

# **COVID-19 Federal Economic Initiatives – 04/06/20**

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## ***New Loan Programs for Businesses***

### **Canada Emergency Business Account**

This program is designed for small businesses to have access to capital. It will be implemented by eligible financial institutions in cooperation with Export Development Canada (EDC).

This \$25 billion program will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.

Small businesses and not-for-profits should contact their financial institution to apply for these loans.

To qualify, these organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).

### **Business Credit Availability Program (BCAP)**

The federal government has established a Business Credit Availability Program (BCAP) to provide \$40 billion of additional support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

BDC and EDC are working with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation, exports and tourism.

This program includes two elements, the *Loan Guarantee for Small and Medium Sized Enterprises*, and the *Co-Lending Program for Small and Medium Sized Enterprises*.



## *Loan Guarantee for Small and Medium-Sized Enterprises*

EDC is working with financial institutions to issue new operating credit and cash flow term loans of up to \$6.25 million to SMEs.

## *Co-Lending Program for Small and Medium-Sized Enterprises*

BDC is working with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements.

Eligible businesses may obtain incremental credit amounts of up to \$6.25 million through the program.

These programs will roll out in **mid-April** and interested businesses **should work with their current financial institutions**.

## ***New Business Credit Availability Programs***

### **The Canada Emergency Wage Subsidy**

Goal: To help businesses keep and return workers to their payroll through the challenges posed by the COVID-19 pandemic.

This would provide a 75 per cent wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

### **Eligible Employers**

Eligible employers would include individuals, taxable corporations, and partnerships consisting of eligible employers as well as non-profit organizations and registered charities.

This subsidy would be available to eligible employers that see a drop of at least 30 per cent of their revenue. In applying for the subsidy, employers would be required to attest to the decline in revenue.

### **Amount of Subsidy**

The subsidy amount for a given employee on eligible remuneration paid 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.



**Emergency Wage Subsidy Example:** Bruno and Tisha run a floral shop in Burnaby, British Columbia. They have four full-time employees, each earning \$800 per week, and 6 part-time employees, each earning \$400 per week, for a total weekly payroll of \$5,600. Bruno and Tisha have closed their shop and are only fulfilling online orders during this challenging period. They are keeping all of their employees on the payroll, paying them their full regular wages, despite their revenues being down by 30 per cent. Bruno and Tisha would be eligible for a weekly wage subsidy of \$4,200 (\$600 for each of their full-time employees and \$300 for each of their part-time employees).

**Eligible Periods**

Eligibility would generally be determined by the change in an eligible employer’s monthly revenues, year-over-year, for the calendar month in which the period began.

- For example, if revenues in March 2020 were down 50 per cent compared to March 2019, the employer would be allowed to claim the Canadian Emergency Wage Subsidy (as calculated above) on remuneration paid between March 15 and April 11, 2020.

The table below outlines each claiming period and the period in which it has a decline in revenue of 30 per cent or more.

**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

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

**How to Apply**

Eligible employers would be able to apply for the Canada Emergency Wage Subsidy through the Canada Revenue Agency’s My Business Account portal as well as a web-based application. More details about the application process will be made available shortly.



## Interaction with 10% Wage Subsidy

On March 18, 2020, the Prime Minister announced a temporary 10% wage subsidy. For employers that are eligible for both the Canada Emergency Wage Subsidy and the 10% wage subsidy for a period, any benefit from the 10% 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.

## ***New Programs for Individuals***

### Canada Emergency Response Benefit (CERB)

If you stopped working because of COVID-19, the Canada Emergency Response Benefit (CERB) may provide you with temporary income support. The CERB provides \$500 a week for up to 16 weeks.

#### How to apply

Applications started April 6<sup>th</sup> through one of two ways:

- 1) Online through CRA MyAccount: If you set up direct deposit, CRA has said payment can be expected in 3 business days from the completion of your application. Payment by cheque can be expected to take up to 10 business days.
- 2) Telephone: 1-800-959-2019 or 1-800-959-2041

Any EI applications after March 15 where the applicant is also eligible for CERB will be automatically moved over to CERB.

You will be required to re-attest once a month to continue receiving CERB. More information is available at the following link: <https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html>

#### Eligibility for CERB

The benefit will be available to workers:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of COVID-19 and have not voluntarily quit their job or are eligible for EI regular or sickness benefits;
- Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and
- 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 or self-employment income.



## Day to apply for the Canada Emergency Response Benefit

If you were born in month of	Apply for CERB on	Best day to apply
January, February or March	Mondays	April 6
April, May, or June	Tuesdays	April 7
July, August, or September	Wednesdays	April 8
October, November, or December	Thursdays	April 9
Any month	Friday, Saturday, Sunday	

## ***CRA Deferrals - Income Tax Filing & Payment***

### Deferral of GST Sales Tax Remittance

Deferral of Goods and Services Tax/Harmonized Sales Tax (GST/HST) remittances and customs duty payments to June 30, 2020.

