



COVID-19 Economic Aid

TABLE OF CONTENTS

Recent Updates on March 25, 2020	3
INDIVIDUALS	7
Longer-Term Income Support	8
BUSINESSES	8
FINANCIAL ASSISTANCE	9
Alberta Government is offering their own economic package to Albertans:	9
Businesses	10
The Alberta Government is offering their own economic package for Alberta Business owners as follows:	10
Other Funding	11
CLOSING	11
APPENDIX	12
Frequently Asked Questions – Temporary Wage Subsidy for Employers	12
COVID-19 Update: EI Sickness Benefits and Work-Sharing	14
Federal Work-Sharing Program	15
Financial Aid for homeowners:	16
BDC Canada is Offering the Following Support:	17

Recent Updates on March 25, 2020

In the early morning hours of March 25, 2020, Bill C-13 "[An Act respecting certain measures in response to COVID-19](#)" was introduced, and received **Royal Assent** by the afternoon. Our firm had finalized the report for **COVID-19 Economic Aid** was prepared which represented information up to March 18, 2020.

Details on a number of measures previously announced (see [Canada's COVID-19 Economic Response Plan](#)) were disclosed. One common theme throughout the legislation is the ability to change **specific amounts and rules by updating regulations** rather than law, which means the government has more **flexibility** in making changes as events unfold. The key items discussed in this document include:

- Government of Alberta income support
- Emergency Response Benefit;
- GST tax credit special payment;
- Canada child benefit special payment;
- RRIF minimum withdrawal changes; and
- Temporary wage subsidy for employers.

GOVERNMENT OF ALBERTA INCOME SUPPORT

Albertans can now apply for cash from their provincial government to help offset the financial impact of COVID-19.

Those who are self-isolating or are the sole caregiver for someone in self-isolation are eligible for a one-time payment of \$1,146.

The amount is equivalent to \$573 per week for two weeks, a dollar amount that was based off of employment insurance data, the province said.

There is not a limit to the number of people in a household who can be found eligible. However, Albertans who weren't working before self-isolation, or who are receiving other benefits like federal employment insurance or employer sick leave, or who are staying at home to care for kids who are not self-isolating are not eligible.

Applications are submitted online and the payments will be made within 24 to 48 hours of application via e-transfer.

More details about and the application for emergency isolation support are available online.

EMERGENCY RESPONSE BENEFIT

The Emergency Response Benefit legislation combines the previously announced "**Emergency Care Benefit**" and the "**Emergency Support Benefits**" as described in the March 18, 2020 COVID-19 Economic Response Plan (ERP). While continuing to focus on those not eligible for traditional employment insurance (EI) the actual legislation now provides coverage to a broader group of people than originally announced.

Eligibility

While the ERP describes the payments as support for those who are infected, in isolation, are caring for a family member who is sick, or are required to care for children due to school closures but are not eligible for EI sickness benefits, a March 25, 2020 Department of Finance update notes that it is **also now available for**: 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**; and wage earners and self-employed individuals, including contract workers, who are not eligible for conventional EI benefits.

The legislation requires the applicant to be an "**eligible worker**", which means that they must be:

- at least **15 years** of age;
- **resident in Canada**; and
- for 2019 or in the 12-month period preceding the day on which they make an application had a **total income** of at least **\$5,000** from
 - employment;
 - self-employment;
 - certain EI benefits (maternity and parental benefits); and

- allowances, money or other benefits paid to the person under a provincial plan because of pregnancy or in respect of the care by the person of one or more of their new-born children or one or more children placed with them for the purpose of adoption.

The worker, whether employed or self-employed, must **cease to work for reasons related to COVID-19** for **at least 14 consecutive days** within the four-week period in respect of which they apply for the payment.

For the period of cessation of work, the applicant **cannot receive income** from the **sources listed above**, and cannot receive **any other EI benefits**. Further, **workers that quit voluntarily are not eligible**.

Benefits

These income support payments can be made for a maximum of 16 weeks (previously noted as 15 weeks in the ERP). Amounts are determined by the Minister. Further, **up to \$2,000** would be provided per month (previously announced as up to \$900 biweekly). These payments are **not subject** to law relating to **bankruptcy** or **insolvency** and are not **garnishable**.

