

McCUTCHEN & PEARCE

PROFESSIONAL CORPORATION

Chartered Professional Accountants

Memo

From	Michael McCutchen
Date	March 23, 2020
Subject	Summary of Covid-19 Government of Canada Support Measures

The following is a summary of the support measures the Government of Canada announced recently to assist businesses and individuals in dealing with the Covid-19 pandemic.

Temporary Wage Subsidy for businesses

Eligible small employers are provided 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.

You can access a free template with instructions by following this link <https://www.taxtemplates.ca/wage-subsidy>

Deferral of corporate income taxes

The Canada Revenue Agency ('CRA') will allow all businesses to defer the payment of any income tax amounts or tax instalments that become owing on or after March 18, 2020 and before September 2020, until after August 31, 2020. No interest or penalties will accumulate on these amounts during this period.

The 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, 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.

Contact BDC

<https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19>

Employment Insurance Benefits

Businesses that are closed during the pandemic should provide a Record of Employment to their employees to allow access to benefits.

EI Emergency Care Benefits for Workers and Parents

Workers or parents without paid sick leave (or similar workplace accommodation) who are sick, quarantined or forced to stay home to care for children, the Government is introducing the Emergency Care Benefit providing up to \$900 bi-weekly, for up to 15 weeks. This flat-payment Benefit will be administered through the (CRA) and provide income support to:

- Workers, including the self-employed, who are quarantined or sick with COVID-19 or who are caring for a family member who is sick with COVID-19 but do not qualify for EI.
- Parents with children who require care or supervision due to school or daycare closures, and are unable to earn employment income, whether they qualify for EI or not.

Application for the Benefit will start in April 2020 through one of three channels:

1. by accessing it on their CRA MyAccount secure portal;
2. by accessing it from their secure My Service Canada Account; or
3. by calling a toll-free number equipped with an automated application process.

Assistance for Individuals – Tax deferral

CRA will defer the filing due date for the 2019 tax returns of individuals, including trusts.

- For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020. However, the Agency encourages individuals who expect to receive benefits under the GSTC or the Canada Child Benefit not to delay the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.
- For trusts having a taxation year ending on December 31, 2019, the return filing due date will be deferred until May 1, 2020.

The Canada Revenue Agency will allow all taxpayers to defer the payment of any income tax amounts and instalments that become owing on or after March 18, 2020 and before September 2020, until after August 31, 2020. No interest or penalties will accumulate during this period.

Income Support for Individuals – GST Credit and Child Benefits

The Government is proposing to provide a one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC). This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The Government is proposing to increase the

maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child.

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