

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

From: Department of Finance Canada

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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.

The Canada Revenue Agency (CRA) has developed the following webpage to provide updates on the fiscal measures taken by the Agency to help Canadians manage their tax and benefit affairs as this situation evolves. This page will be updated as new information is available.

For more information on COVID-19, Public Health Agency of Canada's page provides general updates and health information.

CRA: Helping Canadians with the economic impact of the COVID-19 Pandemic
<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update.html#business>

Public Health Agency of Canada
https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html?utm_campaign=not-applicable&utm_medium=vanity-url&utm_source=canada-ca_coronavirus

CRA has published two pages with updates on its programs and services:

- Call centres
<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-call-centres.html>
- Charities
<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-charities.html>

Important changes to tax-filing and payment deadlines

<p>Individuals</p>	<p>The deadline to file your income tax and benefit return will be deferred until June 1, 2020.</p> <p>The deadline to pay any balance due for your individual income tax and benefit return for 2019 has been extended from April 30, 2020, to September 1, 2020. This means you will not be assessed any penalties or interest if your balance due is paid by September 1, 2020.</p> <p>Although the filing deadline has been extended, we suggest you send your documents as soon as you are able to, especially if you are expecting a refund. Also please note that certain benefits like 2020-2021 GST rebates and Child Tax benefits are processed based on the filed tax returns.</p>
<p>Self-employed and their spouse or common law partner</p>	<p>There is no change to the tax return filing due date (June 15, 2020) for self-employed individuals or those who have spouses or common-law partners that are self-employed; the deadline to pay any balance due for your individual income tax and benefit return has been extended from April 30, 2020, to September 1, 2020.</p>
<p>Businesses</p>	<p>The deadline for businesses to pay 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. This means you will not be assessed any penalties or interest if your balance due is paid by September 1, 2020.</p>
<p>Trusts</p>	<p>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.</p> <p>Furthermore, 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.</p> <p>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.</p>
<p>Charities</p>	<p>The Charities Directorate is extending the filing deadline to December 31, 2020, for all charities with a Form T3010, Registered Charity Information Return due between March 18, 2020 and December 31, 2020.</p>

Temporary Wage Subsidy for Employers

As part of the Government of Canada's commitment to supporting businesses, and in response to the COVID-19 pandemic, the Government announced a temporary wage subsidy for employers for a period of three months.

Please note legislation has not yet been released on this measure; we will update you as things unfold.

Eligibility to the Temporary Wage Subsidy for Employers is limited to Canadian-controlled private corporations (CCPCs), non-profit organizations and registered charities provided they:

- Have an existing business number and payroll program account with the CRA on March 18, 2020; and
- Pay salary, wages, bonus, or other remuneration to an employee.

CCPCs are only eligible to the subsidy if their taxable capital employed in Canada for the preceding taxation year, calculated on an associated group basis, is less than \$15 million.

The subsidy is taxable income to the employer.

Calculation of the Subsidy

The subsidy is equal to 10% of the remuneration you pay between March 18th, 2020 and June 20th, 2020, up to \$1,375 per employee and to a maximum of \$25,000 total per employer.

Example:

If you have 5 employees earning monthly salaries of \$4,100 for a total monthly payroll of \$20,500, the subsidy would be \$2,050 (10% * \$20,500) per month. Over the designated three-month period, the total subsidy received would be \$6,150 (\$1,230 per employee).

Please note there is a maximum subsidy amount of \$1,375 per employee, to a maximum of \$25,000 total per employer.

Example:

If you have 5 employees, the maximum subsidy you can receive is \$6,875 (\$1,375 * 5 employees), even though the per employer maximum is \$25,000.

Associated CCPCs will NOT be required to share the maximum subsidy of \$25,000 per employer.

Example:

If you have an associated group consisting of three corporations, whose taxable capital in the preceding taxation year is less than \$15 million, each corporation in the group is eligible to receive up to the maximum subsidy of \$25,000, for a total of \$75,000.

Receiving the Subsidy

Once you have calculated your subsidy, you can reduce your current remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy. Remittance reductions can begin in the first remittance period that includes remuneration paid between March 18th, 2020 and June 20th, 2020. If income taxes deducted are not sufficient to offset the value of the subsidy in a specific period, future remittances can be reduced; this includes remittances that may fall outside of the application period for the wage subsidy (after June 20th, 2020).

Example:

If you calculated a subsidy of \$2,050, you would reduce your current remittance of federal, provincial, or territorial income tax by \$2,050. You could continue reducing future income tax remittances, up to a maximum of \$25,000, for all remuneration paid before June 20th, 2020.

If you calculated a subsidy of \$2,050 on remuneration paid between March 18th, 2020 and June 20th, 2020, but only deducted \$1,050 of federal, provincial, or territorial income tax from your employees, you can reduce a future income tax remittance by \$1,000, even if that remittance is in respect to remuneration paid after June 20th, 2020.

If you are a regular remitter, you can reduce your remittance that is due to the CRA on April 15th, 2020.

