



## COVID-19 Economic Response Plan

On March 18, 2020, Prime Minister Justin Trudeau announced a new set of economic measures aimed at stabilizing the economy during the COVID-19 pandemic. The measures provide up to \$27 billion in direct support to Canadian workers and businesses and \$55 billion in estimated tax deferrals. 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.

#### Emergency Care Benefit

A new Emergency Care Benefit will provide 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 new benefit will be available in April 2020 and require Canadians to attest that they meet eligibility requirements. Canadians will need to re-attest every two weeks to reconfirm their eligibility.



## Emergency Support Benefit

For Canadians who lose their jobs or face reduced hours due to COVID-19, 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 face unemployment. This measure is proposed to take effect in early April.

## Goods and Services Tax Credit

For low- and modest-income families, the government is proposing to provide a one-time special payment by early May through the Goods and Services Tax Credit (GSTC). This measure will double maximum annual GSTC payment amounts for the 2019-20 benefit year. The average increase to income for those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples.

## Canada Child Benefit

For over 3.5 million families with children, who may also require additional support, the government is proposing to increase maximum annual Canada Child Benefit (CCB) amounts, only for the 2019-20 benefit year, by \$300 per child, effective for the May payment.

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.

## Income Tax Filing Deadlines

For individuals (other than trusts), the return filing due date for 2019 will be deferred until **June 1, 2020** (the due date remains June 15, 2020, for individuals, and their spouses, who are self-employed). However, the CRA encourages individuals who expect to receive benefits under the GSTC or the CCB programs not to delay the filing of their returns to ensure appropriate entitlements for the 2020-21 benefit year.

For trusts having a taxation year ending on December 31, 2019, the return filing due date will be deferred until **May 1, 2020**.

## Income Tax Payment Deadlines

The CRA will allow all taxpayers to defer, until after **August 31, 2020**, the payment of any income tax amounts that become owing on or after March 18, 2020 and before September 2020. This relief applies to tax balances due, as well as instalments. No interest or penalties will accumulate on these amounts during this period.



## 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.
- Reducing required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020, in recognition of volatile market conditions and the impact on retirement savings. 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 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 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.

### Income Tax Payment Deadlines

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 March 18, 2020 and before September 2020. This relief would apply to



tax balances due, as well as instalments. No interest or penalties will accumulate on these amounts during this period.

## **GST/HST and Income Tax Audits**

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. And, for the vast majority of businesses, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives.

## **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.

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

## **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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