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

Dear Clients,

Here are all the announcements made so far by the government of Canada. Lots of details and changes – with implementation rules still being released. Some highlights:

For businesses:

- An updated wage subsidy up to 75% of the payroll for 3 months for all businesses that suffered a 30% reduction in revenue. It is capped at \$58,700 annually (i.e. \$847/week for a 12-week period, from March 15 to June 6, 2020). Apply this wage subsidy via CRA's My Business Account (set up the online access early, including a direct deposit).
- Deferred HST payments until June 30, 2020 (no penalty for not filing HST returns on time).
- Canada Emergency Business Account (CEBA): a government-guaranteed \$40,000 loan at zero interest for 12 months (with 10,000 forgivable when repaid by Dec 2022). To qualify, the business will need to demonstrate they paid between \$50,000 and \$1 million in total payroll in 2019. Apply the CEBA via your bank.
- Business Credit Availability Program: a government assistance credit, which will need to be applied through your bank, and then BDC. This is at your own credit approval.
- Deferred various tax filing and payment deadlines including WSIB (except for payroll remittances).

For individuals:

- Canada Emergency Response Benefit (CERB): \$2,000 a month for up to 16 weeks, from Mar 15 to Oct 3, 2020. Must have earned \$5,000 in 2019 or past 12 months, and ceased working. Apply via CRA MyAccount or My Service Canada Account on April 6, 2020. (Set up the online access early, including a direct deposit.)
- EI under Emergency Support Benefit and EI Work Sharing Program. Check Service Canada for details.
- One-time GST credit \$400 for single individuals and close to \$600 for couples. Payout in May and if you qualify for GST credit at the first place.
- One-time Canada Child Benefit (CCB) \$300 per child. Payout in May and if you qualify for CBB at the first place.

Below are some details for the application for government subsidies for small businesses and individuals:

- **Canada Emergency Wage Subsidy:**
 - The wage subsidy would apply at a rate of 75% of the first \$58,700 normally earned by employees – representing a benefit of up to \$847 per week. The program would be in place for a 12-week period, from March 15 to June 6, 2020 (*a total benefit of \$10,160*).

- Eligible employers are those suffering a drop in gross revenues of at least 30% in March, April or May, when compared to the same month in 2019. *Need to re-apply each month* to access the subsidy.
- Eligible employers would include employers of all sizes and across all sectors of the economy.
- For NPOs and registered charities affected by a loss of revenue: details will be announced.
- An eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees. All employers would be expected to at least make best efforts to top up salaries to 100% of the maximum wages covered.
 - 75% pre-crisis weekly remunerations or new employee pay.
 - 75% non-arm's length employee's pre-crisis weekly remunerations.
 - Max benefit of \$847 per week.
 - Eligible period:
 - Pay Period 1: Mar15 – Apr11, Ref: Revenue Mar'20 vs. Mar'19
 - Pay Period 2: Apr12 – May9, Ref: Revenue Apr'20 vs. Apr'19
 - Pay Period 3: May10 – Jun6, Ref: Revenue May'20 vs. May'19
 - Not for employees already qualified for CERB.
- Those organizations that do not qualify for the Canada Emergency Wage Subsidy may continue to qualify for the previously announced wage subsidy of 10% of remuneration paid from March 18 to before June 20, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Refer to CRA's FAQ for the 10% wage subsidy: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html>
 - Any benefit from the 10 per cent wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the Canada Emergency Wage Subsidy in that same period.

- **Canada Emergency Business Account (CEBA) \$40,000 Loans:**

- Interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.
- To qualify, these organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019 (including owner managers). Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).
- Please contact your commercial bank and apply directly.