Application process

A worker may apply for an income support payment for any four-week period falling within the period beginning on **March 15, 2020 and ending on October 3, 2020** (payments are made every four weeks). Canadians would begin to receive their payments **within 10 days of application**. The **rest of the application process has not yet been announced** but will be made available in the first week of April, 2020.

Other notes

The legislation does not exclude shareholders or their family members as long as they meet the income requirements.

GOODS AND SERVICES TAX CREDIT (GSTC)

Eligibility

Any individual eligible for the **quarterly GSTC based on their 2018** personal income tax filings will be eligible for an **additional payment in May, 2020**. Some others may be entitled to a one-time payment, even if their income is too high to receive quarterly payments.

Benefits

As is the case with the regular GSTC, the one-time payment will **depend on family composition** (whether the recipient is married or single; number of children in the household). As well, the benefit is **income-tested**, and is reduced when “adjusted income” exceeds \$37,789.

The mathematical formulas in the legislation will result in individuals or families with 2018 “adjusted income” less than \$37,789 receiving a single payment equal to four quarterly GSTC payments (for example, \$886 for a family of four).

For higher-income recipients, the mathematical formulas result in the reduction for “adjusted income” in excess of \$37,789 being only half as large as it would be for the usual computation, so some individuals or families would receive a payment greater than four quarterly GSTC payments.

As well, **some individuals or families** whose “adjusted income” was **too high** to qualify for any **quarterly GSTC payments** will be **eligible for this one-time payment**. For example, a family of four would be ineligible for quarterly payments if their “adjusted income” exceeded about \$55,500. However, a family of four with income under \$73,000 would still qualify for a modest one-time payment.

Application process

Like the quarterly GSTC, this benefit is managed under the income tax system. **No special application** is required as the payment will be calculated by CRA based on **income tax returns filed for 2018**.

Other notes

The legislation provides that this shall be paid in May, 2020, or such earlier month as may be designated by the Finance Minister, so it is possible that these payments will be released in April, 2020.

Families not presently receiving the GSTC may wish to **confirm** that **CRA** has a **record of all minor children** in their custody to ensure the calculations reflect these individuals. Taxpayers registered with CRA’s MyAccount service can view the children CRA shows under their custody online through that service.

CANADA CHILD BENEFIT (CCB)

Eligibility

All families eligible for **monthly CCB benefits** based on their 2018 personal income tax returns will receive an **extra benefit** as part of their **May, 2020** benefit payment. Some other families with children under age 18 who do not receive monthly benefits will be eligible for a one-time benefit in May.

Benefits

For families receiving monthly benefits, the **May benefit** will be **enhanced by \$300 per child** under age 18. Families receiving **no monthly benefits may receive a portion** of this enhancement, depending on their income levels.

As an example, a family with two children aged 6 to 17, with an “adjusted income” of \$180,000 in 2018 would not qualify for monthly CCB benefits. However, they would qualify for a one-time benefit of approximately \$590 in May, 2020.

Application process

Like the monthly CCB, this benefit is managed under the income tax system. **No special application** is required as it will be **based on income tax returns filed for 2018**.

Other notes

Individuals or families with children under age 18 who are not presently receiving the CCB may want to **confirm** that **all** of the **children** in their custody are **reflected on CRA's records**, to ensure the appropriate payment is computed. Taxpayers registered with CRA's MyAccount service can view the children CRA shows under their custody online through that service.

REGISTERED RETIREMENT INCOME FUND (RRIF) MINIMUM WITHDRAWAL

In recognition of the substantial recent **value declines** in the investment markets, the **minimum withdrawal** from a RRIF or a money purchase pension plan **for 2020** (computed as a percentage of its value on January 1, 2020) will be **reduced by 25%**. No similar reduction is available for defined benefit individual pension plans.

This reduction will not be considered in determining whether withdrawals from a spousal RRIF attribute back to the other spouse, or for purposes of certain benefits available to non-residents of Canada under income tax treaties.

TEMPORARY WAGE SUBSIDY

This measure, initially announced as part of the March 18, 2020 Economic Response Plan (ERP), provides eligible employers with a temporary wage subsidy for a period of **three months**. The subsidy was announced to be **10% of remuneration paid** during that period, up to certain **per employee and per employer maximums**. Businesses were to benefit immediately from this support by **reducing their remittances of income tax** withheld from their employees' remuneration. Remittances for **CPP and EI cannot be offset** by the subsidy. While the legislation fine-tunes the subsidy, it is largely consistent with the initial announcement.

