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IMPACT CPAs LLP/ChimSeto CPAs LLP, Ontario limited liability partnerships.

Dear Clients,

Just wanted to share the highlights **in yellow** of today's announcements from the Prime Minister and Finance Minister... [中文简短翻译在最后](#)。

At this difficult time, let's stay connected and support each other as fellow Canadians.

Take care!

Canada's COVID-19 Economic Response Plan: Support for Canadians and Businesses

Backgrounder

The Government of Canada is taking immediate, significant and decisive action to help Canadians facing hardship as a result of the COVID-19 outbreak.

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

Support for Canadians

Temporary Income Support for Workers and Parents

For Canadians without paid sick leave (or similar workplace accommodation) who are sick, quarantined or forced to stay home to care for children, the Government is:

- **Waiving the one-week waiting period** for those individuals in imposed quarantine that **claim Employment Insurance (EI) sickness benefits**. This temporary measure is in effect as of March 15, 2020.
- **Waiving the requirement to provide a medical certificate** to access EI sickness benefits.

- Introducing the **Emergency Care Benefit providing up to \$900 bi-weekly, for up to 15 weeks**. This flat-payment Benefit would be administered through the Canada Revenue Agency (CRA) and provide income support to:
 - Workers, including the self-employed, who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.
 - Workers, including the self-employed, who are taking care of a family member who is sick with COVID-19, such as an elderly parent, but do not qualify for EI sickness benefits.
 - **Parents with children who require care or supervision due to school closures, and are unable to earn employment income, irrespective of whether they qualify for EI or not.**

Application for the **Benefit will be available in April 2020**, and require Canadians to attest that they meet the eligibility requirements. They **will need to re-attest every two weeks to reconfirm their eligibility**. Canadians will select one of three channels to apply for the Benefit:

1. by **accessing it on their CRA MyAccount** secure portal;
2. by accessing it from their secure My Service Canada Account; or
3. by **calling a toll free number** equipped with an automated application process.

Longer-Term Income Support for Workers

For Canadians who lose their jobs or face reduced hours as a result of COVID's impact, the Government is:

- Introducing an **Emergency Support Benefit** delivered through the CRA to provide up to \$5.0 billion in support to workers who are not eligible for EI and who are facing unemployment.
- Implementing the **EI Work Sharing Program**, which provides EI benefits to workers who agree to reduce their normal working hour as a result of developments beyond the control of their employers, by **extending the eligibility of such agreements to 76 weeks**, easing eligibility requirements, and streamlining the application process. **This was announced by the Prime Minister on March 11, 2020.**

Income Support for Individuals Who Need It Most

For over 12 million low- and modest-income families, who may require additional help with their finances, the Government is proposing to provide a **one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC)**. This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The average boost to income for those benefitting from this measure will be close to **\$400 for single** individuals and close to **\$600 for couples**. This measure will inject \$5.5 billion into the economy.

For over 3.5 million families with children, who may also require additional support, the Government is proposing to **increase the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year**, by \$300 per child. The overall increase for families receiving CCB will be approximately \$550 on average; **these families will receive an extra \$300 per child as part of their May payment**. In total, this measure will deliver almost \$2 billion in extra support.

Together, the proposed enhancements of the GSTC and CCB will give a single parent with two children and low to modest income nearly \$1,500 in additional short-term support.

To ensure that certain groups who may be vulnerable to the impacts of COVID-19 have the support they need, the Government is proposing targeted help by:

- Providing \$305 million for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.
- **Placing a six-month interest-free moratorium on the repayment of Canada Student Loans** for all individuals currently in the process of repaying these loans.
- Reducing required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020, in recognition of volatile market conditions and their impact on many seniors' retirement savings. This will provide flexibility to seniors that are concerned that they may be required to liquidate their RRIF assets to meet minimum withdrawal requirements. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.
- Providing the Reaching Home initiative with \$157.5 million to continue to support people experiencing homelessness during the COVID-19 outbreak. The funding could be used for a range of needs such as purchasing beds and physical barriers for social distancing and securing accommodation to reduce overcrowding in shelters.
- Supporting women and children fleeing violence, by providing up to \$50 million to women's shelters and sexual assault centres to help with their capacity to manage or prevent an outbreak in their facilities. This includes funding for facilities in Indigenous communities.

