

# COVID-19

## ECONOMIC RESPONSE PLAN SUMMARY

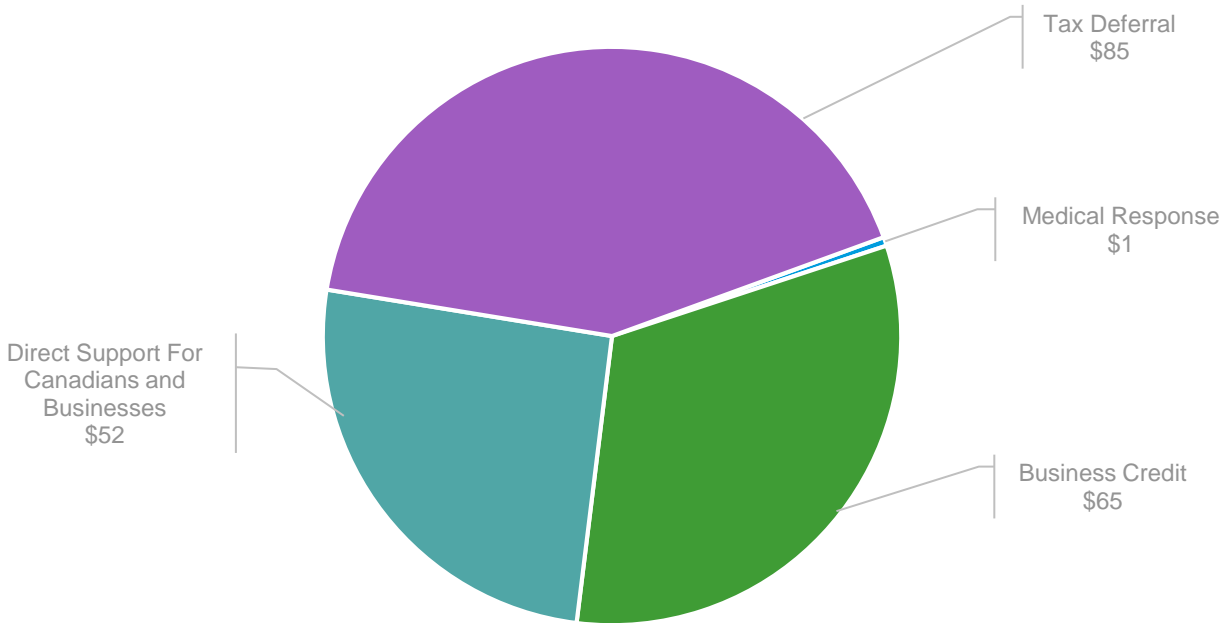
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FUNDING ANNOUNCEMENT SUMMARY

COVID 19 Funding (\$ shown in billions)



Target	Amount (\$ Billions)
Medical response	1
Business credit	65
Direct support For Canadians and businesses	52
Tax deferral	85
<b>TOTAL</b>	<b>\$203</b>

## 1. MEDICAL RESPONSE

Beginning on March 11, Prime Minister Justin Trudeau announced **\$1 billion** of funding to fight the coronavirus pandemic. This funding was targeted at the health sector and was broken down as follows:

- **\$500 million** to support critical health care system needs
- **\$275 million** for vaccine development
- **\$100 million** for enhanced testing
- **\$50 million** for communication efforts
- **\$50 million** to assist other countries
- **\$50 million** for personal protection equipment

## 2. BUSINESS CREDIT AVAILABILITY PROGRAM

The Federal government established a **\$65 billion** business credit availability program to provide additional support to businesses affected by the coronavirus virus. This funding will be administered through the Business Development Bank of Canada and Export Development Canada with the help of financial institutions.

### 2.1. Canada Emergency Business Account

Announced on March 27, the Canada Emergency Business Account benefit will provide a one-year, interest-free loan of up to **\$40,000** to small businesses and nonprofits. If the balance of the loan is repaid on or before Dec. 31, 2022, up to 25% of the loan may be forgiven. To qualify, these organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019.

