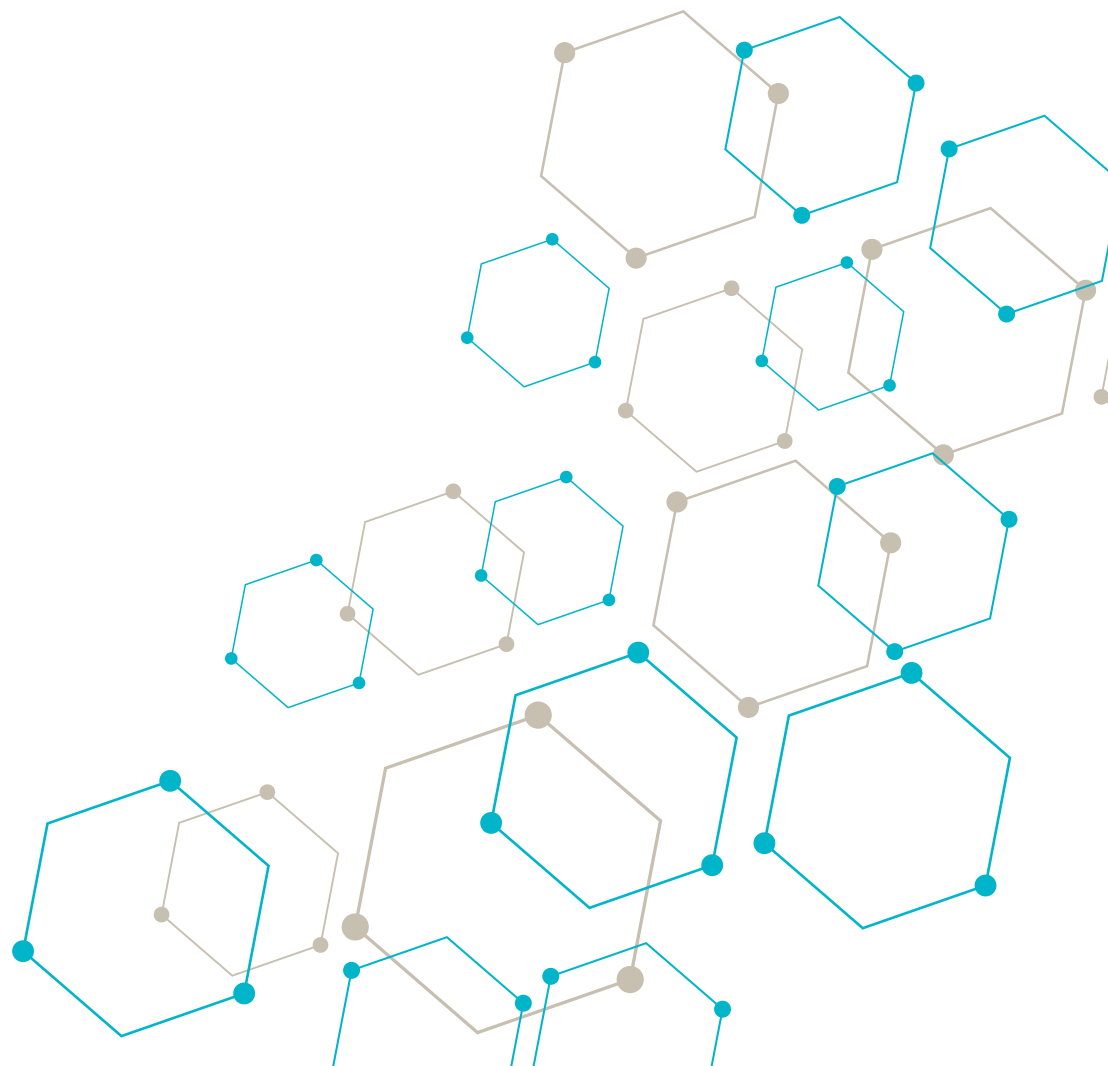


# COVID-19 update: **Summary of federal measures for Canadians**

Over the past several weeks, the federal government has announced measures to help employers and employees cope with the COVID-19 pandemic. To assist you in processing this ever-evolving information, this summary provides all the significant federal government announcements up to May 13, 2020.



