently in the process of repaying these loans. There will be no accrual of interest during this period.

Who does this apply to?

Anyone who currently pays Canada student loans or apprentice loans.

How to apply?

During the period from March 30, 2020 to September 30, 2020, no need to apply as all repayments, both interest and principal, will be suspended including pre-authorized payments. All payments will resume on or after September 30, 2020.

Check your provincial student loan program, as most provinces are following the Canada student loan moratorium.

F. Canada Mortgage & Housing Protection Program

Offering tools to lenders that can assist homeowners who may be experiencing financial difficulty.

Who does this apply to?

Anyone who holds a mortgage.

How to apply?

This is effective immediately. Tools to include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.

Individuals can contact their bank or lender; this will be on a case-by-case basis. 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.

Website links:

Dealing with mortgage payment difficulties:

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/mortgage-loan-insurance/the-resource/dealing-with-mortgage-payment-difficulties>

Mortgage deferrals:

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/mortgage-loan-insurance/the-resource/covid19-understanding-mortgage-payment-deferral>

G. Personal income tax return and payment deferral

Tax return deferral – Individuals who file a personal tax return, the personal tax return due date is deferred from April 30, 2020 to June 1, 2020.

Tax payment deferral – Individuals with personal income tax payments (including 2020 tax installments) that become owing on or after March 18, 2020 and before September 1, 2020 the personal tax payment due dates deferred to September 1, 2020.

If you expect to receive benefits under GSTC or Canada Child Benefit you are encouraged to NOT delay the filing to ensure your entitlements for 2020-21 are properly determined.

How to apply?

- No application required.
- No penalties or interest will apply to any tax returns filed or payments made on or before the extended due dates.

H. Trust tax return and payment deferral

Tax return deferral – Persons with trust tax returns due prior to May 1, 2020, the trust tax return due date deferred to May 1, 2020.

Tax payment deferral – Persons with trust income tax payments (including 2020 tax installments) that become owing on or after March 18, 2020 and before September 1, 2020, the Trust tax payment due dates deferred to September 1, 2020.

How to apply?

- No application required.
- No penalties or interest will apply to any tax returns filed or payments made on or before the extended due dates.

I. Other tax returns and forms

Persons filing other tax returns and forms required under the Income Tax Act (ITA) that are due after March 18, 2020 and before June 1, 2020.

Other returns and forms due dates deferred to June 1, 2020 included in this measure:

- Filing a tax return.
- Filing an information form.
- Filing an election form or return.
- Filing designations.
- Providing responses to information requests

How to apply?

- No application required.
- No tax deferral payment provided in announcement

J. Notice of Objection

For persons filing a notice of objection with a due date on or after March 18, 2020 and before July 1, 2020. Notice of objection due date is effectively extended until June 30, 2020.

How to apply?

- No application required.

K. Minimum Registered Retirement Income Fund (RRIF) withdrawals

Those required to withdraw minimum amounts from their RRIF for 2020. Required minimum withdrawals is reduced by 25% for 2020.

Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.

How to apply?

- Effective immediately.
- Contact your financial advisor.

SUPPORT FOR BUSINESSES

L. Business wage subsidy (separate from the Canada Emergency Wage Subsidy (CEWS) – see below)

Up to 10% of an employee's wage for a period of 3 months, up to a maximum of \$1,375 per employee and \$25,000 per employer.

Employer maximum not shared within an associated group.

CCPCs are not eligible if associated taxable capital employed in Canada for the preceding taxation year is \$15 million or more.

CCPCs must have a small business deduction (SBD) limit greater than NIL for its last taxation year that ended before the start of the eligible period (this requirement ignores the reduction of the SBD resulting from adjusted aggregate investment income (AII)).

Who does this apply to?

Eligible employers – individuals (excluding trusts); partnerships (all members – CCPCs, individuals, partnerships or reg. charities); non-profit organizations; registered charities; and Canadian controlled private corporations (CCPCs).

Eligible employer must employ one or more eligible employees (employed in Canada); have an existing business number and payroll account with the CRA on March 18, 2020; and pay salary, wages, bonuses, or other remuneration to an eligible employee.

Applies for the period of March 18 to June 19, 2020.

Manual subsidy calculation performed by employer, and monthly remittance to the CRA reduced by amount of calculated subsidy.

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.

How to apply?

Subsidy reduces remittances of federal, provincial and territorial income tax withheld on the employees' remuneration. Subsidy does not reduce remittance of Canada Pension Plan or Employment Insurance.

The wage subsidy received by an employer would be considered government assistance and be included in the employer's taxable income.

Website link:

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

Frequently asked questions

<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h2>

M. Canada Emergency Wage Subsidy (CEWS) (announced by the Department of Finance on April 1, 2020)

Subsidy under CEWS will be on the first \$58,700 earned by employees, which can result in an amount up to \$847/week (\$58,700 x 75% / 52 weeks).

Program will be in place for a 12-week period from March 15, 2020 to June 6, 2020.

A special rule will apply to employees that do not deal at arm's length with the employer to restrict the amount of the subsidy to prevent sudden arbitrary increases in pay during the 12-week period.

Eligible remuneration may include salary, wages and other remuneration but excludes severance pay, stock option benefits and personal use of a corporate vehicle.

No overall limit on the subsidy amount that an eligible employer may claim.

