

COVID-19 Economic Relief:

Eligibility and How to Apply

COVID-19: Government Support for Businesses and their Employees

- With the constantly evolving COVID-19 situation, business owners should familiarize themselves with the recent announcements and financial support outlined by the Federal Government. Businesses should consult their personal and business professional tax advisors and accountants to determine what is applicable to their specific situation.
- Note: Current as of **April 11th, 2020**. Many of the details of the programs described herein are yet to be released and may be subject to change. We will issue more updates as more information becomes available.

Tax return filing and payment dates

Current as of April 11



INDIVIDUALS

Filing date for 2019 tax year extended to June 1, 2020.

Note: Don't delay if you expect to receive a tax refund, or the GST Credit or Canada Child Benefit – to ensure entitlements for 2020-21 benefit year are properly determined.

Payment date extended to September 1, 2020.

Note: Applies to 2019 balances and 2020 installments due on or after March 18 and before September 1, 2020.



SELF-EMPLOYED

Filing date for 2019 tax year unchanged as June 15, 2020.

Note: This includes spouses or common-law partners

Payment date extended to September 1, 2020.

Note: Applies to 2019 balances and 2020 installments due on or after March 18 and before September 1, 2020.

Tax return filing and payment dates

Current as of April 11

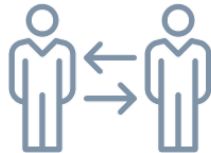


CORPORATIONS

Filing due date is June 1, 2020 for returns due between March 18 and June 1, 2020

Payment date extended to September 1, 2020.

Note: Applies to Part I tax balances and instalments due on or after March 18 and before September 1, 2020.



TRUSTS

Filing deadline for the 2019 tax year extended to May 1, 2020 for trusts with December 31st year-ends.

Payment date extended to September 1, 2020.

Note: Applies to tax balances and instalments due on or after March 18 and before September 1, 2020.

Tax return filing and payment dates

Current as of April 11



GST, HST, IMPORT DUTIES AND TAXES

Payments by businesses of GST, HST, import duties and sales taxes on imports will be deferred until June 30, 2020.



ELECTRONIC FILING AND SIGNATURES

Individuals and corporations are encouraged to e-file their tax returns if they expect a refund. As a temporary administrative measure, electronic signatures will be accepted to authorize electronic filing.



CRA AUDIT ACTIVITY

The Canada Revenue Agency (CRA) will temporarily suspend audit interaction with taxpayers and representatives for most businesses.

Canada Emergency Wage Subsidy (CEWS)



CANADA EMERGENCY WAGE SUBSIDY (CEWS)

For businesses that have experienced a decrease in revenues of at least 15% in March and 30% in April or May 2020.

Retroactive to March 15 and will cover 75% of wages up to a weekly maximum subsidy of \$847 per employee. Applies to 12-week period March 15 - June 6, 2020. Not based on the number of people employed and it will also be available to charities and non-profits. Funds available to employers in mid-May. Will also include a 100% refund for certain employer-paid contributions.

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

Canada Emergency Wage Subsidy (CEWS)

What is Eligible Remuneration?

Eligible remuneration may include salary, wages, and other remuneration but would not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle

Who is an Eligible Employer?

Eligible employers include individuals, taxable corporations, and partnerships consisting of eligible employers. The subsidy will also be available to charities and non-profits.

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

Revenues, for this purpose, will consist of revenue from its business carried on in Canada from arm's length sources. Employers will need to reapply each month and will need to attest that they are doing everything they can to pay the remaining 25% of their worker's income.

Canada Emergency Wage Subsidy (CEWS)

How is the CEWS Calculated?

The subsidy on eligible remuneration paid to a given employee 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.

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.

Canada Emergency Wage Subsidy (CEWS)

Other Important Information:

- Organizations that don't qualify for the Canada Emergency Wage Subsidy may continue to qualify for the previously announced temporary small business wage subsidy (TSBWS).
- For employers that are eligible for both the CEWS and the TSBWS for a period, any benefit received from the 10 per cent wage subsidy (TSBWS), for remuneration paid in a specific period, would generally reduce the amount available to be claimed under the CEWS in that same period.
- Employers are not 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 receiving this subsidy are required to report the total amount received as taxable income in the year it is received.

Canada Emergency Wage Subsidy (CEWS)

How to Apply

- Eligible employers will apply through the Canada Revenue Agency's My Business Account portal as well as a web-based application which is expected to be available sometime between the end of April and mid-May, with funds expected to be available in mid-May. The Government encourages businesses to register for direct deposit with the CRA to ensure they receive funds quicker. Finance is currently working on draft legislation as well as additional details of these incentives and how they will be administered.

Temporary Small Business Wage Subsidy (TSBWS)



TEMPORARY SMALL BUSINESS WAGE SUBSIDY (TSBWS)

Provides eligible small employers a temporary wage subsidy for a period of up to three months.

Equal to 10% of remuneration paid during that period, up to a maximum of \$1,375 per employee and \$25,000 per employer. To benefit, employers can reduce their remittances of income tax withheld on their employees' remuneration – starting in the first remittance period for remuneration paid between March 18 - June 20, 2020. **Note:** Benefits received under the TSBWS will reduce potential benefits under the CEWS.