This program will be implemented by eligible financial institutions in cooperation with Export Development Canada. Small businesses and nonprofits should **contact their financial institution** to apply for these loans.

### 2.2. Loan guarantee for small and medium-size enterprises

Export Development Canada is working with financial institutions to issue new operating credit and cash flow term loans of up to \$6.25 million to small and medium-size businesses.

This program will roll out in the three weeks **after March 27**. Interested businesses should work with their current financial institutions.

### 2.3. Co-lending program for small and medium-size enterprises

Business Development Bank of Canada is working with financial institutions to co-lend term loans to small and medium-size businesses for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts of up to \$6.25 million through the program.

This program will roll out in the three weeks **after March 27**. Interested businesses should work with their current financial institutions.

## 2.4. Additional financing support for entrepreneurs affected by COVID-19

The Business Development Bank of Canada is offering additional support for entrepreneurs affected by COVID-19 with the following programs:

### 2.4.1. Small business loans

- Loans of **up to \$100,000** to buy equipment, software or for other business expenses
- Capital payment can be postponed for the first six months and repaid over five years
- [Click for more information](#)

### 2.4.2. Working capital loans

- Loans of **more than \$100,000** for working capital, increasing inventory to meet demand, taking advantage of discounts offered by suppliers and supplementing a line of credit
- Payments can be matched to cash-flow patterns
- Personal assets will not be taken as collateral for the loan
- [Click for more information](#)

### 2.4.3. Purchase order financing

- Entrepreneurs can cover up to 90 % of the purchase order amount associated with larger sales, maintain a line of credit or grow their business
- Shorter terms than working capital loans
- [Click for more information](#)

## 3. DIRECT SUPPORT FOR CANADIANS AND BUSINESSES

### 3.1. Support for Canadians

#### 3.1.1. Employment insurance sickness benefits

For Canadians who do not have access to paid sick leave, are sick, quarantined or are forced to stay home to care for individuals, the government is waiving the one-week waiting period to claim Employment Insurance sickness benefits. Further, the requirement to provide a medical certificate to access the sickness benefits is also waived. This temporary measure went into effect **March 15, 2020**.

Applications for these benefits can be submitted [online](#).

#### 3.1.2. Canada Emergency Response Benefit

Announced on March 25, 2020, the Canada Emergency Response Benefit replaces the previously announced Emergency Care Benefit and Emergency Support Benefit. The benefit was designed in response to an unprecedented number of Employment Insurance applications received since COVID-19 emergency measures took effect.

This taxable benefit provides **\$2,000 a month** for **up to four months** for workers, contractors and self-employed individuals who lose their income as a result of the COVID-19 pandemic, including;

- Workers who must stop working due to COVID19 and do not have access to paid leave or other income support.

- Workers who 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 need additional care because of school and daycare closures.
- Workers who still have their employment but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work.
- Wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.

However, Canadians who are already receiving an Employment Insurance benefit should not apply to the Canada Emergency Response Benefit.

To apply for this benefit, the government is working to launch an on-line application tool in early April. It was suggested by Minister of Finance Bill Morneau that this tool will be available on **April 6, 2020**. Following application, Canadians will receive payment within a 10-day period, with subsequent payments being made every four weeks for up to four months.

[Click here for additional information](#)

### **3.1.3. Goods and Services Tax Credit Enhancement**

The government is proposing to provide a one-time special payment through the Goods and Services Tax Credit by early **May 2020** to the 12 million low- and modest-income families who may require additional help with their finances. This measure will inject \$5.5 billion into the economy by offering close to **\$400 for single individuals** and close to **\$600 for couples**.

There is no need to apply for this benefit. Eligible families will receive payment automatically by early **May 2020**.

### **3.1.4. Canada Child Benefit**

For families with children who may also require additional support, the government is proposing to increase the maximum annual Canada Child Benefit payment amounts for the 2019-2020 benefit year by **\$300 per child**. The overall increase based on current benefit recipients will be average \$550 per family. The incremental funding will be made in **May**. This measure will deliver almost \$2 billion in extra support.

