



The summary below was originally published on March 19, 2020 following the release of Canada's COVID-19 Economic Response Plan. It has been updated to reflect relevant changes to these measures as of April 1, 2020. All attempts have been made to include the most relevant information impacting individuals and businesses. However, for further announcements please refer to the federal government website at <https://www.canada.ca/en/department-finance/economic-response-plan.html>.

## COVID-19 Economic Response Plan

On March 25, 2020, the federal government enacted Bill C-13, the COVID-19 Emergency Response Act, aimed at stabilizing the economy during the COVID-19 outbreak. The Act provides further details and clarification of the measures announced on March 18, 2020. Since then, additional announcements were made with respect to the federal government's COVID-19 Economic Response Plan for which legislation has not yet been released. Below is a summary of key measures that impact our industry.

### Support for Individuals

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#### Employment Insurance

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

- Waiving the one-week waiting period for individuals in imposed quarantine who 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.

#### Canada Emergency Response Benefit (CERB)

The [CERB](#) replaces the Emergency Care and Emergency Support Benefits originally announced. The CERB will provide a payment of \$2,000 for a four-week period (equivalent to \$500 a week) for up to 16 weeks for workers who lose their income as a result of COVID-19. It will be available for Canadians who have lost their job, are sick, quarantined, or taking care of someone who is sick with COVID-19, as well as working parents who must stay home without pay to care for children who are sick or at home because of school or daycare closures. Additionally, workers who are still employed or self-employed, but are not receiving income because of disruption to their work situation related to COVID-19, would also qualify for the CERB.



The designated online portal will start accepting applications on April 6, 2020. To be eligible, an applicant must:

- Be a resident of Canada,
- Be over the age of 14,
- Have earned at least \$5,000 in 2019 (or in a 12-month period preceding the application date),
- Have ceased to work for reasons relating to COVID-19 for at least 14 consecutive days within the four-week period for which they are applying for the CERB, and
- Not be receiving income from employment, self-employment, EI benefits, or any other allowances, money or other benefits in relation to pregnancy, care for newborns or adoption.

In addition, the following conditions exist:

- The CERB will be available for employees, contract workers and self-employed workers (i.e. sole proprietorships) regardless of whether they are normally eligible for EI or not
- The CERB will be available for any four-week period starting from March 15, 2020 to October 3, 2020, to a maximum of 16 weeks
- Workers who quit their jobs will not qualify for the CERB
- The CERB received will be taxable to the recipient for 2020
- Where the government determines that an individual has received the CERB in error, or received more than what they were entitled to, the erroneous or excess amount will need to be repaid.

## Goods and Services Tax Credit

For low- and modest-income families, the government is providing a one-time special payment by early May through the Goods and Services Tax credit (GSTC). This measure will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The maximum one-time payment will be \$443 for a single individual and \$580 for couples.

## Canada Child Benefit

For families with children, the government is providing an extra \$300 per child through the Canada Child Benefit (CCB) for 2019-20. This will mean approximately \$550 more for the average family. This benefit will be delivered as part of the scheduled CCB payment in May.

## Canadian Income Tax Filing and Payment Deadlines

The following deadlines are available on the Canada Revenue Agency (CRA) website:

Taxpayer	Filing Deadline	Payment Deadline
Individual	June 1, 2020 (extended)	September 1, 2020 (extended) – includes June 15, 2020 instalment for those who have to pay by instalments
Self-employed	June 15, 2020 (unchanged)	
Trusts (with Dec. 31, 2019 year-end)	May 1, 2020 (extended)	September 1, 2020 (extended) – includes June 15, 2020 instalment for those who have to pay by instalments
Trusts (with April or May filing date)	June 1, 2020 (extended)	
Information Returns (i.e. T1135 Foreign Income Verification Statement)	June 1, 2020 (extended)	n/a



## U.S. Income Tax Filing and Payment Deadlines

The deadline to file 2019 federal U.S. personal tax returns has been extended to July 15, 2020. Taxpayers can also defer federal income tax payments due on April 15, 2020 to July 15, 2020.

## Reduction to Registered Retirement Income Fund (RRIF) Minimum Payments for 2020

Required [minimum RRIF payments have been reduced](#) by 25% for 2020 to provide flexibility for seniors, and particularly those concerned that they would have to liquidate RRIF assets to meet minimum withdrawal requirements. Locked-in plans are subject to the same tax legislation as registered plans and the changes will also apply to life income funds (LIFs).

Income taxes are withheld at source where amounts are withdrawn from a RRIF in excess of the minimum amount. Under the new rules, investors can choose to withdraw amounts ranging between the reduced minimum and the unreduced minimum (i.e. the amount that would have been the minimum before these rules changed). For example, assume an investor's RRIF minimum for 2020, before the new rules (i.e. the "unreduced minimum") was \$1,200. The "reduced minimum" is 75% of that amount, or \$900. If total RRIF withdrawals for 2020 fall within \$900 and \$1,200, they will not be subject to withholdings at source.