Important: There is no reduction to the remittance of Canada Pension Plan contributions or Employment Insurance premiums.

If you are an eligible employer, but choose not to reduce your payroll remittances during the year, calculate the temporary wage subsidy on remuneration paid between March 18th, 2020, and June 20th, 2020. You can then ask for the subsidy to be paid to you at the end of the year, or transferred to the next year's remittance.

If you receive the subsidy, you have to report the total amount as income in the year in which the subsidy is received.

Employers should continue to deduct income tax, Canada Pension Plan contributions and Employment Insurance premiums from salary, wages, bonus or other remuneration paid to

employees. The subsidy is only deducted when income tax amounts are to be remitted to the CRA by employers.

If your business is closed and you did not pay salary, wages, bonus, or other remuneration to an employee between March 18th, 2020, and June 20th, 2020, you CANNOT receive the subsidy, even if you are an eligible employer.

Receiving the Subsidy

You will need to keep information to support your subsidy calculation. This includes:

- The total remuneration paid between March 18th, 2020, and June 20th, 2020;
- The federal, provincial, or territorial income tax that was deducted from that remuneration; and
- The number of employees paid in that period.

The CRA is currently updating reporting requirements. More information on how to report this subsidy will be released in the near future.

Support to individuals

Support for individuals and families	<ul style="list-style-type: none"> • Increasing the Canada Child Benefit • Special Goods Services Tax credit payment • Extra time to file income taxes • Mortgage support
Support for people facing unemployment	<ul style="list-style-type: none"> • The new Canada Emergency Response Benefit • Apply for Employment Insurance
Support for people who are sick, quarantined, or in directed self-isolation	<ul style="list-style-type: none"> • The new Canada Emergency Response Benefit • Improved access to Employment Insurance Sickness Benefit •
Support for people unable to work	<ul style="list-style-type: none"> • The new Canada Emergency Response Benefit •
Support for people who need it most	<ul style="list-style-type: none"> • A new Indigenous Community Support Fund • Enhancing the Reaching Home initiative • Support women’s shelters and sexual assault centers
Support for seniors	<ul style="list-style-type: none"> • Reduced minimum withdrawals for Registered Retirement Income Funds •
Support for students and recent graduates	<ul style="list-style-type: none"> • A moratorium of the repayment of Canada Student Loans •

Support to businesses

Avoid layoffs	<ul style="list-style-type: none"> • Extending Work-Sharing program • Providing small business with wage subsidies
Access to credit	<ul style="list-style-type: none"> • Establishing a Business Credit Availability Program
Support for farmers	<ul style="list-style-type: none"> • Increasing credit available •
Supporting financial stability	<ul style="list-style-type: none"> • Launch an Insure Mortgage Purchase Program • Bank of Canada actions • Lowering the Domestic Stability Buffer •
More flexibility	<ul style="list-style-type: none"> • More time to pay their income taxes

Support to individuals

Support for individuals and families

Increasing the Canada Child Benefit

The Government of Canada 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.

Those who already receive the Canada Child Benefit do not need to re-apply.

Apply for the Canada Child Benefit

<https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview/canada-child-benefit-apply.html>

Special Goods and Services Tax credit payment

The Government of Canada is providing a one-time special payment by early May through the Goods and Services Tax credit for low-and modest-income families.

The average additional benefit will be close to \$400 for single individuals and close to \$600 for couples.

There is no need to apply for this payment. If you are eligible, you will get it automatically.

Extra time to file income taxes

The Government of Canada is deferring 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.

The Government of Canada will also allow any new income tax balances due, or instalments, to be deferred until after August 31, 2020 without incurring interest and penalties.

If you expect to receive benefits under the Goods and Services Tax credit or the Canada Child Benefit, we encourage you to not delay your 2019 return filing to ensure that your entitlements are properly determined.

Mortgage support

Canadian banks have committed to work with their customers on a case-by-case basis to find solutions to help them manage hardships caused by COVID-19. Canadians who are impacted by COVID-19 and experiencing financial hardship as a result should contact their financial institution regarding flexibility for a mortgage deferral. This allows flexibility to be available – when needed – to those who need it the most.

Learn more

<https://cba.ca/mortgage-deferral-to-help-canadians-experiencing-financial-hardship-due-to-covid-19>

The Canada Mortgage and Housing Corporation 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 arrangement.

Canada's mortgage insurers are committed to providing homeowners with solutions to mitigate temporary financial hardship related to COVID-19. This includes permitting lenders to defer up to six monthly mortgage payments (interest and principal) for impacted borrowers. Deferred payments are added to the outstanding principal balance and subsequently repaid throughout the life of the mortgage.