Eligibility

In order to be **eligible**, the **employer** must meet three criteria:

- **employ** one or more **individuals in Canada** (“eligible employees”);
- was **registered**, with a business number and a **payroll remittance account**, on March 18, 2020; and
- be any of the following:
 - **most Canadian-controlled private corporations** (CCPCs), based on eligibility for the small business deduction (see below);
 - an **individual** (other than a trust);
 - a **partnership**, all members of which are entities described in (i), (ii), (iii) or (v) (it is not clear why (iv) is excluded);
 - a **non-profit organization** (exempt from income tax pursuant to Subsection 149(1)(l)); or
 - a **registered charity**.

Eligibility for a **CCPC** requires that the CCPC had a **business limit**, for purposes of the small business deduction, **greater than nil** for its most recent tax year ended prior to March 18, 2020 (or, if it has no taxation year ended before that date, would have a business limit greater than nil if its taxation year ended on March 17, 2020).

For this purpose, the **reduction** to the business limit caused by **passive income** (“Adjusted Aggregate Investment Income”) is **not considered**. However, a CCPC which had **no business limit for other reasons** (for example, its taxable capital, in combination with other associated corporations exceeded \$15 million; it was a member of an associated group of corporations and was not assigned any portion of the business limit; or it assigned its entire business limit to one or more other CCPCs under the specific corporate income rules) **would not qualify** for the subsidy.

Benefits

A portion of **remuneration** (e.g. wages, salaries) **paid** to employees from **March 18, 2020 to June 19, 2020**, inclusive, will be recoverable by the employer. The legislation indicates that several amounts determining the available subsidy will be prescribed by regulation, and those regulations are not in the draft legislation. The **amounts in italics** below are amounts that were announced in the ERP, and are expected **to be formally set by regulations** yet to be released.

The subsidy will be equal to the **least of three amounts**, as follows:

- a fixed **maximum for each employer of \$25,000**. CRA has indicated that this amount is per employer, and is not required to be shared between related or associated employers;
- a fixed percentage, being **10%, of remuneration paid** to eligible employees during the period from March 18, 2020 to June 19, 2020; or
- the **number of eligible employees** employed during the period from March 18, 2020 to June 19, 2020, **multiplied by** a fixed amount, **\$1,375**.

Therefore, to get the maximum benefit of \$25,000, the employer must have more than 18 employees with total wages no less than \$250,000 during the period.

Application process

No formal application process has been released. Any subsidy to which the employer is entitled is deemed to have been remitted as a payroll remittance for income taxes withheld from the employees’ remuneration. In other words, **source deduction remittances for income tax**, but **not for CPP or EI**, can be reduced for the available subsidy, providing an **immediate cash flow** benefit to the employer.

Presumably, there will be an eventual requirement to account for the subsidy claimed, possibly when T4 slips are prepared and filed in early 2021. However, no additional filings have been implemented to date.

Other notes

The initial announcements did not include individuals or partnerships as employers eligible for this benefit, an exclusion which was the subject of considerable commentary. They are included in the legislation.

The legislation does not provide any exclusion for **owners of the employer** or **persons related to the employer**, so their remuneration **should be eligible**. Note, however, that a **proprietor or partner** is not an employee of their unincorporated business, so **no subsidy** would be available for their work.

We are truly living in unique times. The coronavirus pandemic is impacting everyone from our families, to our businesses, to our first responders who are bravely on the front lines. We're supporting our employees, our community and you — our customers and partners.

Above all else, our thoughts are with those affected by the virus, particularly those who are sick. We wish them a speedy recovery, and we remain inspired by our healthcare workers and others who are caring for people around the world.

Below are link to receives the latest information from stakeholders:

[Canada's COVID-19 Economic Response Plan](#)

[World Health Organization](#)

[Canadian Government – Public Health](#)

[Canadian Government – News](#)

[Business Development bank of Canada](#)

[Export Development Canada](#)

[Employment and Social Development Canada \(Work-sharing\)](#)

[Employment and Social Development Canada \(Employment Insurance\)](#)

As the situation continues to affect our world, we wanted to reach out and update you on how to receive additional support from our government agencies.