Flexibility for Taxpayers

In order to provide greater flexibility to Canadians who may be experiencing hardships during the COVID-19 outbreak, the Canada Revenue Agency will defer the filing due date for the 2019 tax returns of individuals, including certain trusts.

- **For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020.** However, the Agency encourages individuals who expect to receive benefits under the GSTC or the Canada Child Benefit not to delay the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.
- **For trusts** having a taxation year ending on December 31, 2019, the return **filing due date will be deferred until May 1, 2020.**

The Canada Revenue Agency will allow all taxpayers to **defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today 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. **(Not on non-resident Part XIII withholding taxes or HST due)**

In order to reduce the necessity for taxpayers and tax preparers to meet in person during this difficult time, and to reduce administrative burden, effective immediately the Canada Revenue

Agency will recognize electronic signatures as having met the signature requirements of the *Income Tax Act*, as a temporary administrative measure. This provision applies to authorization forms T183 or T183CORP, which are forms that are signed in person by millions of Canadians every year to authorize tax preparers to file taxes.

The Canada Revenue Agency is adapting its Outreach Program to support individuals during COVID-19. Through this service, the Canada Revenue Agency offers help to individuals to better understand their tax obligations and to obtain the benefits and credits to which they are entitled. Traditionally available in-person, this service is now available over the phone, and through webinar, where possible.

The Canada Revenue Agency fully expects that many community organizations are considering whether to significantly reduce or perhaps cancel the provision of services provided under the Community Volunteer Income Tax Program. Additional efforts to encourage individuals to file their tax and benefit returns electronically, or where possible, through the File My Return service, will be put forward.

Role of Financial Institutions

The Minister of Finance is in regular contact with the heads of Canada's large banks, and continues to encourage them to show flexibility in helping their customers whose personal or business finances are affected by COVID-19. The Superintendent of Financial Institutions has also made clear his expectation that banks will use the additional lending capacity provided by recent government actions to support Canadian businesses and households.

In response, banks in Canada 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. 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. These targeted measures respond to immediate challenges being faced across the country and will help stabilize the Canadian economy.

Mortgage Default Management Tools

The Canada Mortgage and Housing Corporation (CMHC) and other mortgage insurers offer tools to lenders that can assist homeowners 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, is providing increased flexibility for homeowners facing financial difficulties to defer mortgage payments on homeowner CMHC-insured mortgage loans. CMHC will permit lenders to allow payment deferral beginning immediately.

Support for Businesses

The Government of Canada is taking immediate, significant and decisive action to support Canadian businesses facing financial hardship as a result of the COVID-19 pandemic.

On March 13, 2020, Minister of Finance Bill Morneau, Governor of the Bank of Canada Stephen Poloz, and Superintendent of Financial Institutions Jeremy Rudin outlined a coordinated package of measures to support the functioning of markets, the resilience of our financial sector, and continued access to financing for Canadian businesses. These actions will significantly increase the availability of credit to businesses of all sizes, sustain liquidity in key financial markets, and provide flexibility to businesses experiencing hardship.

On March 18, 2020 the government and its partners announced further measures to support businesses. These actions are part of Canada's whole-of-government response to COVID-19, and the significant stimulus program developed to stabilize Canada's economy, support businesses and to protect Canadians.

Supporting Canadian Business through the Canada Account

The government is changing the Canada Account so that the Minister of Finance would now be able to determine the limit of the Canada Account in order to deal with exceptional circumstances. The Canada Account is administered by Export Development Canada (EDC) and is used by the government to support exporters when deemed to be in the national interest. This will allow the government to provide additional support to Canadian companies through loans, guarantees or insurance policies during these challenging times.

