

# CAISSA SUMMARY REGARDING COVID-19 ECONOMIC RESPONSE

This summary has been prepared based on information available as of April 23, 2020 and is very limited. All specific client circumstances and facts need to be considered and reviewed by a qualified professional.

## IMPLICATIONS FOR EMPLOYERS

- Canada Emergency Business Account
- Temporary Business Wage Subsidy [10%]
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## IMPLICATIONS FOR INDIVIDUALS

- Canada Emergency Response Benefit
- Canada Child Benefit
- Enhanced GST Credit Payments
- RRIFs
- Deferral Repayments of Student Loans
- Ontario One-Time Child Payment
- Canada Emergency Student Benefit (**NEW**)
- Canada Student Service Grant (**NEW**)

## FILING AND PAYMENT EXTENSIONS

### Note:

**Updated** - is information we have changed from our previous publication from April 9, 2020.

**New** – is information we have added that was not presented in our previous publication from April 9, 2020

# **IMPLICATIONS FOR EMPLOYERS**

## **Canada Emergency Business Account**

How it works:

- The Canada Emergency Business Account provides an interest-free, government-guaranteed loan of \$40,000 for qualifying businesses to help pay for operating costs that they're not able to defer as a result of COVID-19
- \$10,000, which is 25%, of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022
- If the loan can't be repaid by December 31, 2022, it can be converted into a 3-year term loan charging an interest rate of 5%

Eligibility:

- Businesses, including not-for-profit organizations, will be eligible to apply for this loan if they have:
  - an operating company registered in Canada
  - an annual payroll of between **\$20,000 and \$1.5 million**, based on their 2019 T4 Summary of Remuneration Paid

Application:

- Applicants should contact their financial institutions to apply for this loan

## **Temporary Business Wage Subsidy (10%)**

- This subsidy is equal to 10% of remuneration paid to all individuals by qualifying employers between March 18, 2020 and June 30, 2020 up to \$1,375 per employee and to a maximum of \$25,000 total per employer
- The subsidy is considered taxable income
- Eligible employers include:
  - Those who have a pre-existing payroll account with CRA (March 18, 2020)
  - Non-profit organizations and registered charities
  - Canadian-controlled private corporations eligible for the small business deduction
  - Partnership
- The subsidy is received by reducing payroll income tax remittances to CRA
- No formal application or registration is required

## **Canada Emergency Wage Subsidy (75%)**

- The subsidy amount for a given employee on eligible remuneration paid between March 15, 2020 and June 6, 2020 would be the greater of:
  - 75% 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% of the employee's pre-crisis weekly remuneration, whichever is less.
  - **These calculations are detailed and need to be further reviewed in each particular circumstance**
- Qualifying businesses include individuals, taxable corporations, partnerships, not-for-profit organizations and charities whose:
  - March 2020 revenues have decreased at least 15% compared to:
    - The average revenue earned in January and February 2020  
OR
    - The revenue earned in March 2019
  - April 2020 revenues have decreased at least 30% compared to:
    - The average revenue earned in January and February 2020  
OR
    - The revenue earned in April 2019
  - May 2020 revenues have decreased at least 30% compared to:
    - The average revenue earned in January and February 2020  
OR
    - The revenue earned in May 2019

The manner in which monthly revenue is compared, after chosen for the first time, must be consistently applied for the remainder of the program.

(Please refer to table on next page)

- Business will need to attest that they are doing everything they can to pay the other 25% of wages and they will need to reapply each month
- Revenues is defined as revenue from its business carried on in Canada from arm's length sources. *Can choose either the cash or accrual basis for revenue, however, once chosen, cannot change going forward.*
- Charities are being granted the ability to choose whether or not to include government revenues in their calculations of lost revenue when applying.
- Those who do not qualify but apply anyways may face penalties of up to 5 years in prison and a fine up to 225% of the amount received

## **Canada Emergency Wage Subsidy (75%) Cont'd**

- The subsidy is considered taxable income
- A portal for online applications is now open

<b>ELIGIBLE PERIODS FOR SUBSIDY</b>		
	<b>CLAIMING PERIOD</b>	<b>REFERENCE PERIOD FOR ELIGIBILITY</b>
Period 1	March 15 – April 11	March 2020 over March 2019 or average of Jan and Feb 2020
Period 2	April 12 – May 9	April 2020 over April 2019 or average of Jan and Feb 2020
Period 3	May 10 – June 6	May 2020 over May 2019 or average of Jan and Feb 2020

