

FEDERAL GOVERNMENT ANNOUNCES SUPPORT PLAN FOR CANADIAN HOUSEHOLDS AND BUSINESS

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On March 18, 2020, the Federal Government released an \$82 billion package in financial support - \$27 billion in direct relief to workers and business, and \$55 billion to meet liquidity needs of Canadian businesses and households through the deferral of certain income tax obligations.

INCOME TAX MEASURES

For Individuals

- In order to provide greater flexibility to Canadians experiencing hardships during the COVID-19 outbreak, the Canada Revenue Agency (the "**CRA**") will defer the filing due date for 2019 tax returns of individuals, including certain trusts. For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020. The CRA encourages individuals who expect to receive benefits under the Goods and Services Tax Credit (GSTC) or the Canada Child Benefit (CCB) not to delay 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 Dec. 31, 2019, the return filing due date will be deferred until May 1, 2020.
- All taxpayers (including corporations) will be allowed 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 will apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act* (Canada) (the "**Act**"). No interest or penalties will accumulate on these amounts during this period.
- In order to reduce the necessity for taxpayers and tax preparers to meet in person, and to reduce administrative burden, the CRA will recognize electronic signatures as having met the signature requirements of the Act, as a temporary administrative measure. This provision applies to authorization forms T183 or T183CORP, which are the forms that are signed in person by Canadian taxpayers every year to authorize tax preparers to file taxes.
- The CRA is adapting its Outreach Program to support individuals during COVID-19. Through this service, the CRA 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.
- The CRA fully expects that many community organizations are considering whether to significantly reduce or perhaps cancel the provision of services provided under the Community Volunteer Income Tax Program. Additional efforts to encourage individuals to file their tax and benefit returns electronically, or where possible, through the File My Return service, will be put forward.
- For low- and modest-income families, the Federal Government will provide a one-time special payment by early May 2020 through the GSTC. This will double the



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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.

- The Federal Government will reduce the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020 in recognition of volatile market conditions with similar relief for individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.

For Businesses

- No formal pronouncements were made by the Federal Government in respect of partnership or corporate filing deadlines – so the filing deadlines remain unchanged for these entities.
- As noted above, the CRA 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 will apply to tax balances due, as well as instalments, under Part I of the Act. No interest or penalties will accumulate on these amounts during this period.
- The CRA will not contact any small or medium sized 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.
- The Liaison Officer Service offers help to owners of small businesses to understand their tax obligations. Traditionally available in-person, this service is now available over the phone and will be customizing information to ensure that small businesses are aware of any changes such as filing and payment deadlines, proactive relief measures, etc.
- There is no deferral for tax withholdings for payroll source deductions, non-resident withholding taxes, nor any extension for filing or remitting GST/HST.

OTHER SUPPORT INITIATIVES FOR INDIVIDUALS AND BUSINESSES

The Federal Government also announced the following additional support measures:

Temporary Income Support for Workers and Parents

- Waiving the one-week wait period for individuals in imposed quarantine to claim Employment Insurance (EI) sickness benefits.
- Waiving the requirement to provide a medical certificate to access EI sickness benefits.
- Introducing the Emergency Care Benefit of up to \$900 bi-weekly, for up to 15 weeks. This benefit provides income support to the following individuals:
 - 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 who 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.

Long-term Income Support of Workers

- An Emergency Support Benefit is being introduced to provide up to \$5 Billion in support to workers not eligible for EI and who are facing unemployment.
- EI Work Sharing Program will be implemented to provide EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employer.

Income Support for Individuals

- A one-time special payment by early May through the GSTC. The payment will double the maximum annual GSTC payment amounts for the 2019/2020 benefit year. The average increase will be approximately \$400 for single individuals and \$600 for couples.
- An increase in the maximum annual Child Care Benefit (CCB) payment amounts for the 2019/2020 benefit year by \$300 per child. Affected families will receive the increase as part of their May payment.
- Additional measures include the following:
 - Providing \$305M for a new distinctions-based Indigenous Community Support Fund to address the immediate needs in First Nations, Inuit and Métis Nation communities.
 - Six-month interest-free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans.
 - Providing \$157.5M to the Reaching Home Initiative to continue to support people experiencing homelessness during the COVID-19 outbreak.
 - Supporting women and children fleeing violence, by providing up to \$50M to shelters and assault centres to help with their capacity to manage or prevent an outbreak in their facility.

Helping Business Keep their Workers

- To support businesses facing revenue losses and to help prevent layoffs, the government is proposing to provide eligible small employers with a temporary wage subsidy for a period of three months. The subsidy will be equal to 10% or remuneration paid during that period, up to a maximum of \$1,375 per employee and \$25,000 per employer. Businesses will immediately benefit from this support by reducing their remittances of income taxes withheld on their employee's remuneration. Businesses eligible for the small business deduction, as well as non-profit organizations and charities will be eligible for this benefit.

Mortgage Payment Deferral

Additional measures were announced to allow for:

- Increased flexibility for homeowners to defer mortgage payments on certain insured mortgage loans through Canada Mortgage and Housing Corporation;
- support, through Canada's large banks, including a deferral of up to six months for residential mortgages and possible relief on other credit products such as skip-a-payment on automobile loans or credit cards.