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## Canada's COVID-19 Economic Response Plan - **amended**

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2020-04-08

### > Individuals

#### ▪ Income Tax Return

- The income tax return filing due date will be deferred until June 1, 2020 for individuals.
- Taxpayers will be allowed to defer, until September 1, 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. (Announced March 18, 2020).
- The Canada Revenue Agency (CRA) encourages individuals who expect to receive benefits under the Goods and Services Tax credit (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.

#### ▪ Benefits and Credits

- Goods and Services Tax credit (GSTC): The Government is proposing to provide a one-time special payment by early May 2020 through the GSTC. This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The average boost to income for those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples. (Announced March 18, 2020). Although this additional assistance was scheduled to take place in early May, the government has announced that this one-time supplementary payment will be issued starting on April 9. See the following link: [Benefits, credits and support payments: CRA and COVID-19](#) (Announced April 3rd).
- Canada Child Benefit (CCB): The Government is proposing to increase the maximum annual Canada Child Benefit (CCB) payment amounts, exclusively for the 2019-20 benefit year, by \$300 per child. The overall increase for families receiving CCB will be approximately \$550 on average; these families will receive an extra \$300 per child as part of their May payment. (Announced March 18, 2020).
- Canada Emergency Response Benefit (CERB)<sup>1</sup>: The government has established the new Canada Emergency Response Benefit (CERB) replacing the Emergency Care Benefit and Emergency Support Benefit. This taxable benefit would provide \$2,000 for four weeks for up to 16 weeks for workers who lose their income as a result of the COVID-19 pandemic.

All Canadians who have ceased working due to COVID-19, whether they are EI-eligible or not, would be able to receive the CERB. **New (announced April 8, 2020): During the Government's press conference, it was stated that more accessibility measures will be brought to the CERB in the upcoming days (waiting for written confirmation).**

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<sup>1</sup> See the appendix for details of this Benefit [here](#).

## ➤ Individuals (continued)

The CERB would cover Canadians who have lost their job, are sick, quarantined, or taking care of someone who is sick with COVID-19, as well as working parents who must stay home without pay to care for children who are sick or at home because of school and daycare closures. 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).

Additionally, workers who are still employed, but are not receiving income because of disruptions to their work situation due to COVID-19, would also qualify for the CERB. This will help businesses keep their employees as they navigate these difficult times, while ensuring they preserve the ability to quickly resume operations as soon as it becomes possible.

Canadians who are already receiving EI regular and sickness benefits as of March 25, 2020 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.

The portal for accessing the CERB would be available in early April. The CERB would be paid every four weeks and be available from March 15, 2020 until October 3, 2020. (Announced March 25, 2020)

### ▪ **Student Loans**

Effective March 30, the government 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.

### ▪ **Registered Retirement Income Funds (RRIFs)**

Reduction of the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan. (Announced March 18, 2020).

### ▪ **Employment Insurance**

- Waiving the one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits (since March 15, 2020).
- Waiving the requirement to provide a medical certificate to access EI sickness benefits (since March 15, 2020).

> Individuals (continued)

Deadline for the production of income tax returns and payment due dates		
INDIVIDUALS		
	current	deferral
<b>Production of 2019 income tax returns</b>		
Individuals (other than those in business)	April 30, 2020	June 1, 2020
Individuals in business (including their spouse)	June 15, 2020	June 15, 2020
<b>Payment due dates</b>		
Taxes	April 30, 2020	deferred to September 1, 2020
Tax instalments*: payments due on	June 15, 2020	deferred to September 1, 2020
Tax instalments*	September 15 and December 15, 2020	No change
*The rules governing the calculations to determine the amount of the tax instalment normally due are not modified.		

## ➤ 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 to defer, until September 1, 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, under Part I of the *Income Tax Act*. No interest or penalties will accumulate on these amounts during this period.