Helping Businesses Keep their Workers

To support businesses that are facing revenue losses and to help prevent lay-offs, the government is proposing to provide eligible small employers a temporary wage subsidy for a period of three months. 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. Employers benefiting from this measure will include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

Flexibility for Businesses Filing Taxes

The Canada Revenue Agency will allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today 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. (Not on Part IV tax on dividend or Part XIII withholding taxes or HST due)

The Canada Revenue Agency 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, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives. (This is because the CRA officers are all working from home at the taxpayer's expense!)

The Liaison Officer service offers help to owners of small businesses to understand their tax obligations. Traditionally available in-person, this service is now available over the phone and will be customizing information during these challenging times by ensuring small businesses are aware of any changes such as filing and payment deadlines, proactive relief measures, etc.

Ensuring Businesses Have Access to Credit

The **Business Credit Availability Program (BCAP)** will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses. This will be an effective tool for helping viable Canadian businesses remain resilient during these very uncertain times. BDC and EDC are cooperating with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation and tourism. The near term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada.

The Office of the Superintendent of Financial Institutions (OSFI) announced it is **lowering the Domestic Stability Buffer by 1.25%** of risk-weighted assets, effective immediately. This action will allow Canada's large banks to inject \$300 billion of additional lending in to the economy.

The Bank of Canada also took a series of actions to support the Canadian economy during this period of economic stress, enhance the resilience of the Canadian financial system, and help ensure that financial institutions can continue to extend credit to both households and businesses. This included cutting the interest rate to 0.75% as a proactive measure in light of the negative shocks to Canada's economy arising from the COVID-19 pandemic and the recent sharp drop in oil prices.

<https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>

EI就业保险金：允许提前一周申请EI就业保险金的疾病福利并无需提供医生证明。不符合疾病福利的可申请每两周900元的紧急补助，这包括自雇人士和职工，最长15周。后者条件是：冠状病毒肺炎隔离或确诊的自雇人士或职工；照顾有冠状病毒肺炎隔离或确诊的直系家属；或无收入在家照顾因学校关闭小孩的父母。2020年4月起可申请，通过CRA的网上MyAccount，或My Service Canada Account，或专设免费电话。申请人还需每两周核实其继续符合补助条件。

GST补贴额和牛奶金：于2020年5月初一次性增加2019-20年度GST补贴额，这等于每个人增加400元，每对夫妇600元。同时，5月份一次性增加2019-2020年度牛奶金（CCB），每个儿童300元。学生贷款也获6个月的免息延期偿付。

个人报税：截止日延期至2020年6月1日，但建议希望申请牛奶金等补贴的家庭不要拖延。信托报税延期至2020年5月1日。欠CRA税款可延至2020年8月31日支付，并无滞纳金和罚金。允许延期缴纳的只适用于2020年3月18日至2020年9月30日应付的一般所得税款及其预付税（税法第一部分税），不包括非居民预扣税（税法第十三部分税），或HST。同时CRA首次接受电子签字。

薪资补贴：为帮助就业，政府将为小商家提供临时的薪资补贴，金额为员工工资的10%，为期三个月。最高每位员工1375元，每位雇主25000元。小商家是指符合小公司抵扣的（积极收入不到50万）的CCPC或非牟利机构。薪资补贴可以直接从员工工资的代扣代缴里扣掉。

公司报税：没有提到公司报税有延期。所欠CRA税款可延至2020年8月31日支付，并无滞纳金和罚金。允许延期缴纳的只适用于2020年3月18日至2020年9月30日应付的一般公司所得税款及其预付税（税法第一部分税），不包括公司股息税（税法第四部分税），或非居民预扣税（税法第十三部分税），或HST。CRA也将暂停四周他们的HST和所得税的审计工作（因为他们都由纳税人养着在家工作！）

**Ben Seto and Wei Hua
Partners**