Those who already receive the Canada Child Benefit do not need to re-apply.

### **3.1.5. Registered Retirement Income Fund**

In recognition of volatile market conditions and their impact on many seniors' retirement savings, the government is reducing the required minimum withdrawals from Registered Retirement Income Funds by 25% for 2020.

### **3.1.6. Canada student loans**

For all individuals who are currently in the process of repaying Canada student loans, the government is placing a six-month interest-free moratorium on repayments. These measures became effective **March 30**.

Students do not need to apply for the repayment pause.

### 3.1.7. Indigenous community support fund

The government is providing **\$305 million** for a new distinctions-based indigenous community support fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.

These new funds will flow directly to indigenous communities and groups across the country and will provide indigenous leadership with the flexibility needed as they prepare for and react to the spread of COVID-19.

For communities, the funding will flow as quickly as possible through existing agreements. For regional, urban and off-reserve indigenous organizations, application details will be announced soon.

### 3.1.8. Mortgage support

All customers who are currently in good standing and have been affected by COVID-19 can apply for mortgage relief from their bank. Mortgage payments are skipped for a defined period of time, during which interest which would otherwise be part of the deferred payments is added to the outstanding balance of the mortgage.

Instead of calling or visiting a branch, customers are requested to visit their bank's webpage.

## 3.2. Support for businesses

### 3.2.1. Canada Emergency Wage Subsidy

To support businesses that are facing revenue losses and to help prevent layoffs, the government is proposing to provide employers with a **temporary 75% wage subsidy for up to three months**. This benefit will be retroactively applied to **March 15, 2020** on the first **\$58,700 earned** or up to **\$847** a week.

Eligible companies include:

- Taxable corporations
- Partnerships
- Non-profit organizations, and
- Charities

Eligible remuneration includes salaries, wages and other remuneration that are generally subject to withholding, but excludes severance pay, stock option benefits or corporate use of a corporate vehicle. Organizations must show a drop in revenues of at **least 30% due to COVID-19** compared to the same month the prior year for the months of March, April and May.

There is no ceiling to the amount that an eligible employer can claim. Employers must also do their best to top-up their employees' compensation to pre-crisis levels.

The government hopes that this measure will enable employers to re-hire workers previously laid off, and to keep those who are already on payroll.

Eligible employers will be able to apply through the Canada Revenue Agency's My Business Account portal once it is ready, which is expected to within 6 weeks.

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.

### 3.2.2. Temporary Wage Subsidy

Organizations that do not qualify for the Canada Emergency Wage Subsidy may qualify for the wage subsidy of **10 percent of remuneration** paid from March 18, 2020 to before June 20, 2020, up to a maximum subsidy of **\$1,375 per employee, and \$25,000 per employer**.

Eligible organizations include:

- Not-for-profit organizations, registered charities and CCPC's
- Have a BN on March 18, 2020 and pay compensation to employees
- CCPCs are only eligible for the subsidy if their taxable capital employed in Canada for the preceding taxation year, calculated on an associated group basis, is less than \$15 million.
- Associated CCPCs will not be required to share the maximum subsidy of \$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.

[Click for more information.](#)

[Click here for additional information](#)

### 3.2.3. Employment insurance work-sharing program

Workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers can receive Employment Insurance benefits **for an extended period of up to 76 weeks** due to the downturn in business as a result of COVID-19.

Work-Sharing is an agreement between employers, employees and the Government of Canada. To receive the benefit, a reduction of work by at least **10% to 60%** is required.

In response to COVID-19 emergency, application processing time has been **reduced from 30 days to 10 days**. Further, recovery plan requirements have been relaxed.

Applications are submitted by email, and vary by province and territory.