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# Programs for Canadian businesses



## Programs



### Canada Emergency Wage Subsidy (CEWS)

- [CEWS](#) is a subsidy which includes up to 75 percent of eligible payroll costs, maxing out at \$847 per week, per employee.
- The CEWS is available from March 15, 2020, to June 6, 2020, although the government recently announced that it would be extended beyond June.
- Businesses of all sizes, that are not public bodies, can apply (including individuals, partnerships and corporations), as well as non-profit organizations and charities.
- The subsidy is calculated on a per-employee basis. It is generally equal to 75% of the employee's remuneration up to a maximum of \$847/week, but also factors in the remuneration that was paid prior to March 15, 2020 (i.e., the date the pandemic was officially announced).
- Special rules apply to limit the subsidy for non-arm's length employees (e.g. owner/managers).
- Eligibility is based on a decline in revenues from 2019 of at least 15 percent for the month of March and 30 percent for April and May as compared to the same month in the previous year or an average of January and February 2020.
- The rules offer flexibility in determining revenues, with special rules for organizations earning revenues from non-arm's length sources. Employers will have options on how to best calculate revenues and how to determine the percentage decrease in revenue to qualify for the subsidy.
- As a further incentive to re-hire employees, the government will offer an additional refund of 100 percent of employer EI and CPP premiums for an employee that is on leave with pay.
- A business can claim this subsidy with respect to an employee who has not been without pay for 14 or more consecutive days during the qualifying period. Timing will need to be considered when re-hiring employees.
- Employees who were eligible for the Canada Emergency received under that program if they are re-hired and the employer subsequently receives the CEWS with respect to that employee for the same claim period.



Online application  
required



## Canada Emergency Business Account (CEBA)

- The [CEBA](#) consists of a \$40,000 interest-free loan that will be available to small businesses and non-profit organizations.
- To qualify, an organization must have paid between \$20,000 and \$1.5 million in payroll for 2019 as evidenced by its 2019 T4 Summary page.
- If repaid by December 31, 2022, 25 percent of the loan will be forgiven, up to \$10,000.
- The organization must have a business banking account at the financial institution at which it is applying, which must be its primary financial institution.
- Online applications are now open, and the major banks are indicating that this application should be completed online, so it appears that it may not be possible to apply in person. Smaller financial institutions, such as credit unions, may have a different process.
- Once the application has been approved, it is estimated that the funds will be received within five days.



Application through  
your financial institution



## Temporary Wage Subsidy

- The [Temporary Wage Subsidy](#) is available to employers that had a business limit in the prior year. Canadian-controlled private corporations (CCPC) that claimed the small business deduction would generally have a business limit; however, other CCPCs may also qualify.
- It will allow an eligible employer to reduce its payroll income tax remittances by 10 percent for up to three months, up to a maximum of \$1,375 per employee.
- The maximum aggregate amount an employer can save is \$25,000 (associated corporations are not required to share this maximum employer limit).
- There is no application required to access the subsidy. The employer would calculate the amount of the subsidy and reduce the amount of income tax remittances (both the employer and employee portions of CPP and EI are still required to be remitted).
- The Temporary Wage Subsidy and the CEWS are separate programs, so an employer that was eligible for both programs could access both. Any amount *eligible* to be received under the Temporary Wage Subsidy will reduce the amount of the CEWS claim for the same period.

Effected through a reduction  
to payroll remittances.  
No application required.