COVID-19 Update from the 5 Big Banks in Canada

RBC

https://www.rbc.com/covid-19/index.html?_ga=2.63301807.1400010860.1585075532-2039950002.1585075532

BMO

<https://www.bmo.com/main/personal/bmo-branches-coronavirus-update/>

TD

<https://www.td.com/ca/en/personal-banking/covid-19/>

CIBC

<https://www.cibc.com/en/personal-banking/advice-centre/covid-19.html>

Scotiabank

<https://www.scotiabank.com/ca/en/personal/scotia-support/latest-updates/coronavirus-covid-19.htm>

Support for people facing unemployment

The new Canada Emergency Response Benefit

The Government of Canada will provide a taxable benefit of \$2,000 a month for up to 4 months to:

- workers who must stop working due to COVID19 and do not have access to paid leave or other income support.
- 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.
- 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.
- wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.

The Canada Emergency Response Benefit will be accessible through a secure web portal starting in early April. Applicants will also be able to apply via an automated telephone line or via a toll-free number.

Learn more

<https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html>

Apply for Employment Insurance

If you were recently laid off or have reduced hours and qualify for Employment Insurance Benefits, you can submit your request today.

EI regular benefits: Eligibility

<https://www.canada.ca/en/services/benefits/ei/ei-regular-benefit/eligibility.html>

Apply for Employment Insurance benefits

<https://www.canada.ca/en/services/benefits/ei/ei-regular-benefit/apply.html>

Support for people sick, quarantined, or in directed self-isolation

The new Canada Emergency Response Benefit

The Government of Canada will provide a taxable benefit of \$2,000 a month for up to 4 months to:

- workers who must stop working due to COVID19 and do not have access to paid leave or other income support.
- 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.
- 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.
- wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.

The Canada Emergency Response Benefit will be accessible through a secure web portal starting in early April. Applicants will also be able to apply via an automated telephone line or via a toll-free number.

Learn more

<https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html>

Improved access to Employment Insurance sickness benefits

If you are sick, quarantined or have been directed to self-isolate, the Government of Canada will waive the requirement to provide a medical certificate to access EI sickness benefits.

Apply for Employment Insurance sickness benefits

<https://www.canada.ca/en/services/benefits/ei/ei-sickness/apply.html>

Support for People unable to work

The new Canada Emergency Response Benefit

The Government of Canada will provide a taxable benefit of \$2,000 a month for up to 4 months to:

- workers who must stop working due to COVID19 and do not have access to paid leave or other income support.
- 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.
- 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.
- wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.

The Canada Emergency Response Benefit will be accessible through a secure web portal starting in early April. Applicants will also be able to apply via an automated telephone line or via a toll-free number.

Learn more

<https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html>

Support for people who need it most

A new Indigenous Community Support Fund

The Government of Canada will provide \$305 million for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.

Contact Indigenous Services Canada

<https://www.sac-isc.gc.ca/eng/1584819394157/1584819418553>

Enhancing the Reaching Home initiative

The Government of Canada continue to support people experiencing homelessness during the COVID-19 outbreak by providing \$157.5 million to the Reaching Home initiative.

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.

Learn more about the Reaching Home initiative

<https://www.canada.ca/en/employment-social-development/programs/homelessness.html>

Support women's shelters and sexual assault centers

The Government of Canada is 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.

Support for seniors

Reduced minimum withdrawals for Registered Retirement Income Funds

The Government of Canada is reducing the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020.

Support for students and recent graduates

A moratorium on the repayment of Canada Student Loans

Effective March 30, the Government of Canada is 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.

Learn more about the moratorium on the repayment

<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>

Support to businesses

Avoiding layoffs

Extending the Work-Sharing program

The Government of Canada is extending the maximum duration of the Work-Sharing program from 38 weeks to 76 weeks. The Work-Sharing program is offered to workers who agree to reduce their normal working hours because of developments beyond the control of their employers.

Apply to the Work-Sharing Program

<https://www.canada.ca/en/employment-social-development/services/work-sharing/apply.html>

Providing small business with wage subsidies

Please refer to the latest news release covered from pages 3 – 5.

The Government of Canada is providing 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.

Access to credit

Establishing a Business Credit Availability Program

The Government of Canada established a Business Credit Availability Program (BCAP) to provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses, through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

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.

As a first step, businesses in need of credit support should contact their financial institution.

Learn more about the Business Credit Availability Program

<https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html>

Support for farmers

Increasing credit available

The Government of Canada have increased credit available to farmers and the agri-food sector through Farm Credit Canada.

Supporting financial stability

Launch an Insure Mortgage Purchase Program

The Government of Canada launched an Insured Mortgage Purchase Program, in which we will purchase up to \$50 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation.

This action will provide long-term stable funding to banks and mortgage lenders, help facilitate continued lending to Canadian consumers and businesses, and add liquidity to Canada's mortgage market.

Bank of Canada actions

The Bank of Canada is acting in several ways to support the economy and financial system and stands ready to take any and all actions that it can to protect the well-being of Canadians during this difficult time. The Bank has responded by lowering interest rates, intervening to support key financial markets and providing liquidity support for financial institutions.

Learn more

<https://www.bankofcanada.ca/markets/market-operations-liquidity-provision/covid-19-actions-support-economy-financial-system/>

Lowering the Domestic Stability Buffer

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

More flexibility

More time to pay income taxes

The Canada Revenue Agency is allowing all 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.

Learn more

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