

# **The Canadian Federal Government's Economic Response Plan: A round up for Businesses & Employees.**

## **Small businesses:**

1. Eligible small employers (including corporations eligible for small business deduction, non-profit organizations and charities) will be offered a temporary wage subsidy for 3 months, which will be equal to 10% of wages paid to employees with a maximum of \$1,375 per employee, and \$25,000 per employer. This will reduce employer's remittances of income taxes withheld on their employees pay cheque.

2. The Canada Revenue Agency is allowing all businesses to defer income tax payments that are owed between March 18, 2020 and August 31, 2020, until after August, 2020. This includes tax balances due and installments under Part 1 of the Income Tax Act. No interest or penalties will apply from March 18 to August 31, 2020.

3. The Canada Revenue Agency will not contact small or medium businesses to initiate post assessment of HST or GST, or income tax audits for the next 4 weeks (beginning on March 18, 2020). For the majority of businesses, the Canada Revenue Agency will temporarily suspend audits with taxpayers and representatives.

4. The Liaison Officer service will now be available over the phone, and will customize information during this time to ensure small businesses are aware of changes such as filing & payment deadlines and relief measures.

5. The Business Credit Availability Program will provide more than \$10 billion of additional support to small and medium-sized businesses by working with private sector lenders to coordinate credit solutions for individual businesses, including those in the oil & gas sector, air transportation and tourism. Credit available to farmers and the agri-food sector will be increased through Farm Credit Canada.

7. The Bank of Canada is cutting interest rate to 0.75% in order to extend credit to households and businesses.

## **Support to Canadians**

### **Temporary Income Support for Workers & Parents**

1. For Canadians without paid sick leave, or similar accommodation that are sick, quarantined, or forced to stay home for child-care the government is:

- Waive the one week waiting period to claim EI sickness benefits for those in quarantine, effective March 15
- Waive the requirement to provide a medical certificate to access EI sickness benefit
- Introduce the Emergency Care Benefit that will provide up to \$900 bi-weekly for 15 weeks through the Canadian Revenue Agency. Those who qualify include:
  - workers & self-employed who are quarantined or sick with COVID-19, but do not qualify for EI sickness benefits
  - Workers & self-employed who are taking care of a family member sick with COVID-19, but do not qualify for EI sickness benefits
  - Parents with children who require care due to school closures who cannot earn employment income, regardless if they qualify for EI or not

Application for the benefit will be available April 2020. Those eligible must attest they meet eligibility, and re-attest every two weeks to re-confirm eligibility. Those eligible can access the benefit from one of three channels:

- Through the CRA MyAccount secure portal:  
<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>
- Through the My Service Canada Account:  
<https://www.canada.ca/en/employment-social-development/services/my-account.html>
- Through a toll-free number with automated application process (number to be announced)

Apply for EI sickness benefits: <https://www.canada.ca/en/services/benefits/ei/ei-sickness/apply.html>  
If you are sick or quarantined call this number only for EI sickness benefits:  
1-833-381-2725 (toll-free)

## **Longer-term Income Support for Workers**

For Canadians who lose their jobs or face reduced hours the government is:

- Introducing an Emergency Support Benefit through the CRA to provide up to \$5 billion in support to workers not eligible for EI who are now unemployed
- Implementing the EI Work Sharing Program, which provides EI benefits to workers who agree to reduce their normal working hours, as a result of a development out of their employers control. The government will extend this eligibility to 76 weeks, ease eligibility requirements and streamline the application process.

Work Sharing Program overview: <https://www.canada.ca/en/employment-social-development/services/work-sharing.html>

Work Sharing Program Eligibility: <https://www.canada.ca/en/employment-social-development/services/work-sharing/temporary-measures-forestry-sector.html>

Work Sharing Program Application for Employers:

<https://catalogue.servicecanada.gc.ca/content/EForms/en/Detail.html?Form=EMP5100>

Employer responsibilities & Employee rights: <https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>

## **Income Support for Individuals Who Need it the Most**

### **For single individuals or couples:**

For low-modest income families the government proposes to provide a one-time special payment by early May through the Goods & Services Tax Credit, which will double the maximum annual Goods & Services Tax Credit payments for the 2019-2020 benefit year. For those benefits from this it will equate to close to \$400 for single individuals, and \$600 for couples

### **For Families with children:**

The government is proposing to increase the maximum annual Canada Child Benefit payment amounts for the 2019-2020 benefit year by \$300 per child as part of their May 2020 payment. The overall increase for families receiving the Canada Child Benefit payment will be \$550 on average. This would give a single parent with two children an income of \$1,500 in additional short-term support

### **Groups Vulnerable to the impacts of covid-19:**

- The government will provide \$305 million towards a new Indigenous Community Support Fund
- Place a 6 month interest-free moratorium on the on the repayment of Canada Student Loans for everyone currently in the process of repaying
- Reduce required minimum withdrawals Registered Retirement Income Funds by 25% for the year 2020. Similar rules apply to individuals receiving variable benefit payments under the Registered Pension Plan
- Provide \$157.5 million to the Reaching Home Initiative to support those experiencing homelessness
- Provide \$50 million to women's shelters and sexual assault centers, including funding for facilities in Indigenous communities

## **Flexibility for Taxpayers**

The Canada Revenue Agency will defer the filing due date for the 2019 tax returns for individuals, including certain trusts:

- For individuals, the return filing date will be deferred until June 1, 2020
- For trusts with the taxation year ending on December 31, 2019, the deferred filing date is May 1, 2020
- Taxpayers can defer any payments of income tax amounts owing between March 18-August 31 until after August 31, 2020. This applies to tax balances due, instalments under Part 1 of the Income Tax Act. No interest or penalties will accumulate between those dates.
- To reduce person-to-person contact, electronic signatures will be recognized under the Income Tax Act as a temporary measure. This will apply to the forms T183 and T183CORP.
- The Canada Revenue Agency will adapt to an Outreach Program support service over the phone and through webinar where possible

## **The Role of Financial Institutions**

Canada's large banks have confirmed they will offer support to individual's and business's finances by offering up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products.

**This is a round-up of information & links applicable to employees & businesses sourced from the Canadian Government's website. For the complete list of the government's Economic Response Plan visit this link:**

[https://www.canada.ca/en/department-finance/economic-response-plan.html?fbclid=IwAR2HZB7HNIyJ5lrHSw\\_dF-gAgKNAORK\\_8i5euV6Z0fyUdii2FJ7e0TUgXts#individual](https://www.canada.ca/en/department-finance/economic-response-plan.html?fbclid=IwAR2HZB7HNIyJ5lrHSw_dF-gAgKNAORK_8i5euV6Z0fyUdii2FJ7e0TUgXts#individual)