Since the beginning of March, restrictions and measures related to COVID-19 have rapidly escalated. While the first stages focused on public health and safety, in very short order, businesses and personal finances began to be affected. It is clear that these challenges will become worse before they get better. In an effort to combat these effects, the Government of Canada released a series of financial measures in mid-March.

This document summarizes selected government comments up to March 18, 2020.

INDIVIDUALS

Tax Return Due Date Deferral: The personal tax filing due date will be deferred until **June 1, 2020**. However, those expecting refunds or benefits (such as the GST/HST credit, Guaranteed Income Supplement and Canada Child Benefit) should file as early as possible. The government release encourages Canadians not to delay their filings in order to ensure their income-tested benefits are accurately computed.

Tax Payment Deferral: Taxpayers may defer, until after **August 31, 2020**, the **payment** of income tax amounts that become owing on or after March 18, 2020 (also including installments) and before September 2020. The government documents indicate that payment will be deferred “until after August 31, 2020”, which seems to imply payment will be due on September 1. No interest or penalties will accumulate on these amounts during this period.

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

- Waiving the **one-week waiting period** for those in imposed quarantine that claim Employment Insurance (EI) sickness benefits, effective March 15, 2020.
- Waiving the requirement to provide a medical certificate to access EI sickness benefits.
- Introducing the **Emergency Care Benefit** providing up to \$900 bi-weekly, for up to 15 weeks (comparable to EI sickness benefit). This benefit would 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; and
 - **parents** with children who require care or supervision due to **school closures**, and are unable to earn employment income, regardless of whether they qualify for EI or not.

Application for the Benefit will be **available in April 2020**, and require Canadians to attest (and continue to attest every two weeks) that they meet the eligibility requirements. Individuals can apply through CRA's MyAccount, their My Service Canada Account, or by calling an automated toll-free number not yet released.

Longer-Term Income Support

- An **Emergency Support Benefit** will provide up to \$5.0 billion in support to workers who are not eligible for EI and who are facing unemployment. The individual amounts and process will be disclosed shortly.
- **Implementing changes to the EI Work Sharing Program**, which provides EI benefits to workers who agree to reduce their normal working hour as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements, and streamlining the application process.
- **Low/Modest Income Individuals**
 - A one-time special payment by early May 2020 through the **Goods and Services Tax credit** (GSTC) will be made. This will double the maximum annual GSTC payment amounts and result in an average boost to income for those benefitting by close to \$400 for single individuals and close to \$600 for couples.
 - The maximum annual **Canada Child Benefit** payment amounts would be increased by \$300 per child for the 2019-20 benefit year. This will be added to the May, 2020 benefit cheque.
- **Canadians Abroad:** The **Emergency Loan Program for Canadians Abroad** will provide the option of an emergency loan to Canadians in need of immediate financial assistance to return home or to temporarily cover their life-sustaining needs while they work toward their return. Each application will be assessed according to their specific situation and needs. This emergency assistance is a repayable loan. Eligible Canadians currently outside Canada and needing help to return home can contact the nearest Government of Canada office (<https://travel.gc.ca/assistance/embassies-consulates>) or Global Affairs Canada's 24/7 Emergency Watch and Response Centre in Ottawa at +1 613-996-8885 (collect calls are accepted where available) or email sos@international.gc.ca.
- **Students:** A **six-month interest-free moratorium** on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans will be provided.
- **Minimum RRIF Withdrawals:** The required minimum withdrawals from Registered Retirement Income Funds (RRIFs) will be **reduced by 25%** for 2020. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.

BUSINESSES

Tax Payment Extension: Businesses may defer, until after August 31, 2020, the payment of 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.

Other Payment and Filing Extensions: No comment was made about changing the filing and payments dates for payroll, GST/HST, and other non-income tax items.

CRA Audit Activity: CRA will not contact any small or medium businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks. For the vast majority of businesses, the CRA will temporarily suspend audit interaction with taxpayers and representatives.

Liaison Officer Service: The Liaison Officer service is now available over the phone and will be customizing information by ensuring small businesses are aware of any changes such as filing and payment deadlines, proactive relief measures, etc.

Payroll Subsidies: 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 of \$1,375 per employee and \$25,000 per employer. Businesses will 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. The government does not provide details on this, our firm is investigating this further.

