

Summary of **Canada's COVID-19 Economic Response Plan**

For additional information and other initiatives, click on the link above or go to <https://www.canada.ca/en/department-finance/economic-response-plan.html>.

- Canada Emergency Response Benefit
- Canada Emergency Student Benefit
- Canada Child Benefit special payment
- GST tax credit special payment
- Extra time to file income tax returns and extension of payment
- Repayment of Canada student loans deferred
- RRIF minimum withdrawal changes
- Canada Emergency Business Account
- Temporary wage subsidy for employers
- Canada Emergency Wage Subsidy

CANADA EMERGENCY RESPONSE BENEFIT (CERB)

The Canada Emergency Response Benefit (CERB) legislation combines the previously announced “Emergency Care Benefit” and the “Emergency Support Benefits”

While continuing to focus on those not eligible for traditional employment insurance (EI) the actual legislation now provides coverage to a larger group of people than originally announced.

Who is Eligible?

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; and,
- Who have not quit their job voluntarily.

When submitting your first claim, you 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 your claim.

When submitting subsequent claims, you cannot have earned more than \$1,000 in employment and/or self-employment income for the entire four-week benefit period of your new claim.

CANADA CHILD BENEFIT (CCB)

Eligibility Criteria

All families eligible for **monthly CCB benefits** based on their 2018 personal income tax returns will receive an **extra benefit** as part of their **May 2020** benefit payment. Some other families with children under age 18 who do not receive monthly benefits will be eligible for a one-time benefit in May.

Benefits

For families receiving monthly benefits, the **May benefit** will be **enhanced by \$300 per child** under age 18. Families receiving **no monthly benefits** may receive a **portion** of this enhancement, depending on their income levels.

How to apply

No application is required as it will be **based on income tax returns filed for 2018**.

GOODS AND SERVICES TAX CREDIT (GSTC)

Eligibility Criteria

Any individual eligible for the quarterly GSTC based on their 2018 personal income tax filings will be eligible for an **additional payment in May 2020** (or earlier as designated by the Finance Minister). Others may be eligible for a one-time payment, even if their income is too high to receive quarterly payments.

Benefits

The one-time payment will **depend on family structure** (if the recipient is married or single and number of children in the household). The benefit is income-tested and will be reduced when "adjusted income" exceeds \$37,789.

How to apply

No application is required. The payment will be calculated by CRA based on income tax returns filed for 2018.

EXTRA TIME TO FILE INCOME TAX RETURNS AND DEFER PAYMENT

Extension of the filing due date for the 2019 tax returns of individuals.

For **individuals (other than trusts)**, the return **filing due date will be deferred until June 1, 2020**. Any new **income tax balances due, or instalments, to be deferred until after August 31, 2020 without incurring interest or penalties**

For **businesses**, to defer, until after **August 31, 2020**, the payment of any income tax amounts that become owing on or after **March 18** and before **September 2020**.

This relief would apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act*. No interest or penalties will accumulate on these amounts during this period.

REPAYMENT OF CANADA STUDENT LOANS DEFERRED

A moratorium on the repayment of Canada Student Loans

Effective March 30, we are placing a six-month interest-free moratorium on the repayment of Canada Student Loans for all student loan borrowers. No payment will be required, and interest will not accrue during this time.

Students do not need to apply for the repayment pause.

REGISTERED RETIREMENT INCOME FUND (RRIF) MINIMUM 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) will be **reduced by 25%**.

CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

News release

June 15, 2020 - Ottawa, Ontario - Department of Finance Canada

The Government of Canada is taking immediate, significant and decisive action through Canada's COVID-19 Economic Response Plan to support Canadians and businesses facing difficult challenges as a result of the global COVID-19 outbreak. Small businesses in particular continue to face economic hardship and uncertainty during the COVID-19 pandemic.

Today, Minister of Finance Bill Morneau announced that as of Friday, June 19, 2020, applications will be accepted so that more small businesses can access the Canada Emergency Business Account (CEBA). This means that owner-operated small businesses that had been ineligible for the program due to their lack of payroll, sole proprietors receiving business income directly, as well as family-owned corporations remunerating in the form of dividends rather than payroll will become eligible this week.

To qualify under the expanded eligibility rules, CEBA applicants with payroll lower than \$20,000 will need:

- A business operating account at a participating financial institution
- A Canada Revenue Agency business number
- A 2018 or 2019 tax return; and
- Eligible non-deferrable expenses of between \$40,000 and \$1.5 million.

Eligible businesses will qualify for financing of up to \$40,000, with 25 per cent of this being forgivable based on the current terms of CEBA loans. Businesses can contact their primary financial institution for more information or to apply directly for CEBA. More information on the expanded CEBA can be found on the program's website.

TEMPORARY WAGE SUBSIDY (TWS)

This measure, initially announced as part of the March 18, 2020 Economic Response Plan (ERP), provides eligible employers with a temporary wage subsidy for a period of **three months**. The subsidy was announced to be **10% of remuneration paid** during that period, up to certain **per employee and per employer maximums**. Businesses were to benefit immediately from this support by **reducing their remittances of income tax** withheld from their employees' remuneration. Remittances for **CPP and EI cannot be offset** by the subsidy.

Eligibility Criteria

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

- **employ** one or more **individuals in Canada** ("eligible employees")
- was **registered**, with a business number and a **payroll remittance account**, on March 18, 2020; and
- be any of the following:
 - **most Canadian-controlled private corporations** (CCPCs), based on eligibility for the small business deduction (see below)
 - an **individual** (other than a trust)
 - a **partnership**, all members of which are entities described in (i), (ii), (iii) or (v) (it is not clear why (iv) is excluded)
 - a **non-profit organization** (exempt from income tax pursuant to Subsection 149(1)(l))
 - a **registered charity**.

Eligibility for a **CCPC requires** that the CCPC 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 has no taxation year ended before that date, would have a business limit greater than nil if its taxation year ended on March 17, 2020).

Benefits

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 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**.

How to apply

No application process has been released. Any subsidy to which the employer is entitled is deemed to have been remitted as a payroll remittance for income taxes withheld from the employees' remuneration. In other words, **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.

Other notes

The initial announcements did not include individuals or partnerships as employers eligible for this benefit, an exclusion which was the subject of considerable commentary. They are included in the legislation.

The legislation does not provide any exclusion for **owners of the employer** or **persons related to the employer**, so their remuneration **should be eligible**. Note, however, that a **proprietor or partner** is not an employee of their unincorporated business, so **no subsidy** would be available for their work.

CANADA EMERGENCY WAGE SUBSIDY (CEWS)

As a Canadian employer whose business has been affected by COVID-19, you may be eligible for a subsidy of 75% of employee wages for up to 24 weeks, retroactive from March 15, 2020, to August 29, 2020.

This wage subsidy will enable you to re-hire workers previously laid off as a result of COVID-19, help prevent further job losses, and better position you to resume normal operations following the crisis.

Who is an Eligible Employer?

To be eligible to receive the wage subsidy, you must:

- be an eligible employer
- have experienced an eligible reduction in revenue, and
- have had a CRA payroll account on March 15, 2020

WARNING: It is impossible to include all situations, circumstances and exceptions in this summary. You are advised to further review your individual situation with a qualified professional. No individual or organization involved in either the preparation or distribution of this information accepts any contractual, tortious, or any other form of liability for its contents or for any consequences arising from its use.