- **Canada Emergency Response Benefit (CERB):**

- The CERB covers the following individuals:
 - Workers, including those who are self-employed, who must stop working due to COVID-19 and do not have access to paid leave or other income support;
 - Workers who lost their employment, as well as 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; and
 - Workers who still have their employment but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work.
- The CERB benefit applies to employees, contract workers and self-employed individuals who would not otherwise be eligible for EI. In order to be eligible for CERB, applicants must
 - Be residing in Canada, who are at least 15 years old;

- Have had \$5,000 in employment income, self-employment income, or maternity/parental leave benefits in 2019 or in the 12-month period prior to the date they make the application;
 - (The \$5,000 income now includes T5 non-eligible dividends, i.e. those paid out of corporate income taxed at the small business rate.)
 - Have ceased working due to COVID-19 for at least 14 consecutive days within the four-week period in respect of which they apply for the payment.
- Note, the CERB does not cover any individuals who voluntarily quit their job to receive these benefits.
 - The CERB will be paid in blocks of four weeks in the amount of \$2,000, which is equivalent to \$500 per week. If an individual's situation continues, they can re-apply for a payment for multiple 4-week periods, to a maximum of 16 weeks (4 periods).
 - The government has planned to open an online application portal by April 6. You can apply for the benefit using CRA My Account, My Service Canada Account or by calling a toll free number. The deadline to apply for CERB is December 2, 2020.
 - If you have already applied for EI, and have not started receiving your benefits, you do not need to reapply for the CERB. Your claim will be automatically rolled into the CERB and benefits will be paid from this program first.
 - The best day of the week to apply:

If you were born in the month of	Apply for CERB on	Your best day to apply
January, February or March	Mondays	April 6, 2020
April, May, or June	Tuesdays	April 7, 2020
July, August, or September	Wednesdays	April 8, 2020
October, November, or December	Thursdays	April 9, 2020
Any month	Fridays, Saturdays and Sundays	Not applicable

Tax filing due dates:

<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html>

	Tax Return Due Date	Tax Payment Due Date
T1 Individuals	Deferred until June 1, 2020.	Any balance due for the 2019 T1 return has been extended from April 30, 2020, to September 1, 2020. No penalties or interest if the balance due is paid by September 1, 2020.
T1 with Self-employed and their spouse or common law partner	No deferral - Still due June 15, 2020.	
T2 Corporations	Deferred until June 1, 2020. All administrative tax actions required under the Income Tax Act (ITA) that are due after March 18, 2020, until June 1, 2020. They include the filing of returns, forms, elections, designations, and responses to information requests.	Any income tax amounts that become owing or due after March 18, 2020 and before September 1, 2020 has been extended to September 1, 2020. No penalties or interest if the balance due is paid by September 1, 2020.
T3 Trust	Deferred - For trusts with a taxation year end of December 31, 2019, the filing due date of March 31, 2020, will be deferred to May 1, 2020.	All trusts that have an upcoming income tax balance due date or an income tax instalment payment due date before September 1, 2020, will have their payment due date effectively extended to September 1, 2020. Penalty and interest implications for upcoming trust tax obligations not covered by the relief described above will be considered by the CRA on a case-by-case basis.
T5013 Partnership Information Return	Deferred until May 1, 2020 (for December 31, 2019 year ends), where all partners are corporations, May 31, 2020.	
NR4 Information Return	Deferred until May 1, 2020.	
HST Returns	No deferral – however, no penalty for not filing HST returns on time.	Defer remittance of the Goods and Services Tax/Harmonized Sales Tax (GST/HST) until June 30, 2020.
Payroll Remittances	No deferral - Payroll deductions and all related activities (except to the extent they relate to the reduction of remittances related to the temporary wage subsidy) must continue to be done on time.	
T1134, T1135, T1141 and T1142	No mention of any deferral: <ul style="list-style-type: none"> • T1134 Information Returns Relating to Controlled and Not-Controlled Foreign Affiliates – Deferred until June 1, 2020 for December 31, 2018 year ends. • T1135, T1141 and T1142 – 2019 foreign reporting forms deferred until May 1, 2020 for trusts and partnerships, and June 1, 2020 for individuals who are not self-employed or for corporation. 	

We recommend that you apply for the CRA MyAccount and My Business Account right away. Let us know if you have any questions. In these difficult times of COVID-19 pandemic, please practice social distancing and self-protection protocols.

Thanks!