FINANCIAL ASSISTANCE

Individuals

Canada's large banks have confirmed that this support will include up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products. Banks have affirmed their commitment to working with customers to **provide flexible solutions**, on a case-by-case basis, for managing through hardships caused by recent developments. This may include situations such as pay disruption, childcare disruption, or illness. Please note based on the conversations our firm had with banks, the interest will not be waived during the deferral period. The interest will be added the original principal amount and interest will accrue on the principal, so you will be paying interest on the interest. This is not an ideal option; however, it should be taken as a last resort.

Alberta Government is offering their own economic package to Albertans:

• Emergency Isolation Support:

- This will be a temporary program for working adult Albertans who must self-isolate because they meet the Government of Alberta's published criteria for self-isolation, including persons who are the sole care-giver for a dependent who must self-isolate because they meet the public health criteria, and who will not have another source of pay or compensation while they are self-isolated.
- A one-time payment of \$1,146 will be distributed to bridge the gap until the federal emergency payments begin in April.
- We expect the program to be available through a simple online application next week and that funds will be deposited in the accounts of eligible recipients beginning at that time.

• Utility payment deferral

- Residential customers can defer electricity and natural gas bill payments for the next 90 days to ensure no one will be cut off, regardless of the service provider.
- This program is available to Albertans who are experiencing financial hardship as a direct result of COVID-19. For example, those who have lost their employment or had to leave work to take care of an ill family member.
- Call your utility provider directly to arrange for a 90-day deferral on all payments.

• Student loans repayment deferral

- Alberta Government is implementing a six-month, interest free, moratorium on Alberta student loan payments for all Albertans in the process of repaying these loans.
- Alberta Student Loan repayments will be paused for 6 months, beginning March 30, 2020.
- Interest will not accrue during this period. This mirrors the approach of the Canada Student Loans Program.
- Students do not need to apply for the repayment pause.
- Borrowers may continue making payments during this period if they choose and this will not affect their eligibility to receive the benefit.

• Education property tax freeze

- Residential education property tax rates will be frozen at last year's level – reversing the 3.4% population and inflation increase added in Budget 2020.

Prepare a plan to help **manage your finances**. Only spend on the necessities during time this challenging time. Government of Canada has a great article on how to manage your financial health:

<https://www.canada.ca/en/financial-consumer-agency/services/covid-19-managing-financial-health.html>

Businesses

- The **Business Credit Availability Program** will allow the Business Development Bank of Canada and Export Development Canada to provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses. The near-term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada.
- The Office of the Superintendent of Financial Institutions (OSFI) announced it **is lowering the Domestic Stability Buffer by 1.25%** of risk-weighted assets, effective immediately. This action will allow Canada's large banks to inject **\$300 billion of additional lending** in to the economy.
- **For Exporters:** The Minister of Finance would now be able to determine the limit of the Canada Account in order to deal with exceptional circumstances. The Canada Account is administered by Export Development Canada (EDC) and is used by the government to support exporters when deemed to be in the national interest.
- **Interest Rates:** The Bank of Canada cut the prime interest rate to 0.75%. Other banks have also reduced rates.

The Alberta Government is offering their own economic package for Alberta Business owners as follows:

- **Corporate income tax changes**
 - Corporate income tax balances and instalment payments will be deferred from March 19 until August 31, 2020 to increase employers' access to cash so they can pay employees, address debts and continue operations.
- **Education property tax deferral**
 - Education property tax rates will be frozen at last year's level – reversing the 3.4% population and inflation increase added in Budget 2020.
 - Collection of non-residential education property tax for businesses will be deferred for 6 months.
 - Municipalities are expected to set education property tax rates as they normally would, but defer collection.
 - Deferred amounts will be repaid in future tax years.
 - Commercial landlords are encouraged to pass savings on to their tenants through reduced or deferred payments to help employers pay their employees and stay in business.
 - Businesses capable of paying their taxes in full are encouraged to do so. This will assist the province in supporting Albertans through the pandemic.
- **WCB premium payment deferral**
 - Small, medium and large private sector employers can defer WCB premium payments until 2021.
 - For small and medium businesses, the government will cover 50% of the 2020 premium when it is due in 2021 – saving businesses \$350 million.
 - Large employers will have their 2020 WCB premium payments deferred until 2021, at which time their premiums will be due.
 - Employers who have already paid WCB premiums in 2020 are eligible for a rebate or credit.
- **Utility payment deferral**
 - Residential, farm and small commercial customers can defer electricity and natural gas bill payments for the next 90 days to ensure no one will be cut off, regardless of the service provider.
 - This program is available to Albertans who are experiencing financial hardship as a direct result of COVID-19. For example, those who have lost their employment or had to leave work to take care of an ill family member.
 - Call your utility provider directly to arrange for a 90-day deferral on all payments.