## **Action items to do now**

### **Register for My Business Account**

#### Step 1

- Go to the following website: <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>
- Select the “CRA register” link
- Enter your social insurance number.
- Enter your date of birth.
- Enter your current postal code or ZIP code.
- Enter an amount you entered on one of your income tax and benefit returns. Have a copy of your returns handy. (The line amount requested will vary. It could be from the 2019 tax year or the 2018 tax year.) To register, a return for one of these two years must have been filed and assessed.
- CRA will mail a CRA security code to you (5 to 10 business days)

#### Step 2

- Once the CRA security code is received (from Step 1), return to the My Business Account login site and select “CRA login” and create a CRA user ID and password.
- Create your security questions and answers. You can also decide if you want a persistent cookie added to your computer, so that you can access CRA Login Services using that same computer later without being asked for more identification.
- Enter your business number.

#### Step 3

To access your account, return to My Business Account, select "CRA login," and enter your CRA user ID and password. When prompted, enter your CRA security code.

The government recommends businesses be setup for direct deposit with CRA in order to facilitate payments once the program is up and running. There are instructions to setup direct deposit through this link – <https://www.canada.ca/en/revenue-agency/services/about-canada-revenue-agency-cra/direct-deposit.html>

## **Canada Summer Jobs Program:**

Changes to the CSJ Program:

- Employers (NPOs, small business, public sector entities) who hire summer students can apply for a subsidy of up to 100% of the provincial hourly minimum wage. Employers may now hire staff on part-time basis.
- Applications currently closed. The government is reviewing the program for organizations supplying essential services to which subsidy can apply
- The period of employment under the program has been extended to February 28, 2021

# IMPLICATIONS FOR INDIVIDUALS

## Canada Emergency Response Benefit

- Benefits individuals that lost income due to COVID 19
- The new Canada Emergency Response Benefit is paid in blocks of four weeks in the amount of \$2,000, which is equivalent to \$500 per week. A maximum of 16 weeks of benefits can be paid
- Applications begin April 6, 2020. The benefit is available from March 15, 2020, to October 3, 2020. Individuals can apply no later than December 2, 2020.

### Eligibility:

- Residing in Canada, who are at least 15 years old
- Who have stopped or significantly reduced working because of COVID-19 or are eligible for Employment Insurance regular or sickness benefits.
  - Let go from their job
  - **Seasonal workers and those who have run out of EI**
  - **Individuals who make less than \$1,000 per month due to reduced work hours**
  - In quarantine or sick due to COVID-19
  - Away from work to take care of others because they are in quarantine, sick due to COVID-19; and/or
  - Away from work to take care of children or other dependents whose care facility is closed due to COVID-19
  - Who have not quit their job voluntarily
- Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application
- Who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period. For subsequent benefit periods, they expect to have no employment income

### How to apply – 2 options:

- Online with CRA My Account
- Over the phone with an automated phone service at 1-800-959-2019
  - If applying by phone, payment will be delivered by direct deposit or cheque

Important Note: Will need to apply and confirm eligibility for the Canada Emergency Response Benefit every 4 weeks (to a maximum of 16 weeks) if their situation continues.

## **Canada Child Benefit**

- Government providing an extra \$300 per child through the Canada Child Benefit (CCB) for 2019-20. This will mean approximately \$550 more for the average family
- This benefit will be delivered as part of the scheduled CCB payment in May 2020

## **Enhanced GST Credit Payments**

- The Government will provide a one-time special payment on **April 9, 2020**. This payment will double the maximum annual GST/HST credit payment amounts for the 2019-20 benefit year
- The GST/HST credit amounts will be doubled. Any difference between an individual's new entitlement amount (given these doubled amounts) and what they have received so far in regular GST/HST credit payments will be paid out through this new, one-time, supplementary payment
- Individuals will get the extra payment amount automatically if they normally receive the GST/HST credit and have filed a 2018 tax return

## **RRIFs**

- Government has reduced the minimum required annual withdrawal payment from Registered Retirement Income Funds by 25% in the 2020 taxation year
- Reduction also applies to the minimum amount under the money purchase provisions of Registered Pension Plans.

