

## Canada's COVID-19 Economic Response Plan

The Federal government announced several economic measures on March 18, 2020 to support Canadians through these difficult times. While all details are not known at this time, below is a summary of the key measures that were announced today.

### Support for Individuals

#### Temporary Income Support for Workers and Parents

For Canadians without paid sick leave who are sick, quarantined, or forced to stay home to care for children, the following was announced:

- The one week waiting period to claim Employment Insurance (EI) is being waived effective March 15, 2020 for individuals in imposed quarantine
- The requirement to provide a medical certificate to access EI sickness benefits is being waived
- The Emergency Care Benefit is being introduced and will provide up to \$900 bi-weekly for up to 15 weeks. This benefit will provide income support to:
  - To workers (including the self-employed) who are quarantined or sick with COVID-19 that do not qualify for the EI sickness benefits
  - Workers (including the self employed) who are taking care of a family member who is sick with COVID-19 and do not qualify for EI sickness benefits
  - Parents with children who require care or supervision due to school closures and are unable to earn employment income (regardless if they qualify for EI or not)

Applications for the benefit will be available in April and will require a Canadian to attest that they meet the eligible requirements every two weeks to continue to qualify. The application to apply will be available on-line or by calling a toll-free number (not yet available).



### Longer Term Income Support for Workers

The Emergency Support Benefit was introduced and will provide up to \$5 billion of support to workers who are not eligible for EI and are facing unemployment.

The government will implement the EI Work Sharing Program to provide EI benefits to workers who agree to reduced normal working hours as a result of developments beyond their Employer's control.

### Income Support for Individuals Who Need it Most

For low-and-modest-income families the government is proposing to provide a one-time payment in early May through the Goods and Services Tax Credit that will effectively double the amount of the credit for the 2019-20 benefit year.

The government is also proposing to increase the maximum Canada Child Benefit (CCB) amounts for the 2019-20 benefit year by \$300 per child and the payment will be made in May.

## **Support for Businesses**

### Helping to Keep Workers

Eligible small employers will be entitled to a wage subsidy for a three-month period. The subsidy will be up to 10% of remuneration paid in the three-month period. The maximum subsidy will be \$1,375 per employee or \$25,000 in total per employer. Employers will be able to benefit from this measure immediately through a reduction in employees' payroll withholding tax remittances once the rules are finalized.

Eligible small employers will include corporations who are eligible for the small business deduction as well as non-profit organizations. Other employers will be added to this list when all the rules are finalized.

### Ensuring Businesses Have Access to Credit

The Business Credit Availability Program will allow the [Business Development Bank](#) (BDC) and [Export Development Canada](#) (EDC) more than \$10 billion of additional support that will largely target small and medium sized businesses. The BDC and EDC are working with private sector lenders on credit solutions for affected business.



### Options for Employers (not all in the announcement)

If you are considering laying off employees, there are a few options available to you depending on your circumstances:

- Don't lay them off and continue to pay your employees and collect up to \$25,000 from the government for doing so if you are considered an eligible small employer (see above).
- Lay off the employee and create a supplementary plan to top up their wages to a maximum of 95% of their regular pay
- Lay off the employee and they will be able to collect Employment Insurance assuming they qualify.

### **Reminder of Tax Filing and Payment Extensions**

- Personal income tax return due date extended to June 1, 2020.
- Trust tax return due date extended to May 1, 2020.
- Taxpayers (corporations, trusts, individuals) with any taxes owing after March 18, 2020 and before September 1, 2020 will now fall due September 1, 2020. No interest or penalties will be applied during this period. We will review the legislation and confirm the nuances when available.

You can read more about the announcement here: <https://www.canada.ca/en/department-finance/economic-response-plan.html>

If you have any questions, please contact your regular Fruitman Kates business advisor.