## Work-Sharing Program

- The [Work-Sharing Program](#) is administered through the employment insurance program to allow employers to coordinate with their employees to share work hours in an effort to avoid layoffs.
- To be eligible for this program, an employer must be experiencing a downturn in business activity related to the global outbreak of COVID-19 and have:
  - Work-sharing (WS) agreements signed between March 15, 2020, and March 14, 2021,
  - WS agreements that began or ended between March 15, 2020, and March 14, 2021, and
  - WS agreements that ended between June 23, 2019, and March 14, 2020, and are in their mandatory cooling-off period.
- Additional requirements apply to both employers and employees and can be found at the [Work Sharing Program website](#).
- Several changes have been made to the program as a result of COVID-19 which include:
  - reducing the Recovery plan requirement to a single line of text,
  - extending the program to up to 76 weeks instead of the usual maximum of 38 weeks,
  - streamlining the application process to reduce processing times, and
  - extending eligibility to cover more types of employers and employees.
- Any employers that participated in the program and whose participation period ended prior to March 13, 2020, may be able to waive the mandatory cooling-off period to participate in the program again.



Online application required  
(application process has  
been simplified)



## Canada Emergency Commercial Rent Assistance (CECRA)

- The [CECRA](#) is intended to reduce rent by 75% for small business tenants affected by COVID-19.
- A small business tenant is one that pays less than \$50,000 per month in rent. It is not yet clear if this is the only requirement to qualify as a “small business.”
- The small business tenant must also have temporarily ceased operations or have experienced a 70% decrease in pre-COVID-19 revenues. Similar to the CEWS, the decrease in revenue would be determined by comparing the current month to the same month in the prior year or to an average of January and February 2020. The rent subsidy will also be available to NPOs and charities.
- The CECRA will provide forgivable loans to commercial property owners to cover 50% of commercial rent for the months of April (retroactive), May, and June.
- The loan to the commercial property owner will be forgiven if they provide the commercial tenant with rent forgiveness equal to at least 75% of their rent. The tenant would still pay the remaining 25%.
- The federal government has stated that they have reached an agreement with the provincial and territorial governments, in principle, to implement the program. The program, which will be administered by the Canada Mortgage and Housing Corporation (CMHC), will be rolled-out in mid-May, with further details to come.

Landlord required to apply  
through CMHC.



## Large Employer Emergency Financing Facility (LEEFF)

- The LEEFF offers bridge financing to large companies that have annual revenues of \$300 million or more.
- It will be available to companies in all sectors (except the financial sector), in all provinces and territories. Some non-profit organizations, such as airports, can also qualify.
- Loans of \$60 million or more will be made available through the program.
- Companies that apply for LEEFF will be required to:
  - Respect Collective Bargaining Agreements, including pensions,
  - Follow strict limits on:
    - Executive pay,
    - Share buybacks,
    - Dividends, and
  - Commit to publishing future climate disclosure reports and support environmental sustainability goals and national climate goals.



An application will be required.  
Further details to be provided.



## Canada Summer Jobs Program

- Changes have been made to this program as a response to the pandemic.
- Private and public sector employers who are employing students and other young people through this program will be able to obtain a wage subsidy equal to 100 percent of the provincial or territorial minimum hourly wage for each employee, up from 50 percent previously. Private sector employers must have 50 or fewer full-time employees to qualify.
- Not-for-profit employers can continue to receive a subsidy equal to 100 percent of the provincial or territorial minimum hourly wage.
- Employees must be between the ages of 15 and 30 to qualify. Previously, only full-time employees (i.e., those working a minimum of 30 hours/week) qualified; however, it has been expanded to part-time employees now.
- Job placements must begin by May 11, 2020. The job end date has been extended from August 28, 2020, to February 28, 2021.
- Applications to the Summer Jobs Program are currently closed for the 2020 year so there are questions as to whether this new support will only be available to those who had previously applied to the program, or if the government will open it up to new applications as a result of COVID-19.
- More information about the program can be found [here](#).



Application process is closed,  
but consider reaching out to  
your local MP.



## Business Credit Availability Program (BCAP)

- [Working capital loans](#) will be provided through the Business Development Bank of Canada (BDC) of up to \$2 million and payment postponement of up to 6 months.
- Incremental loan amounts up to \$6.25 million will be available through a co-lending program between a business's financial institution and the [BDC](#).
- Operating credit up to \$6.25 million will be made available to small and medium enterprises through Export Development Canada (EDC). The loans will be available through a business's financial institution and will be guaranteed by [EDC](#).
- Increased limits to the Canada Account, which is a program funded by the federal government and administered through EDC, will assist with export transactions in the national interest.
- Through the Mid-Market Financing Program, BDC will be providing commercial loans between \$12.5 - \$60 million for qualifying companies with revenues exceeding \$100 million. EDC's Mid-Market Guarantee and Financing Program will also provide liquidity to companies with revenues between \$50 and \$300 million to help these companies sustain operations.