## **Deferral Repayment of Student Loans:**

- Payments of Canada Student Loans are suspended for 6 months starting March 2020
- This applies to all student loan borrowers
- Loans are interest free March 30, 2020 – September 30, 2020



## **Ontario One-Time Child Payment:**

### Applicability:

While schools and childcare centers are closed, parents can apply for direct funding to offset the cost of buying materials to support their children's learning

### Eligibility

All parents with children aged 0 – 12 or parents with children with special needs aged 0 – 21

There is no income cap on program

### Payment per child

- \$200 for children aged 0 – 12
- \$250 for children or youth aged 0 – 21 with special needs

### Application (for each child)

#### Step 1 - info required for the application

- Name of child's school and schoolboard
- Child's date of birth
- Your banking information
- Valid email address

#### Step 2 – complete application

- Online at: <https://www.ontario.ca/page/get-support-families>

**Note** – if you are previously receiving Strike day payments you do not need to apply for this program. Payments will be received automatically.

## **Canada Emergency Student Benefit (New):**

### Eligibility:

- Post-secondary (college and university) students who are currently in school, are planning to start school in September 2020, or who graduated from school in December 2019 are eligible for the CESB if they have lost work or cannot find work due to the pandemic
- Working students that are earning less than \$1,000 per month are also able to apply for the benefit if their hours have been cut due to COVID-19
- Must NOT be eligible for the CERB or EI

### Benefit:

- Post-secondary students who qualify for the CESB will receive \$1,250 a month from May to August 2020
- The amount will increase to \$1,750 per month if student is caring for a dependant or if student has a disability.

### Availability

- May 2020 – August 2020

### Application

- Portal expected to open April 27, 2020

## **Canada Student Service Grant (New):**

To encourage students to participate in COVID-19 relief effort, the government is offering up to \$5,000 to students for volunteering. This money would be applied against fall tuition.

# **FILING AND PAYMENT EXTENSIONS**

*For the below there are no interest or penalties incurred.*

## **Individuals**

Filing: June 1, 2020

Payment: September 1, 2020

## **Self-Employed Individuals**

Filing: June 15, 2020 (no change)

Payment: September 1, 2020

- Includes the June 15, 2020 instalment payment for those who have to pay for instalments

**For individuals and self-employed individuals, we are still targeting to prepare, review and file personal income tax returns by April 30, 2020.**

## **Corporations**

Filing (for current tax year): June 1, 2020

- Applies to corporations that would otherwise have a filing due date after March 18 and before June 1, 2020

Payment: September 1, 2020

- Applies to balances and instalments under Part 1 of the Income Tax Act due on or after March 18, 2020 and before September 1, 2020

## **Trusts**

Filing (for current tax year): May 1, 2020

- Applies to trusts with a tax year end date of December 31, 2019

Payments (for current tax year): September 1, 2020

- Applies to income tax balances and instalments due on or after March 18, 2020 and before September 1, 2020

## **Charities**

Filing: December 31, 2020

- Applies to charities with Form T3010 due between March 18, 2020 and December 31, 2020

## HST

- Filing due dates are unchanged
- The government has extended time to remit collected amounts for GST/HST until June 30, 2020. This applies to:
  - Monthly filers that are required to remit for the February 2020, March 2020 and April 2020 reporting periods
  - Quarterly filers that are required to remit for the January 1, 2020 through March 31, 2020 reporting period
  - Annual filers, whose GST/HST returns or instalments are due in March, April or May 2020, for amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the current fiscal year

## EHT

- Exemption increase: Retroactive to January 1, 2020, the EHT exemption is increasing from \$490,000 to \$1 million for the 2020 tax year. The EHT exemption will return to \$490,000 on January 1, 2021
- Only the exemption amount is changing; eligibility for the tax exemption, tax rates and everything else remains the same
- Instalments: begin making instalment payments after payroll has exceeded the new \$1 million exemption level. If the business no longer needs to make instalment payments as a result of the increased exemption amount, there is no need to contact or notify the Ministry of Finance

## WSIB

- Defer premium reporting and payments until August 31, 2020. Businesses who report and pay monthly, quarterly or annually based on their insurable earnings are eligible for this deferral