Deadline for the production of income tax returns and payment due dates		
TRUSTS		
	current	deferral
<b>Production of income tax return</b> (Applies to trusts with a tax year-end date of December 31, 2019)	March 31	May 1, 2020
Including T3 slips (issued by the trust)	March 31	May 1, 2020
<b>Production of income tax return</b> (Applies to trusts that would otherwise have a filing due date in April or May. For example graduated rate estate (GRE))	April and May	June 1, 2020
<b>Payment due dates</b>		
Taxes	between March 18, 2020 and August 31, 2020	deferred to September 1, 2020
Tax instalments*: payments due on	June 15, 2020	deferred to September 1, 2020
Tax instalments*	September 15 and December 15, 2020	No change
*The rules governing the calculations to determine the amount of the tax instalment normally due are not modified.		

## ➤ Corporations and Businesses

### ▪ Supporting Canadian Business through the Canada Account

The Government is changing the Canada Account so that the Minister of Finance would now be able to determine the limit of the Canada Account in order to deal with exceptional circumstances. This will allow the Government to provide additional support to Canadian companies through loans, guarantees or insurance policies.

### ▪ Helping Businesses Keep their Workers<sup>2</sup>

#### ○ Wage subsidies (10%) (announced March 18, 2020)

To support businesses that are facing revenue losses and to 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

#### ○ Canada Emergency Wage Subsidy (CEWS) (75%)

Backgrounder (April 1): <https://www.canada.ca/en/department-finance/news/2020/04/the-canada-emergency-wage-subsidy.html>

The government announced new Canada Emergency Wage Subsidy. This subsidy would provide a 75 per cent wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

**New: Flexibility Measures (April 8):** <https://www.canada.ca/en/department-finance/news/2020/04/government-provides-further-flexibility-for-employers-to-access-the-canada-emergency-wage-subsidy.html>

#### Eligible Employers

- Eligible employers would include individuals, taxable corporations, and partnerships consisting of eligible employers as well as non-profit organizations and registered charities.
- This subsidy would be available to eligible employers that see a drop of at least 30 per cent of their revenue. **Flexibility measures to access the CWES, announced on April 8, 2020, render this subsidy more accessible for the month of March, by reducing the 30% benchmark to 15%** (see the Eligible Periods section below). In applying for the subsidy, employers would be required to attest to the decline in revenue.

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<sup>2</sup> An appendix with details of this wage subsidy will be published shortly.

➤ **Corporations and Businesses (continued)**

- **Canada Emergency Wage Subsidy (CEWS) (75%) (continued)**

Eligible Periods

Eligibility would be determined by the change in an eligible employer’s monthly revenues, year-over-year, for the calendar month. For example, if revenues in March 2020 were down 50 per cent compared to March 2019, the employer would be allowed to claim the Canadian Emergency Wage Subsidy on remuneration paid between March 15 and April 11, 2020.

The table below outlines each claiming period and the reference period for which the business had a decline in revenue (i.e. of 30 per cent or more **for the April and May subsidies and of 15 per cent or more for the March subsidy**).

**Eligible Period**

	<b>Claiming period</b>	<b>Reference period for eligibility</b>
<b>Period 1</b>	March 15 – April 11	March 2020 over March 2019
<b>Period 2</b>	April 12 – May 9	April 2020 over April 2019
<b>Period 3</b>	May 10 – June 6	May 2020 over May 2019

New (announced April 8, 2020):

- Employers will be able to benefit from an additional method to measure their revenue loss. In addition to the one provided above, all employers could instead compare their revenue of March, April and May 2020 to an average of their revenue earned in January and February 2020.
- In recognition that the time between when revenue is earned and when it is paid could be highly variable in certain sectors of the economy, it is proposed that employers be allowed to measure revenues either on the basis of accrual accounting (as they are earned) or cash accounting (as they are received).
- Charities and non-profit organizations will be allowed to choose to include or exclude government funding in their revenues for the purpose of applying the revenue reduction test.