- Atlantic provinces – Email: [ESDC.TP-ATL-WS-TP.EDSC@servicecanada.gc.ca](mailto:ESDC.TP-ATL-WS-TP.EDSC@servicecanada.gc.ca)
- Québec – Email: [QC-DPMTDS-LMSDPB-TP-WS-GD@servicecanada.gc.ca](mailto:QC-DPMTDS-LMSDPB-TP-WS-GD@servicecanada.gc.ca)
- Ontario – Email: [ESDC.ON.WS-TP.ON.EDSC@servicecanada.gc.ca](mailto:ESDC.ON.WS-TP.ON.EDSC@servicecanada.gc.ca)
- Western Canada and territories: [ESDC.WT.WS-TP.ESDC@servicecanada.gc.ca](mailto:ESDC.WT.WS-TP.ESDC@servicecanada.gc.ca)



[Click here for additional information on how to apply.](#)

#### 3.2.4. Farm Credit Canada

Farm Credit Canada is offering cash-flow flexibility options to farmers and processors to help them remain financially strong. Support is offered through financing, management software, information and knowledge specifically designed for the agriculture and food industries.

Clients are encouraged to contact an FCC relationship manager at 1 888 332 3301.

## 4. TAX DEFERRAL

On March 18, Prime Minister Justin Trudeau announced measures in the amount of **\$54 billion** to allow for tax payment deferral for both individual taxpayers and small businesses.

### 4.1. Support for Canadians

#### 4.1.1. Flexibility for taxpayers

For individuals, the return filing due date will be **deferred until June 1, 2020**. However, individuals who expect to receive benefits under the goods and services tax credit enhancement or the Canada child benefit are encouraged to not delay the filing of their return to ensure their entitlements for the 2020-2021 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.

The Canada Revenue Agency will allow all taxpayers to defer, until **after Aug. 31, 2020**, the **payment of any income tax amounts** that are owed on or after March 18 and before September 2020. This relief would apply to tax balances due, as well as installments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

### 4.2. Support for businesses

#### 4.2.1. Flexibility for businesses filing taxes

The Canada Revenue Agency will allow all businesses to defer, **until after Aug. 31, 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 installments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

Further, the Canada Revenue Agency is extending the deadline for partnership returns, trust returns and NR4 forms to **May 1, 2020**, and extending the deadline for administrative income tax requirements (returns, forms, elections, designations, responses to information requests) that are due on or after March 19, 2020, to **June 1, 2020**. This could affect the filing deadline for corporations with off-calendar year-ends and T1134 forms. This extension does not apply to payroll deductions, scientific research and experimental development (SR&ED) expenditures, and investment tax credit claims. For any objection requests due March 18 or later, the deadline is effectively extended until June 30, 2020.

#### 4.2.2. Deferral of sales tax remittance and customs duty payments

On March 27, the government announced deferral of good and services and harmonized sales tax (GST and HST) payments as well as duties and taxes owed on imports until **June 30, 2020**. The

deferral will apply to GST/HST remittances for the February, March and April 2020 reporting periods for monthly filers; the Jan. 1, 2020, through March 31, 2020, reporting period for quarterly filers; and for annual filers, the amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year

For GST and customs duty payments for imported goods, deferral will include amounts owing for March, April and May.

## 5. ADDITIONAL INFORMATION

The following links provide general resources and information for Canada as it relates to health, employer and employee support, and news:

### **Toolkits:**

- [RSM Canada: Coronavirus Resource Centre](#)
- [Government of Canada: Economic Response Plan](#)
- [Canadian Chamber of Commerce: Pandemic preparedness for business](#)
- [Canadian Manufacturers and Exporters \(CME\): COVID-19 resources](#)
- [Government of Alberta: COVID-19 general information and updates](#)
- [Government of Ontario: COVID-19 general information and updates](#)
- [Government of Canada: COVID-19 general information and updates](#)

### **Government procurement opportunities:**

- [Public Works and Government Services Canada: Help Canada combat COVID-19 – submission form](#)

### **Information:**

- [Bank of Canada: News](#)
- [Canadian Federation of Independent Business \(CFIB\): COVID-19 and small business](#)
- [Export Development Canada \(EDC\): What Canadian exporters need to know about COVID-19](#)
- [Organization for Economic Cooperation and Development \(OECD\): Economic Outlook, Interim March 2019](#)
- [Tourism Industry Association of Ontario \(TIAO\): COVID-19 resources](#)

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