CEWS benefits will be in the form of a direct payment from the CRA.

Who does this apply to?

Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May 2020 when compared to same month in 2019.

An employer's revenue would be considered business revenue from arm's length sources in Canada.

Eligible employers would include individuals, taxable corporations, and partnerships consisting of eligible employers; as well as, non-profit organizations and registered charities.

Municipalities and local governments, crown corporations, public universities, colleges, schools and hospitals would not be eligible.

Amount of subsidy

The subsidy amount for a given employee on eligible remuneration paid between March 15 and June 6, 2020 would be the greater of:

- 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
- 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.

Further guidance with respect to how to define pre-crisis weekly remuneration for a given employee will be provided in the coming days.

In effect, employers may be eligible for a subsidy of up to 100% of the first 75% of pre-crisis wages or salaries of existing employees. These employers would be expected where possible to maintain existing employees’ pre-crisis employment earnings.

Employers will also be eligible for a subsidy of up to 75% of salaries and wages paid to new employees.

Eligible remuneration may include salary, wages, and other remuneration. These are amounts for which employers would generally be required to withhold or deduct amounts to remit to the Receiver General on account of the employee’s income tax obligation. However, it does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle.

A special rule will apply to employees that 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 June 6, 2020, up to a maximum benefit of \$847 per week or 75% of the employee’s pre-crisis weekly remuneration.

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

Employers must make their best effort to top-up employees’ salaries to bring them to pre-crisis

Eligible periods

Eligibility would generally be determined by the change in an eligible employer’s monthly revenues, year-over-year, for the calendar month in which the period began. The table below outlines each claiming period and the period in which it has a decline in revenue of 30 per cent or more.

Eligible Periods

	Claiming period	Reference period for eligibility
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

How to apply?

Access the CEWS by applying through the Canada Revenue Agency's (CRA) My Business Account online portal. The application process is estimated to be functioning within 3 – 6 weeks from April 1, 2020.

Employer required to attest to the decline in revenue and maintain supporting documents.

An employer would not be eligible to claim the CEWS for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the CERB.

For employers that are eligible for both the CEWS and the 10% business wage subsidy for a period, any benefit from the 10% business 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.

Those organizations that do not qualify for the CEWS can still qualify for the previously announced wage subsidy (see Business wage subsidy above).

Recommend that employers get set up for direct deposit to speed up the receipt of funds once the system is in place.

Employers may be required to repay amounts paid under the CEWS if they do not meet eligibility requirements. Penalties, fines or even imprisonment may apply in cases of fraudulent claims (more details to follow).

This subsidy would be considered government assistance and be included in the employer's taxable income (as well as reduce various federal tax credits).

Website link:

<https://www.canada.ca/en/department-finance/news/2020/04/the-canada-emergency-wage-subsidy.html>

N. Corporate income tax return and payment deferral

Corporate tax return due date deferred to June 1, 2020. Corporations that owe Part I income tax balances or income tax installments on or after March 18, 2020 and before September 1, 2020 have until September 1, 2020 to remit these amounts.

No penalties or interest will apply to any tax returns filed or payments made on or before the extended due dates.

Who does it apply to?

Tax return deferral – Corporations with an income tax return due date after March 18, 2020 and before June 1, 2020.

Tax payment deferral – Persons with corporate income tax payments (including 2020 tax installments) that become owing on or after March 18, 2020 and before September 1, 2020 (the CRA currently reports deferral of Part I tax only).

How to apply?

Tax return deferral - no application required.

Tax payment deferral - no application required.

Defer any payments without any penalties or interest.

O. GST, HST & customs duties on imports

GST/HST payments, installments or remittances that become owing on or after March 27, 2020 and before June 2020. The GST, HST, customs duties & GST on imports tax payments can be deferred until June 30, 2020.

Customs duties and GST on imports due for March, April and May 2020.

No interest will apply to any tax payments made on or before the extended due date. Registrants should sign up for direct deposit through My Business Account in order to receive their refunds.

How to apply?

Payments of GST, HST, customs duties and GST on imports deferral – no application required.

Filing of GST/HST return (GST34) must still be submitted when due – no deferral.

Excise taxes and duties are not currently deferred and are still required to be remitted by their prescribed due dates.

Website link:

<https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html>

P. Business Credit Availability Program (BCAP)

The BDC will participate in a co-lending program with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts up to \$6.25 million with BDC's portion of this program up to \$5 million maximum per loan.

EDC will guarantee new operating credit and cash flow term loans that financial institutions extend to SMEs up to \$6.25 million.

Who does it apply to?

Largely targeted to small and medium-sized businesses (SMEs).

How to apply?

The program will further support financing in the private sector through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

Financial institutions will conduct the underwriting and manage the interface with their customers.

Website links

Support provided by the BDC:

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

Support provided by the EDC:

<https://www.edc.ca/>

The near-term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada:

<https://www.fcc-fac.ca/en/covid-19.html>

Q. Canada Emergency Business Account (CEBA)

Interest-free loans of up to \$40,000.

Repayment of the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000).

Who does this apply to?

For small businesses and not-for-profits to help cover operating costs. To qualify, employer must demonstrate paid between \$50,000 to \$1 million in total payroll for 2019.

How to apply?

Details regarding application process to be provided by financial institutions. Contact financial institutions directly to apply for these loans.

Website link:

<https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html>