Other Funding

- Indigenous Community: \$305 million for a new distinctions-based Indigenous Community Support Fund will be provided to address immediate needs in First Nations, Inuit, and Métis Nation communities.
- Homelessness: The Reaching Home initiative will be provided with \$157.5 million to continue to support people experiencing homelessness during the COVID-19 outbreak. 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.
- Domestic Abuse Shelters: Women's shelters and sexual assault centers will receive \$50 million to help with their capacity to manage or prevent an outbreak in their facilities.

CLOSING

Many of the measures listed above have only been announced recently (March 18, 2020) and are noted as requiring Royal Assent. In recent public comments, it was indicated that the opposition parties have promised their support to move these measures quickly, therefore, we can presumably expect draft legislation in the short term.

Over the next days and weeks, the specifics on these programs will be released. Most of the details for these initiatives will be released on one of these five webpages:

General: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/canadas-reponse.html>

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

Travel: <https://travel.gc.ca/assistance/emergency-info/financial-assistance/covid-19-financial-help>

Employment and Social Development Canada: <https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>

As the situation develops further, there may be additional government measures, or modifications to those already announced.

Government of Alberta:

<https://www.alberta.ca/coronavirus-info-for-albertans.aspx>

APPENDIX

Frequently Asked Questions – Temporary Wage Subsidy for Employers

1. What is the Temporary Wage Subsidy for Employers?

The Temporary Wage Subsidy for Employers is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA).

2. Which employers are eligible?

You are an eligible employer if you:

- are a non-profit organization, registered charity, or a Canadian-controlled private corporation (CCPC);
- have an existing business number and payroll program account with the CRA on March 18, 2020; and
- pay salary, wages, bonuses, or other remuneration to an employee.

Note: CCPCs are only eligible for 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 Temporary Wage Subsidy for Employers is limited to the eligible employers listed above.

3. How much is the subsidy?

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

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

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

4. How do I calculate the subsidy?

The subsidy must be calculated manually.

For example, if you have 5 employees earning monthly salaries of \$4,100 for a total monthly payroll of \$20,500, the subsidy would be 10% of \$20,500, or \$2,050.

5. How will I receive 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.

Important: You cannot reduce your remittance of Canada Pension Plan contributions or Employment Insurance premiums.

For 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 the maximum of \$25,000, for all remuneration paid before June 20, 2020.

6. When can I start reducing remittances?

You can start reducing remittances of federal, provincial, or territorial income tax in the first remittance period that includes remuneration paid between March 18, 2020, and June 20, 2020.

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

7. What if subsidies exceed the remittances?

If the income taxes you deduct are not sufficient to offset the value of the subsidy in a specific period, you can reduce future remittances to benefit from the subsidy. This includes reducing remittances that may fall outside of the application period for the wage subsidy (after June 20, 2020).

For example: If you calculated a subsidy of \$2,050 on remuneration paid between March 18, 2020, and June 20, 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 20, 2020.

8. Will the subsidy affect deductions from my employees?

No. You will continue deducting income tax, Canada Pension Plan contributions, and Employment Insurance premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do. The subsidy is only calculated when you remit these amounts to the CRA.

9. What if I don't reduce remittances during the year?

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 18, 2020, and June 20, 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.

10. What books and records do I need to support the subsidy?

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

- the total remuneration paid between March 18, 2020, and June 20, 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.

11. Is the subsidy considered taxable income?

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

12. What if my business is closed?

If you did not pay salary, wages, bonuses, or other remuneration to an employee between March 18, 2020, and June 20, 2020, you cannot receive the subsidy, even if you are an eligible employer.

13. What about remittances made to Revenu Québec?

This Temporary Wage Subsidy for Employers allows eligible employers to reduce remittances made to the CRA only.

