

Tax Alert – Government of Canada announces certain tax measures to support Canadians and businesses

Bill C-13, *COVID-19 Emergency Response Act*, received Royal Assent on March 25, 2020. The bill enacted all the tax measures announced on March 18, 2020 in *Canada's COVID-19 Economic Response Plan: Support for Canadians and Businesses*. Bill C-13 contains all the legislation pertaining to the measures discussed below, or at least the ones that required legislation to come into effect. In some circumstances, the legislation alone is not completely indicative of what each measure will do, because C-13 gives the Minister of Finance the autonomy to prescribe how certain benefits will be computed. All the tax measures are outlined below.

Emergency Response Benefit

Initially, the government was proposing two emergency benefit payments: the Emergency Care Benefit, and the Emergency Support Benefit. However, the government has announced that these two measures have instead been combined into a single allowance called the Emergency Response Benefit.

It is a **taxable benefit** of **up to \$2,000** per month for up to **four months**.

Eligible individuals include people who:

- have lost their job, 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 who are sick or at home because of school and daycare closures,
- workers who remain employed but are losing income because of COVID-19, and

- The CERB would apply to wage earners, as well as contract workers and self-employed individuals who would not otherwise be eligible for Employment Insurance (EI).

Part 2 of Bill C-13 enacts the *Canada Emergency Response Benefit Act*, which is the legislation for this benefit. However, for those wondering what the payment amounts are, the Bill simply states that the amount is fixed by regulation. In other words, the government will later introduce regulations that specify how much workers will receive. The online portal to apply for the Emergency Care Benefit will open in early April, and the government promises for the funds to be paid within 10 days of an application being made. The benefit will be paid every four weeks and be available from March 15, 2020 until October 3, 2020.

Canadians who are already receiving EI regular and sickness benefits as of today would continue to receive their benefits and **should not apply** to the CERB. If their EI benefits end before October 3, 2020, they could apply for the CERB once their EI benefits cease, if they are unable to return to work due to COVID-19.

Canadians who have **already applied for EI** and whose application has not yet been processed **would not need to reapply**. Canadians who are eligible for EI regular and sickness benefits would still be able to access their normal EI benefits, if still unemployed, after the 16-week period covered by the CERB.

For advice about your particular situation, please contact your Propel Advisor.

The following pages are summaries of other measures previously announced related to
Canada's response to COVID-19

Additional Personal Tax Measures

- Increasing the GST credit for low income individuals.
- Increasing the maximum Canada Child Benefit payment.
- Reducing required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020.
- 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.
- The Canada Revenue Agency 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 would apply to tax balances due, as well as installments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.
- Effective immediately the Canada Revenue Agency will recognize electronic signatures as having met the signature requirements of the Income Tax Act, as a temporary administrative measure. This provision applies to authorization form T183.
- The Canada Revenue Agency is adapting its Outreach Program to support individuals during COVID-19. Through this service, the Canada Revenue Agency offers help to individuals to better understand their tax obligations and to obtain the benefits and credits to which they are entitled. Traditionally available in-person, this service is now available over the phone, and through webinar, where possible.

Measures Relating to Trusts

- 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, 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 installments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

Measures for Businesses

- The Canada Revenue Agency 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 would apply to tax

balances due, as well as installments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

- To support businesses that are facing revenue losses and to help prevent lay-offs, 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.
- Effective immediately the Canada Revenue Agency will recognize electronic signatures as having met the signature requirements of the Income Tax Act, as a temporary administrative measure. This provision applies to authorization form T183CORP.
- 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. For the vast majority of businesses, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives.

Learn more

For more information, please contact your Propel advisor.