CRA will extend until June 30, 2020 the time that:

- Monthly filers have to remit amounts collected for the February, March and April 2020 reporting periods;
- Quarterly filers have to remit amounts collected for the January 1, 2020 through March 31, 2020 reporting period; and
- Annual filers, whose GST/HST return or instalment are due in March, April or May 2020, have to remit amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

### Deferral of Customs Duty and Sales Tax for Importers

Imported goods by businesses are generally subject to the GST, at a rate of 5 per cent, as well as applicable customs duties, which vary by product and country of origin. While most imports enter Canada duty-free, some tariffs remain, especially on consumer goods.

Payment deadlines for statements of accounts for March, April, and May are being deferred to June 30, 2020.



## Individuals – Due dates

Filing date for 2019 tax year	June 1, 2020 extended
Payment date for 2019 tax year	September 1, 2020 extended Includes the June 15, 2020, instalment payment for those who have to pay by instalments.

## Self-employed and their spouse or common law partner – Due dates

Filing date for 2019 tax year	June 15, 2020 unchanged
Payment date for 2019 tax year	September 1, 2020 extended Includes the June 15, 2020, instalment payment for those who have to pay by instalments.

## Corporations – Due dates

Filing date for current tax year	June 1, 2020 extended Applies to corporations that would otherwise have a filing due date after March 18 and before June 1, 2020.
Payment date for current tax year	September 1, 2020 extended Applies to balances and instalments under Part 1 of the Income Tax Act due on or after March 18 and before September 1, 2020.



## Trusts – Due dates

Filing date for current tax year (including the associated T3 information return)	May 1, 2020 <b>extended</b> Applies to trusts with a tax year end date of December 31, 2019 June 1, 2020 <b>extended</b> Applies to trusts that would otherwise have a filing due date in April or May.
Payment date for current tax year	September 1, 2020 <b>extended</b> Applies to income tax balances and instalments due on or after March 18 and before September 1, 2020

## Charities – Due dates

Filing date	December 31, 2020 <b>extended</b> Applies to charities with Form T3010 due between March 18, 2020 and December 31, 2020
Payment date	Not Applicable

## Part XIII non-resident tax – Due dates

Filing date for the 2019 NR4 information return	May 1, 2020 <b>extended</b>
Payment date	The 15th of each month following an amount paid or credited by residents of Canada to non-resident persons. <b>unchanged</b>

## Payroll remittances – Due dates

Payment date	See <a href="#">Payroll page</a> for filing deadlines. <b>unchanged</b>
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# Information returns

<p>Filing date for the 2019 T5013 Partnership Information Return</p>	<p>May 1, 2020 <span style="background-color: #e0f2f1;">extended</span></p>
<p>Filing date for the 2019 NR4, Statement of Amounts Paid or Credited to Non-Residents of Canada information return</p>	<p>May 1, 2020 <span style="background-color: #e0f2f1;">extended</span></p>
<p>Other information returns</p>	<p>June 1, 2020 <span style="background-color: #e0f2f1;">extended</span>          Applies to other information returns that would otherwise be due after March 18, 2020, and before June 2020.</p>

## CRA Administrative Measures

In addition to remittance & payment deferrals, CRA has implemented other measures:

- Collections activities on new debts suspended until further notice, and flexible payment arrangements will be made available
- CRA will generally not contact SME businesses to initiate any post assessment GST/HST or income tax audits for the next 4 weeks, and interaction with taxpayers will be limited to high risk and exceptional cases
- Objections related to Canadians' entitlement to benefits and credits have been identified as a critical service and should not experience any delays
- For objections related to other tax matters filed by individuals and businesses, the CRA is currently holding these accounts in abeyance. No collection action will be taken with respect to these accounts at this time.
- For objections that are due March 18, 2020 or later, CRA is effectively extending the deadline to June 30, 2020.
- For appeals before the Tax Court of Canada, they have ordered the extension of all timelines prescribed by the rules of that Court while it is closed for business until March 30, 2020. More information can be obtained from the TCC.
- Penalties and interest will not be charged if the deferred payment requirements are met by September 1, 2020.





## **Resources**

**COVID-19 Federal Program Information:** <https://www.canada.ca/en/department-finance/economic-response-plan.html>

**Wage Subsidy:** <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

**CRA Measures:** <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html>

**CERB Application:** <https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html>

**CERB FAQs:** <https://www.canada.ca/en/services/benefits/ei/cerb-application/questions.html>

**Business Credit Availability Program (BCAP):**

<https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html>

## **Contact Information**

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