Application via your financial institution



## Sector-specific funding



### Agriculture, agri-food, aquaculture, fisheries

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For farmers, ranchers, agricultural producers and food processors, several new spending measures have been announced, including:

- Increased credit availability will be available for businesses in farming and the agri-food sector through [Farm Credit Canada](#) of \$5B; Additionally the Advanced Payment Program (APP) has provided a stay of default on existing loan balances for an additional six months while allowing producers with balances outstanding to apply for an additional \$100,000 interest free loan for 2020-2021 ([APP](#)).
- \$77.5 million for an Emergency Processing Fund, which provides funding for PPE and other health-related expenditures to respond to COVID-19.
- \$125 million funding through AgriRecovery to help farmers with the cost of holding onto livestock longer due to closures of food processing plants.
- \$200 million to increase the Canadian Dairy Commission's borrowing limit to cover the additional costs of storing cheese and butter for an extended time.
- \$50 million for a new Surplus Food Purchase Program to help redistribute unsold food inventories to local food organizations serving vulnerable Canadians.
- The AgriStability program (for producers experiencing large margin declines) will see an increase in interim payments, i.e. the advance payment of the AgriStability benefit, from 50% to 75%.
- Potentially expanding the AgrilInsurance program to cover labour shortages as an eligible risk for the horticulture sector.
- \$2.5 million from the federal and Ontario governments for businesses in the agri-food sector, including food producers, farmers markets, retailers, greenhouses, etc., to expand their reach to online consumers.
  - The Agri-Food Open for E-Business initiative will be funded through the Canadian Agricultural Partnership.
- Two streams:
  - 1 \$5,000 to establish an online presence for eligible businesses and organizations,
  - 2 Up to \$75,000 for cost-share funding for eligible businesses, organizations and partnerships/collaborations to develop, enhance, and/or implement online business opportunities.
- Applications currently open through the [Ontario Ministry of Agriculture, Food and Rural Affairs](#).
- Up to \$1 million from the federal and Ontario governments to help connect workers with employers in the agri-food sector providing jobs in agriculture, food processing and grocery retail.
  - Applications currently open through the Ontario Ministry of Agriculture, Food and Rural Affairs.
- \$62.5 million for the fish and seafood processing sector through the newly created Canadian Seafood Stabilization Fund.
- The additional funding is meant to assist with:
  - Accessing short-term financing for maintenance and inventory costs,
  - Adding storage capacity for unsold product,
  - Complying with health and safety measures for workers,
  - Supporting new manufacturing and automated technologies to improve productivity and quality of finished seafood product, and
  - Adapting products to respond to changing requirements and new market demands.



## Small Businesses and Community support

- \$962 million to be provided through the new Regional Relief and Recovery Fund, which will be implemented by the six regional development agencies (RDAs) in Canada.
- Six RDAs in Canada: the Canadian Northern Economic Development Agency, Western Economic Diversification Canada, FedNor, FedDev Ontario, Canada Economic Development for Quebec Regions and the Atlantic Canada Opportunities Agency
- \$675 million will go to support regional programs and services and provide bridge financing to businesses unable to access other government support measures such as the CEWS or CEBA.
- Additional \$287 million for Community Futures Network to support rural communities and small businesses.



## Entrepreneurs, Innovators, pre-revenue firms

- \$250 million through the Industrial Research Assistance Program (IRAP) Innovation Assistance Program (IAP), specifically for Canadian small and medium-sized enterprises (SMEs).
- The IRAP IAP will provide a wage subsidy for up to 12 weeks for SMEs that meet the requirements:
  - Incorporated no later than March 1, 2020, and profit-oriented,
  - Have a CRA business number,
  - 500 or fewer full-time equivalent employees,
  - Plan to pursue growth through innovation, and
  - Insufficient financial resources to sustain operations between April 1 and June 23, 2020.
- \$20.1 million to support young entrepreneurs aged 18-29, through Futurpreneur Canada.