COVID-19 Update: EI Sickness Benefits and Work-Sharing

March 15, 2020

<https://www.mccarthy.ca/en/insights/blogs/canadian-employer-advisor/covid-19-update-ei-sickness-benefits-and-work-sharing>

In response to the outbreak of COVID-19, the Federal Government of Canada has announced several measures to assist eligible employers and employees. In particular, the Government has announced changes to the Employment Insurance Sickness Benefits and the federal Work-Sharing program. Here are the key things employers need to know right now.

Employment Insurance (EI) Sickness Benefits

What does EI Sickness Benefits provide?

- Financial support for eligible workers who:
 - are unable to work for a medical reason (which now includes being subject to quarantine or self-isolation);
 - have experienced a decrease in regular weekly earnings of more than 40% for one week; and
 - have accumulated 600 insured hours of work in the 52 weeks before the start of the claim.

How much can an employee claim and for how long?

- EI Sickness Benefits pay 55% of an employee's insurable earnings, up to a maximum of \$573 per week, less applicable taxes.
- Employees can claim these benefits for a maximum of 15 weeks.

What is a waiting period and how has it changed?

- A waiting period is a period of time in which an employee does not receive EI Sickness Benefits.
- Normally, there is a one (1) week waiting period for EI Sickness Benefits, in which an employee would not receive payment. For example, if an employee were under quarantine or self-isolated for two (2) weeks, they would only receive one (1) week of EI Sickness Benefits.
- The Government has now waived the one (1) week waiting period. This means employees will now be able to access benefits for their period of absence, up to a maximum of 15 weeks.

Is a doctor's note required to access EI Sickness Benefits?

- Normally, a medical certificate (signed by a qualified medical professional) is required to access the benefits.
- As of March 11, 2020, the Government has stated that they are waiving the medical note for individuals required to go into quarantine by law or by a public-health official.
- Should the quarantine period or self-isolation period be extended, a signed medical certificate may still be necessary.

Can Employer's top up an employee's EI Sickness Benefits?

- Yes, a Supplementary Unemployment Benefit Plan (SUBP) can be established by an employer to top up employees' EI benefits during a period of unemployment due to a temporary layoff for, among other things, sickness.
- A SUBP should be registered with Service Canada and must meet the requirements set out below, otherwise it will be treated as income and any EI benefits received may be reduced.
- Article 37(2) of the EI Regulations require that a SUBP:
 - identify the group or groups of employees covered by the plan;
 - cover any period of unemployment by reason of a temporary stoppage of work, training, illness, injury, quarantine or any combination of such reasons;
 - require employees to apply for and be in receipt of benefits in order to receive payments under the plan but may provide for payments to an employee who is not in receipt of benefits for the reason that the employee:

(i) is serving the waiting period,

(ii) has insufficient hours of insurable employment to qualify for benefits, or

(iii) has received all of the benefits to which the employee is entitled;

- require that the combined weekly payments received from the plan and the portion of the weekly benefit rate from that employment do not exceed 95 per cent of the employee's normal weekly earnings from that employment;

- require that payments under the plan be financed by the employer and that the employer keep separate accounts for those payments;
- require that, on termination of the plan, all remaining assets revert to the employer or be used for payments under the plan or for administrative costs of the plan;
- require that the plan be submitted to the Commission prior to its effective date and that written notice of any change to the plan be given to the Commission within 30 days after the effective date of the change;
- provide that the employees have no vested right to payments under the plan, except to payments during a period of unemployment specified in the plan; and
- provide that payments in respect of guaranteed annual remuneration or in respect of deferred remuneration or severance pay benefits are not reduced or increased by payments received under the plan
- The registration date of the SUBP is the date on which it is submitted to Service Canada's SUB Program, if all the required conditions are met and all supporting documents are received. The plan will be registered under the employer's business number for payroll deductions and a notification of the approval will be sent to the employer. Until a plan is registered, any amounts paid will be treated as earnings and may be deducted from the employee's EI benefits.

Federal Work-Sharing Program

What is work-sharing?

- Work-sharing is a program designed to help eligible employers avoid layoffs when there is a temporary reduction in the normal level of business activity (that is beyond the control of the employer). The program is available to both federally and provincially regulated employers.
- As a result, Employment Insurance Benefits are provided for eligible employees as income support.
- Affected employees must agree to work a reduced schedule and share available work over a specified period of time.
- Both the employer and the employee must apply to participate in a Work-Sharing program together.