Temporary Small Business Wage Subsidy (TSBWS)

- **Eligibility:**

- Employers eligible for the TSBWS include sole proprietorships and partnerships with employees, corporations eligible for the small business deduction, as well as non-profit organizations and charities. In order to qualify, the business must have had an existing business number and payroll program account with the CRA on March 18, 2020.
- To obtain this support, employers can reduce their remittances of income tax withheld on their employees' remuneration by the amount of the subsidy. Employers can start reducing employee income tax remittances in the first remittance period that includes remuneration paid between March 18, 2020, and June 20, 2020. Employers cannot reduce remittance of other source deductions such as Canada Pension Plan/Quebec Pension Plan contributions and Employment Insurance premiums.
- If an eligible employer does not reduce payroll remittances during the year, a request can be made to either have the subsidy paid at the end of the year or transferred to the next year's remittance.
- Employers receiving this subsidy are required to report the total amount received as taxable income in the year it is received.
- Of note, in the legislation there appears to be no eligibility restrictions on remuneration paid to a controlling shareholder or to their family members. Reasonableness tests related to the payment of salary to family members must always be considered.

Employment Insurance Work-Sharing Program



EXTENDING THE WORK-SHARING PROGRAM

The Work-Sharing program provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers.

Temporary changes to this program will extend the eligibility of such agreements to 76 weeks, ease eligibility requirements, and streamline the application process.

Employment Insurance Work-Sharing Program

- Employers impacted by a downturn in business may benefit from temporary changes to the existing EI Work Sharing Program, helping them retain their employees during slower times. The temporary changes now provide EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers. This temporary measure extends the eligibility of such agreements to 76 weeks (previously 38 weeks), easing eligibility requirements, and streamlining the application process.
- For more information on who is eligible for the Work Sharing Program, please see:
<https://www.canada.ca/en/employment-social-development/services/work-sharing/eligibility.html>

Canada Emergency Business Account (CEBA)

On March 27, the Prime Minister also announced the creation of the new Canada Emergency Business Account. This program will allow banks to provide loans of up to \$40,000, guaranteed by the Government of Canada, to qualifying small businesses and non-profits. The loans will be interest free for the first year. Repaying the balance of the loan on or before December 31, 2022 will allow for loan forgiveness of 25 percent (up to \$10,000).

- To qualify, these organizations will need to demonstrate that they paid between \$50,000 to \$1 million in total payroll in 2019.
- Small businesses and not-for-profits should contact their financial institution to apply for these loans.

Increasing access to credit for businesses

The **Business Credit Availability Program (BCAP)** will provide more than \$65 billion in support targeting largely small and medium-sized businesses, through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC). Businesses seeking support should contact their financial institution as an initial step.

- More information on the Business Credit Availability Program can be found at:
<https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html>
- Additionally, Farm Credit Canada will increase the near-term credit available to farmers and the agri-food sector.

Temporary Support for Employees and the Self-Employed

CANADA EMERGENCY RESPONSE BENEFIT

- The new Canada Emergency Response Benefit (CERB) will provide a taxable benefit of \$2,000 per month for up to 16 weeks for workers who lose their income as a result of COVID-19. The CERB is paid every four weeks and is available between the period from March 15, 2020 until October 3, 2020. This new benefit is meant to replace the previously announced Emergency Care Benefit and the Emergency Support Benefit.
- The CERB will apply to wage earners, as well as to contract workers and self-employed individuals who would not otherwise qualify for EI. The CERB will provide income support to:
 - Individuals 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 are still employed, but are not receiving income because of disruptions to their work situation due to COVID-19, and
 - Self-employed individuals who are not earning any income as a result of COVID-19.
- See flowchart

Temporary Support for Employees and the Self-Employed

EMPLOYMENT INSURANCE SICKNESS BENEFIT

Since March 15, 2020, the Government is temporarily waiving:

The one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits

GOODS AND SERVICES TAX CREDIT

For low and modest-income families, the Government is providing a one-time special payment by early May 2020, doubling the maximum annual Goods and Services Tax credit payment amounts for the 2019-20 benefit year. There is no need to apply for this payment. Eligible individuals will receive it automatically.

CANADA CHILD BENEFIT (CCB)

The Government is increasing the maximum annual payment amounts for the 2019-20 benefit year by \$300 per child. Qualifying families will automatically receive the extra amount as part of their May payment.

Thank you

Disclaimers

Written and published by IG Wealth Management as a general source of information only. This information is believed to be accurate as of the date of publishing, however may be subject to change, in accordance with Government directives. Not intended as a solicitation to buy or sell specific investments, or to provide tax, legal or investment advice. Seek advice on your specific circumstances from an IG Consultant. Investment products and services are offered through Investors Group Financial Services Inc. (in Québec, a Financial Services firm) and Investors Group Securities Inc. (in Québec, a firm in Financial Planning). Investors Group Securities Inc. is a member of the Canadian Investor Protection Fund. Investors Group Trust Co. Ltd. is a federally regulated trust company and the mortgagee. Mortgages are offered through I.G. Investment Management, Ltd. Inquiries will be referred to a Mortgage Planning (Agent) Specialist. Banking products and services are distributed through Solutions Banking™. Solutions Banking products and services are provided by National Bank of Canada. ™Solutions Banking is a trademark of the Power Corporation group of companies. IG Wealth Management and design are trademarks owned by IGM Financial Inc. and licensed to its subsidiary corporations. National Bank of Canada is a licensed user of these trademarks. © Investors Group Inc. 2020 (03/2020)