## Indigenous businesses

- Up to \$306.8 million will be made available for small and medium-sized Indigenous businesses.
- Funding will be made available through interest-free loans and non-repayable contributions for Indigenous businesses that cannot access existing COVID-19 measures.
- Funding will also be provided to assist Aboriginal Financial Institutions to cover operational expenses and to help the National Aboriginal Capital Corporations Association increase its operational capacity.
- It is expected that this funding will help 6,000 Indigenous businesses.





## Energy Sector

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- Over \$2 billion for the sector overall, expected to retain and create approximately 10,000 well-paying jobs.
- Funding for orphan and inactive oil and gas well cleanup:
  - Up to \$1 billion to Government of Alberta,
  - Up to \$400 million to Government of Saskatchewan,
  - Up to \$120 million to Government of British Columbia,
- \$200 billion to Alberta Orphan Wells Association, which will be repaid.
- \$750 million to provide loans (some of which will be convertible to grants) to oil and gas companies to reduce greenhouse gas emissions. To be funded over 2 years through Natural Resources Canada, starting in 2020-21.
- Credit support to medium-sized energy sector companies through the Business Credit Availability Program (BCAP), through the BDC and EDC.



## Cultural, Heritage and Sport Organizations

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- \$500 million through the Emergency Support Fund for Cultural, Heritage and Sport Organizations.
- Up to \$326.8 million will be distributed by Canadian Heritage as follows:
  - \$198.3 million to beneficiaries of arts and culture funding,
  - \$72 million to the sport sector,
  - \$53 million to the heritage sector,
  - \$3.5 million for COVID-related projects under the Digital Citizen Initiative
- \$55 million to help support artists, distributed by the Canada Council for the Arts
- \$115.8 million to support the Canadian audiovisual sector, through the Canada Media Fund and Telefilm Canada.
- Funding will be provided in two phases and applicants will be required to make certain attestations to receive funding.



## Other



### Mortgage deferrals

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- Canada's banks have confirmed that they will provide Canadian businesses and individuals with up to a six-month deferral of mortgage payments (principal and interest) and other credit relief, which will reduce short-term cash flow issues.



### Interest rates

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- The Bank of Canada has lowered its key interest rate to 0.25 percent (a decrease of 150 basis points since beginning of March).

# Programs for workers, students, seniors, individuals and families



## Workers



### Canada Emergency Response Benefit (CERB)

- [CERB](#) provides \$2,000 per month (i.e., \$500 per week) to qualified workers for up to 16 weeks.
- The program is currently set to run from March 15 to October 3, 2020. Individuals can [now apply for this benefit](#).
- To qualify, a worker must have had income of at least \$5,000 (through salary or non-eligible dividends) in the 12 months prior to the date of application.
- Individuals who submit a claim must not have earned more than \$1,000 of income from employment or self-employment for 14 or more consecutive days in the first four-week benefit period in which they submit their claim. The individual must not have earned \$1,000 or more within the entire four-week benefit periods that they submit subsequent claims for.
- Seasonal workers and workers who have recently exhausted their EI regular benefits and who cannot find work due to COVID-19 can also qualify.
- Those wishing to continue to receive the CERB after the first month must re-apply each month. Any employee that is rehired by their employer who is claiming the CEWS for that employee may have to repay the CERB if it pertains to the same four-week period.



Apply online or via  
toll-free phone number



### Temporary wage boost for essential workers

- \$4 billion in funding (\$3 billion from the federal government and \$1 billion from the provinces and territories) to increase the wages of low-income essential workers.
- Provinces and territories will determine who qualifies and how to distribute the funds.
- Some provinces have already established terms in their province, for example:
  - Ontario: \$4/hr wage increase for certain workers, such as long-term care staff and some hospital staff, as well as lump-sum bonuses.
  - Saskatchewan: temporary wage supplement of \$400/month for lower income essential workers, such as workers in various care facilities.

