



Latest Tax Issues & Update in the Time of Covid-19

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Assistance for Individuals

- **Canada Emergency Response Benefit (CERB)**
 - Provides \$2,000 per 4-week period for up to 16 weeks to individuals who have lost their income (or their income has been reduced) as a result of Covid-19
 - Individuals can still have other employment or self-employment income up to \$1,000 per 4-week period
- **GST Credit**
 - One-time payment for lower income families (average benefit is \$400 per individual and \$600 for couples)
- **Child Canada Benefit (CCB)**
 - For 2019-2020, CCB will provide for an extra \$300 per child

Assistance for Individuals

- **Temporary salary top-up for front-line workers**
 - For front-line low-income workers that earn less than \$2,500/mth on a full-time basis, the government will cost-share with the provinces/territories a temporary top-up to their salaries
- **Tax Filings**
 - The April 30 filing due date for individual's 2019 tax year has been extended to June 1, 2020
 - Note: If you are relying on the CCB or GST credit, then you may want to consider not waiting to file your return
 - Any new income tax balances or installments payable will be deferred to September 1, 2020 (without incurring interest or penalties).

Assistance for Individuals

- **Mortgage Payment Deferral**
 - Homeowners may be eligible for a deferral on their mortgage payments for up to 6 months
 - Individuals should contact their bank to confirm eligibility
- **Registered Retirement Income Funds (RRIF)**
 - The minimum withdrawals from RRIFs has been reduced by 25% for 2020
- **Students**
 - The Canada Emergency Student Benefit (CESB) would provide \$1,250/mth from May to August 2020 for eligible students or new graduates who are not eligible for the CERB (this is still pending)
 - Loan repayments and interest payments for the federal portion of all student loans have been suspended until September 30, 2020

Assistance for Businesses

Canada Emergency Wage Subsidy (CEWS)

- Employers can apply for a wage subsidy of up to 75% of salaries, retroactive to March 15, 2020, and until June 6, 2020, in the following circumstances:
 - Employers have seen a drop in revenue (15% for the month of March and 30% for April and May), measured on an accrual or cash basis
 - Revenue loss can be compared to that of the same month in 2019 or to an average earned in January and February 2020
 - The subsidy would generally cover 75% of an employee's wage up to \$847 per week
 - Employers can receive a 100% refund for employer contributions to EI, CPP/QPP and Quebec Parental Insurance Plan for employees on leave with pay

Assistance for Businesses

Canada Emergency Wage Subsidy (CEWS) (cont'd)

- Special rules are in place for non-arm's length employees, including that such employees must have been paid a wage prior to March 15
- Additional rules are also included to allow for businesses to qualify where their revenue is earned from other non-arm's length businesses

Assistance for Businesses

- **Temporary 10% Wage Subsidy**
 - Employers (includes individuals as well) can reduce the amount of payroll deduction to be remitted (this is separate from the CERB) by 10% of the remuneration paid from March 18, 2020 – June 19, 2020 (up to \$1,375 for each employee to a maximum of \$25,000 per employer)
 - Employer must have an existing business number and payroll account prior to March 18, 2020, and pay salary, wages or other remuneration to an employee in Canada
- **Canada Emergency Business Account (CEBA)**
 - Provides an interest-free-loan (until December 31, 2022) of up to \$40,000 to small businesses and non-profits who have had to pay between \$20,000 to \$1.5 million in payroll in 2019
 - If \$30,000 is repaid by December 31, 2022, the remaining \$10,000 is forgiven

Assistance for Businesses

- **Tax Filings and Payment**

- Filing due date is extended to June 1, 2020, for businesses whose filing date would normally be on or after March 18, 2020, and before June 1, 2020
- Payments owing on or after March 18, 2020, and before September 1, 2020, are deferred until September 1, 2020, without interest or penalties (includes tax balances owing or installments due)
- GST/HST payments owing from March 27 – May 31, 2020, are deferred until June 30, 2020

Next Steps

- Contact your tax advisor or other trusted advisor
- Check Government of Canada website for updates (links to be included in comments)

Individuals

- CERB: <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>
- GST Credit: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/covid-19-gsthstc-increase.html>

Businesses

- CEWS: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>
- CEBA: <https://ceba-cuec.ca/>

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