Investors who have already withdrawn more than the reduced minimum for 2020 are not permitted to re-contribute an amount up to the 25% reduction to their RRIF. Although the recently passed legislation does not allow for this, the government has mentioned several times that the COVID-19 Economic Response Plan is only in "Phase 1" so the ability to re-contribute may become available in the future.

## Mortgage Default Management Tools

The Canada Mortgage and Housing Corporation (CMHC) and other mortgage insurers offer tools to lenders that can assist homeowners, on a case-by-case basis, 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. CMHC will permit lenders to allow payment deferral beginning immediately on CMHC-insured mortgage loans.

## Other Benefits

In addition, the government is proposing targeted help by:

- Providing \$305 million 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 individuals currently in the process of repaying these loans
- Providing the Reaching Home initiative with \$157.5 million to continue to support people experiencing homelessness during the COVID-19 pandemic
- Supporting women and children fleeing violence by providing up to \$50 million to women's shelters and sexual assault centres.



## Support for Businesses

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### Temporary Wage Subsidy

To support businesses and help prevent layoffs, the government will provide eligible employers a [temporary wage subsidy](#) for a period of three months (from March 18, 2020 to June 19, 2020). 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; however, remittances relating to CPP and EI will still need to be remitted. Eligible employers benefiting from this measure must employ at least one individual in Canada, have a CRA payroll number on March 18, 2020 and will include:

- (i) Corporations eligible for the small business deduction
- (ii) Individuals other than a trust
- (iii) Partnerships, all the members of which are described in (i) to (iii) or (v)
- (iv) Non-profit organizations
- (v) Charities.

### Canada Emergency Wage Subsidy

To help Canadians and businesses, the government is proposing to introduce the Canada Emergency Wage Subsidy (CEWS) of 75% for qualifying businesses, for up to three months, retroactive to March 15, 2020. The legislation for the CEWS has not yet been released. However, some of the details released by the government are as follows:

- The CEWS 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
- Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May, when compared to the same month in 2019, would be able to access the subsidy
- Eligible employers would include employers of all sizes and across all sectors of the economy, with the exception of public-sector entities
- For non-profit organizations and registered charities similarly affected by a loss of revenue, the government will continue to work with the sector to ensure the definition of revenue is appropriate to their circumstances
- The government is also considering additional support for non-profits and charities, particularly those involved in the front-line response to COVID-19
- 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
- Eligible employers would be able to access the CEWS by applying through a CRA online portal

Those organizations that do not qualify for the Canada Emergency Wage Subsidy may continue to qualify for the temporary wage subsidy of 10% of remuneration paid as described above.

Several questions remain as legislation has not yet been released. More information on the CEWS is available here:

<https://www.canada.ca/en/department-finance/news/2020/04/government-announces-details-of-the-canada-emergency-wage-subsidy-to-help-businesses-keep-canadians-in-their-jobs.html>



[https://www.canada.ca/en/department-finance/news/2020/04/the-canada-emergency-wage-subsidy.html?fbclid=IwAR3N3G\\_BPYBtKqtYrDNG2S020FSjwCzHcSEgCqKeEFWo12zldjlykgArLs](https://www.canada.ca/en/department-finance/news/2020/04/the-canada-emergency-wage-subsidy.html?fbclid=IwAR3N3G_BPYBtKqtYrDNG2S020FSjwCzHcSEgCqKeEFWo12zldjlykgArLs)

## Income Tax Filing and Payment Deadlines

The following deadlines are available on the CRA website:

Taxpayer	Filing Deadline	Payment Deadline
Corporation	June 1, 2020 (extended) – for corporations that would otherwise have a filing due date after March 18 and before June 1, 2020	September 1, 2020 (extended) - applies to balances and instalments under Part I of the Income Tax Act due on or after March 18 and before September 1, 2020
Charities	December 31, 2020 (extended) – for charities with form T3010 due between March 18 and December 31, 2020	n/a
Partnerships	May 1, 2020 (extended)	n/a
Payroll	Dependant on employer remitter type (unchanged)	Dependant on employer remitter type (unchanged)
NR4 Information Return	May 1, 2020 (extended)	15 <sup>th</sup> of each month following month non-resident paid (unchanged)
Other Information Returns	June 1, 2020 (extended) – for information returns that would otherwise be due after March 18, 2020 and before June 2020	n/a

## GST/HST and Income Tax Audits

CRA 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, CRA will temporarily suspend audit interaction with taxpayers and representatives.

## GST/HST Filing and Payment Deadlines

The government announced that it has extended the deadline for GST/HST returns and related payments that will be due from March 27, 2020 to June 1, 2020. The deadline is extended to June 30, 2020.

## 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. BDC and EDC are cooperating with private sector lenders to coordinate on credit solutions for individual businesses.



## WE CAN HELP

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Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.

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Published April 8, 2020.