To be administered provincially



## Employment Insurance change

- [Employment insurance](#) (EI) provides an employee with 55 percent of their earnings, to a maximum of \$573/week.
- For workers eligible for EI, the one-week mandatory waiting period has been waived for those accessing EI due to impacts from COVID-19.
- The requirement for a doctor's note has also been waived.
- Both employed and self-employed individuals can qualify for EI. The individual must participate and pay into the EI program, have lost at least 40 percent of their usual pay and worked a minimum of 600 hours in the year prior to the claim or since their last claim. Self-employed individuals must wait at least 12 months after registering to participate in the program.
- The application for EI can be found on the [benefits page](#) of the Government of Canada website.
- Depending on the type of assistance being applied for, and the type of worker, workers can click on the appropriate link and provide the information required, including personal and banking details (to receive payment) and potentially a copy of the Record of Employment (ROE), if a paper-copy is provided. If electronic copies of the ROE are submitted to Service Canada, this step is not required.
- Individuals who became eligible for EI after March 15, 2020, will automatically be rolled into the CERB for the remainder of their benefit period





### Canada Emergency Student Benefit (CESB)

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- [CESB](#) will provide \$1,250 per month to eligible students for the months of May, June, July and August.
- The monthly CESB amount increases to \$1,750 for students with disabilities or dependents.
- Students who are Canadian citizens, permanent residents, refugees or registered under the Indian Act can qualify. They must be enrolled in a post-secondary program between December 1, 2019 and August 31, 2020, that will lead to a degree, diploma or certificate, or have graduated from secondary school in 2020, and will begin post-secondary studies before February 1, 2021.
- Students must be unable to work for reasons related to the coronavirus and must not receive income from sources such as income from employment or self-employment, EI or CERB during the four-week period for which they apply. The first four-week period is from May 10 to June 6, 2020, and the next three eligibility periods will continue in four-week increments until August 31, 2020.

The application opens on May 15, 2020. Apply online through CRA's My Account or via toll-free phone number.



### Student funding

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- Additional funding for student and youth programs and job placement programs.
- Specific funding for First Nations, Inuit, and Metis Nation post-secondary students.
- Funding for student researchers and post-doctoral fellows, with a one-semester extension for those whose research scholarships or fellowships end between March and August 2020, and then intend to continue their studies.
- Canada Student Loan program - \$1.9 billion over 2 years starting in 2020-21 to allow more students to qualify and to double the non-repayable Canada Student Grants for students that are: full-time, part-time, with disability, or with dependents.
- Canada Student Service Grant – up to \$5,000 for post-secondary education costs to students and youth who participate in a new national service initiative. Details to come on the “I Want to Help” platform, which will be setup in the coming weeks.
- International students – for students working in an essential service or function, the government will remove the maximum limit of 20 hours work per week while classes are in session. This will temporarily be in place until August 31, 2020.



### Student loans

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- Repayment requirements will cease until September 30, 2020, interest-free.



## Seniors, individuals and families



### Seniors

- Minimum withdrawals required for registered retirement income funds (RRIFs) will be reduced by 25 percent for 2020.
- Recipients of Old Age Security will receive \$300 more on a tax-free basis.
- Recipients of the Guaranteed Income Supplement will receive \$200 more.
- An additional \$20 million of funding has been provided to the New Horizons for Seniors program to help organizations that offer community-based projects designed to reduce isolation and improve quality of life for seniors.



### Canada Child Benefit

- An additional one-time payment of \$300 per child to be paid in early May.



### Mortgage deferrals

- Canada's banks have confirmed that they will provide Canadian businesses and individuals with up to a six-month deferral of mortgage payments (principal and interest) and other credit relief, which will reduce short-term cash flow issues.



### GST credit

- An additional one-time payment of \$400 for single individuals and \$600 for couples beginning in April.



### Interest rates

- The Bank of Canada has lowered its key interest rate to 0.25 percent (a decrease of 150 basis points since beginning of March).