The mandatory waiting period has also been waived so that employers with a recently expired agreement may immediately apply for a new agreement, without waiting between applications.

How do I know if I am an eligible employer?

To be eligible for a Work-Sharing program, employers must:

- have been in business in Canada year-round for at least two (2) years;
- be a private business, publicly-held company or a not-for-profit organization;
- demonstrate that the shortage of work is temporary and beyond their control;
- demonstrate a recent decrease in business activity of approximately 10%; and
- submit and implement a recovery plan designed to return the Work-Sharing individuals to normal working hours by the end of the program.

Employers may not make a Work-Sharing agreement with employees who are:

- seasonal, or students hired for the summer or co-op term;
- hired on a casual or on-call basis; or
- shareholders of the business, whose shares provide them with significant decision making power as to the direction of the company.

How many hours of an employee's work schedule can be reduced and how long can it last?

- A reduction between a minimum of 10% (one half day) and a maximum of 50% (three days).
- In any given week, the work reduction can vary depending on available work, as long as the work reduction on average is between 10%-60% for the duration of the program.
- The program must have a minimum duration of six (6) weeks and as a result of COVID-19, may last up to 76 weeks (normally maximum 38 weeks).

Financial Aid for homeowners:

If you are hoping to **defer your mortgage payments**, you may be able defer your mortgage payments anywhere from 1 month up to 6 months. This means that your mortgage term will be extended and in turn you will pay a little more interest. However, once things are back to normal, you can add a few extra payments to your mortgage to get you back on track. This is a good practice on a regular basis to get you building equity and paying off that mortgage years sooner.

Here are a list of contacts for banks:

ATB: 1-800-332-8383

B2B: 1-800-263-8349

BMO: 1-844-837-9228

BRIDGEWATER: 1-866-243-4301

CIBC: 1-800-465-2422

CMLS: 1-888-995-2657

OPTIMUM: 1-866-441-3775

EQUITABLE: 1-888-334-3313

FIRST CALGARY FIN: 1-403-736-4000

FIRST NATIONAL: 1-888-488-0794

HAVENTREE: 1-855-272-0051

HOME TRUST: 1-855-270-3630

HSBC: 1-888-310-4722

ICICI: 1-888-424-2422

MANULIFE: 1-877-765-2265

MCAP: 1-800-265-2624

MERIX: 1-877-637-4911

MARATHON: 1-855-503-6060

RBC: 1-866-769-2511

RFA: 1-877-416-7873

RMG: 1-866-809-5800

SCOTIA: 1-800-472-6842

SERVUS: 1-877-378-8728

STREET CAPITAL: 1-866-683-8090

TD: 1-888-720-0075

BDC Canada is Offering the Following Support:

For both new and existing clients, BDC is providing a **36 month working capital loan at 3.3% to a maximum of \$2,000,000**. The loan will require a personal guarantee and GSA.

The payment schedule fore this loan will be:

Year 1- Interest only.

Year 2- 20% of the borrowed amount + interest will be paid.

Year 3- 20% of the current loan amount+ Interest will be paid then at the end of year 3 a balloon payment to be made for the remainder of the loan.

Some of the key questions to ask the clients would be:

- At what activity level do you anticipate to operate at over the next six months (i.e. full shut down or reduced capacity), with source any continued demand.
- With a working capital loan and/or postponement (and support from other lenders) does this cover your cash needs for the next six months.
- What are your agreements with key suppliers (and customers) on payment terms / support for the next six months.
- What are the key carrying costs for the next 6 months.
- Do you have line-of-sight to required raw materials for the next six months.

Documents Required:

- Last 3-year financial statements CPA prepared NTR if under \$350,000 RE if above.
- Year to date financial statements balance sheet and income statement with a previous year comparable for the previous period.
- 6 month forecast, 12 month forecast, & 24 month forecast with rationale.
- AR & AP at year-end and YTD
- Organizational chart
- Government ID
- BDC application forms

There is also, an online loan procedure for \$100,000:

- The client will need to go online to <https://www.bdc.ca/en/financing/pages/default.aspx>.
- They can apply on their own there or have them call me and I can walk them through.
- This loan is also 3.3%, and the client would be approved based on personal credit. The approval process is about 7 business days.
- The business must be operating for 2 years min to qualify.

COVID-19 Economic Aid

ACCOUNTING • CONSULTING • TAX

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