For eligible employers established after February 2019, eligibility would be determined by comparing monthly revenues to a reasonable benchmark.

Amount of Subsidy

The subsidy amount for a given employee on eligible remuneration paid between March 15 and June 6, 2020 would be the greater of:

- 75 per cent of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
- the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75 per cent of the employee’s pre-crisis weekly remuneration, whichever is less.

Further guidance with respect to how to define pre-crisis weekly remuneration for a given employee will be provided in the coming days. There would be no overall limit on the subsidy amount that an eligible employer may claim.

## ➤ Corporations and Businesses (continued)

### ○ **Canada Emergency Wage Subsidy (CEWS) (75%) (continued)**

A special rule will apply to employees that do not deal at arm's length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75 per cent of the employee's pre-crisis weekly remuneration.

New: Refunds (April 8, 2020)

Employers who are eligible for the CEWS would be entitled to receive a 100-per-cent refund for certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan. This refund would apply to the entire amount of employer-paid contributions in respect of remuneration paid to furloughed employees in a period where the employer is eligible for the CEWS

Interaction with 10 per cent Wage Subsidy

On March 18, 2020, the Prime Minister announced a temporary 10 per cent wage subsidy. For employers that are eligible for both the Canada Emergency Wage Subsidy and the 10 per cent wage subsidy for a period, any benefit from the 10 per cent wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the Canada Emergency Wage Subsidy in that same period.

Interaction with the Canadian Emergency Response Benefit

An employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.

Employers who are not eligible for the Canada Emergency Wage Subsidy would still be able to furlough employees who will receive up to \$2,000 a month.

### ▪ **Flexibility for Businesses Filing Taxes**

The Canada Revenue Agency will allow all businesses to defer, until September 1, 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, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

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.

Deadline for tax returns delayed to June 1 (refer to the Other Measures section below).

- **Implementing the EI Work Sharing Program**, which provides EI benefits to workers who agree to reduce their normal working hours 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 (announcement made March 11, 2020).

## ➤ Corporations and Businesses (continued)

### ▪ **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.

The near-term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada.

### ▪ **New Loan Programs for Businesses**

Canada Emergency Business Account: The Government of Canada is announcing the launch of the new Canada Emergency Business Account, which will be implemented by eligible financial institutions in cooperation with Export Development Canada (EDC). This \$25 billion program will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.

Small businesses and not-for-profits should contact their financial institution to apply for these loans.

To qualify, these organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).

#### New Loan Guarantee for Small and Medium Enterprises

Small and medium-sized enterprises (SMEs) may be particularly vulnerable to the impacts of COVID-19. To support their operations, EDC will guarantee new operating credit and cash flow term loans that financial institutions extend to SMEs, up to \$6.25 million.

The program cap for this new loan program will be a total of \$20 billion for export sector and domestic companies.

#### New Co-Lending Program for Small and Medium Enterprises

To provide additional liquidity support for Canadian businesses, the Co-Lending Program will bring the Business Development Bank of Canada (BDC) together with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements.

Eligible businesses may obtain incremental credit amounts up to \$6.25 million BDC's portion of this program is up to \$5 million maximum per loan. Eligible financial institutions will conduct the underwriting and manage the interface with their customers. The potential for lending under this program will be \$20 billion.



➤ Corporations and Businesses (continued)

Deadline for the production of income tax returns and payment due dates		
BUSINESSES		
	current	deferral
<b>Production of 2019 income tax returns</b>	6 months following the end of the business's fiscal year-end	All deadlines after March 18 are deferred to May 1, 2020
<b>Payment due dates</b>		
Tax instalments	Monthly or quarterly	Payments due between March 18, 2020 and August 31, 2020 are deferred to September 1, 2020
Balance payable	Two or three months after the fiscal year-end	Payments due between March 18, 2020 and August 31, 2020 are deferred to September 1, 2020