# Tax filing, payment deadlines and obligations

## Tax filing deadlines

Federal income tax filing and payment extensions have been announced and are included in the table below. Quebec and Alberta have announced similar extensions, as applicable.

Taxpayer	Original filing deadline	New filing deadline	New balance due date	2020 Instalments extension
Corporations	6 months after the taxation year-end	Extension to June 1, 2020, for tax years otherwise due from March 19, 2020, to May 31, 2020	September 1, 2020, for Part I tax otherwise due on or after March 18, 2020.	September 1, 2020, for Part I tax instalments (for March 2020 to Aug 2020 instalments)
Individuals without business income	April 30, 2020	June 1, 2020	September 1, 2020	June 15, 2020, instalments deferred until Sep 1, 2020
Individuals with business income (& spouse)	June 15, 2020	Unchanged	September 1, 2020	June 15, 2020, instalments deferred until Sep 1, 2020
Trusts (excluding SIFTs)	March 30, 2020 (Dec 31, 2019, year ends)	May 1, 2020, for Dec 31, 2019, year ends June 1, 2020, for trusts otherwise due in April or May, 2020	September 1, 2020, for balances otherwise due on or after March 18, 2020	June 15, 2020, instalments deferred until Sep 1, 2020
Specified Income Flow-Through (SIFT) Trusts	March 30, 2020	<b>See note below</b>	September 1, 2020, for balances otherwise due on or after March 18, 2020	June 15, 2020, instalments deferred until Sep 1, 2020
Partnerships (excluding SIFTs)	Many due March 31 (varies depending on ownership structure)	May 1, 2020	September 1, 2020, for balances otherwise due on or after March 18, 2020	September 1, 2020, (for March 2020 to Aug 2020 instalments)
SIFT Partnerships	March 31, 2020	<b>See note below</b>	September 1, 2020, for balances otherwise due on or after March 18, 2020	September 1, 2020, (for March 2020 to Aug 2020 instalments)
NR4 return	March 31, 2020	May 1, 2020	No change for remittance deadlines	No change for remittance deadlines
Charities (Form T3010 - Charity return)	6 months after year end	Dec 31, 2020, if due between March 18, 2020, and Dec 31, 2020	Not applicable	Not applicable

**Note:** The federal government currently has not indicated whether the filing deadline extensions apply to SIFT trusts or SIFT partnerships (Quebec has clearly indicated they do not).



## Changes for GST/HST registrants

- GST/HST payments and import/export duties have been deferred until June 30, 2020.
- GST/HST returns are still required by their deadline; however, CRA has stated that they will not impose penalties for late returns, provided they are filed by June 30, 2020.



## Other relief measures

- Foreign reporting forms (e.g., T1134, T1135, T106) due after March 18, 2020, have been extended to June 1, 2020.
- CRA audit activities will be suspended temporarily for the majority of businesses.
- CRA will not commence new audits as of March 27, 2020, with limited exceptions.
- CRA has suspended collection activities on new debts and will allow for flexible payment arrangements.
- Deadlines for objections due March 18, 2020, or later have been extended to June 30, 2020.
- To assist with social-distancing requirements, electronic signatures are being accepted for T183 and CO-1000/TP-1000 file authorizations

### We are here to help

We understand that you want to be agile and responsive as the situation unfolds. Having access to experts, insights and accurate information as quickly as possible is critical—but your resources may be stretched at this time.

[We're here to support you](#) as you navigate through the impacts of coronavirus on your business and your investments.

*Grant Thornton LLP wants to caution that these rules are still new and continue to evolve as the government continues to re-evaluate the economic impact caused by the COVID-19 pandemic. We may still see changes to these measures—as well as new measures—as the government attempts to address the issues that have been raised by us and the tax community. Therefore, any analysis included herein, reflects our knowledge as of the date and time of this email and may no longer be applicable if changes do occur and you should proceed with caution before making any decisions.*

Visit our [COVID-19 Hub](#) for timely information and resources and connect with your [Grant Thornton advisor](#) to learn more.



# Grant Thornton