➤ Other Measures

Deadline for the production of income tax returns and payment due dates		
OTHER		
	current	deferral
Charitable organizations (T3010)	6 months after the fiscal year-end	All deadlines between March 18, 2020 and December 31, 2020 are deferred to December 31, 2020
Partnerships (T5013)	Varies according to the partner's type	All deadlines after March 18 are deferred to May 1
NR4	90 days after the fiscal year-end	All deadlines after March 18 are deferred to May 1

▪ **Extending the deadline for filing an objection**

For any objection request due March 18 or later, the deadline is effectively extended until June 30, 2020. With respect to objections related to other tax matters filed by individuals and businesses, the CRA is currently holding these accounts in abeyance. No collection action will be taken with respect to these accounts during this period of time.

▪ **Suspending audit activities and collections on new debt**

For further detail please refer to the Finance Canada News published March 27, 2020: [https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html# Canada Revenue Agency%E2%80%99s](https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html#Canada%20Revenue%20Agency%E2%80%99s)

▪ **Administrative tax measures**

Most of the income tax administrative action deadlines required by the CRA after March 18, 2020 are extended to June 1, 2020. These administrative income tax actions include returns (i.e. T2 corporate income tax return), forms (example: T1134, T1135), elections, designations and information requests.

Payment and remittance requirements are not part of this announcement.

Certain deadlines remain unchanged. Among them, source deductions and all related activities (except to the extent that they relate to the reduction of payments related to the temporary wage subsidy) must continue to be produced on time.

Trusts, Partnerships and NR4 Information Returns

The deadlines for trusts, partnership and NR4 information returns are all extended to May 1, 2020. This is due to administrative requirements in advance of the June 1, 2020 deadline for filing individual income tax and benefit returns.

- **Deferral of Sales Tax Remittance and Customs Duty Payments**

The Government is deferring Goods and Services Tax/Harmonized Sales Tax (GST/HST) remittances and customs duty payments to June 30, 2020. For more details refer to Finance Canada News published March 27:

[https://www.canada.ca/en/departement-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html#\\_Canada\\_Revenue\\_Agency%E2%80%99s](https://www.canada.ca/en/departement-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html#_Canada_Revenue_Agency%E2%80%99s)

- **Electronic signatures**

In order to reduce the necessity for taxpayers and tax preparers to meet in person and to reduce administrative burden, 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 forms T183 or T183CORP, which are forms that are signed in person to authorize tax preparers to file taxes.

- **Role of Financial Institutions**

The Minister of Finance is in regular contact with the heads of Canada's large banks and continues to encourage them to show flexibility in helping their customers whose personal or business finances are affected by COVID-19. The Superintendent of Financial Institutions has also made clear his expectation that banks will use the additional lending capacity provided by recent government actions to support Canadian businesses and households.

In response, banks in Canada 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. 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.

For more information please refer to the following Bank of Canada link:

<https://www.bankofcanada.ca/2020/03/opening-statement-180320/>

- **Mortgage Default Management Tools**

The Canada Mortgage and Housing Corporation (CMHC) 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 arrangements.

The Government, through CMHC, is providing increased flexibility for homeowners facing financial difficulties to defer mortgage payments on homeowner CMHC-insured mortgage loans. CMHC will permit lenders to allow payment deferral beginning immediately.

You can review the government-issued documents on their website:

- March 27, 2020 News Release: <https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html>
- March 25, 2020 News Release: <https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html>
- March 18, 2020 New Release: <https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>
- Canada's COVID-19 Economic Response Plan - Summary of Support: <https://www.canada.ca/en/department-finance/economic-response-plan.html>
- COVID-19: Changes to Canadian taxes and benefits: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update.html>
- **April 8, 2020 News Release : Flexibility measures to access the CEWS :** <https://www.canada.ca/en/department-finance/news/2020/04/government-provides-further-flexibility-for-employers-to-access-the-canada-emergency-wage-subsidy.html>

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