



Of Independent Accounting Firms Limited

Updated April 1st: On March 25th Canada enacted Bill C-13 **An Act respecting certain measures in response to COVID-19**. This Bill confirmed many measures previously announced by the Government in the March 18th COVID-19 Economic Response Plan. Below is summary of the key items, their eligibility, and application process.

Emergency Response Benefit (ERB)

The Emergency Response Benefit legislation combines the previously announced “**Emergency Care Benefit**” and the “**Emergency Support Benefits**” as previously described in the COVID-19 Economic Response Plan (ERP). While continuing to focus on those not eligible for traditional employment insurance (EI) the actual legislation now provides coverage to a broader group of people than originally announced.

Eligibility

Previously the ERP described that the payments would support those **who are infected, in isolation, are caring for a family member who is sick, or are required to care for children due to school closures** but are not eligible for EI sickness benefits, a March 25, 2020 Department of Finance update notes that it is **also now available for**: 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**; and wage earners and self-employed individuals, including contract workers, who are not eligible for conventional EI benefits.

The legislation requires the applicant to be an “**eligible worker**”, which means that they must be:

- at least **15 years** of age;
- **resident in Canada**; and
- for 2019 or in the 12-month period preceding the day on which they make an application had a **total income** of at least **\$5,000** from
 - employment;
 - self-employment;
 - certain EI benefits (maternity and parental benefits); and
 - allowances, money or other benefits paid to the person under a provincial plan because of pregnancy or in respect of the care by the person of one or more of their new-born children or one or more children placed with them for the purpose of adoption.

The worker, whether employed or self-employed, must **cease to work for reasons related to COVID-19 for at least 14 consecutive days** within the four-week period in respect of which they apply for the payment. For the period of cessation of work, the applicant **cannot receive income** from the **sources listed above**, and cannot receive **any other EI benefits**. Further, **workers that quit** voluntarily are **not eligible**.

Benefits

Applicants will receive \$500 a week for a maximum of 16 weeks. This is paid every 4 weeks. These payments are **not**

subject to law relating to **bankruptcy** or **insolvency** and are not **garnishable**.

Application process

A worker may apply for an income support payment for any four-week period falling within the period beginning on **March 15, 2020 and ending on October 3, 2020** (payments are made every four weeks). Canadians would begin to receive their payments **within 3-5 days of application, if registered for direct deposit**. Applicants can begin applying the week of April 6th through their CRA My Account. The specific application date depends on the applicant's birth month, please see below:

If you were born in the month of	Apply for CERB on	Your 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	Fridays, Saturdays, and Sundays	

If you have already applied for EI benefits **after March 15th** there is no need to reapply for this benefit, your application for EI will automatically transfer to this benefit. If you applied for EI benefits before March 15th you will continue to receive your EI benefits. If those end prior to October 3rd you will then be able to apply for the Emergency Benefit, as long as your reason for continued unemployment is COVID-19.

Canada Emergency Wage Subsidy

Eligibility

Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May, when compared to the same month in 2019, would be able to access the subsidy. Eligible employers would include employers of all sizes and across all sectors of the economy, with the exception of public sector entities.

Benefits

The Government will cover up to 75% of an employee's salary on the first \$58,700 that they earn. That means up to \$847 a week per employee. Businesses **will not be required** to pay the 25% above the 75% that the government will be subsidizing, although an eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees. All employers would be expected to at least make **best efforts** to top up salaries to 100% of the maximum wages covered.

Application process

Eligible employers will be able to apply for this through the CRA online portal. Further details on this will be released shortly. Funds will be available by early May. The business will need to confirm that they have suffered at least a 30% reduction in gross revenues due to COVID-19.

Other notes

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

Additional One-Time GST Credit

Eligibility

Any individual eligible for the **quarterly GSTC based on** their **2018** personal income tax filings will be eligible for an **additional payment in May, 2020**. Some others may be entitled to a one-time payment, even if their income is too high to receive quarterly payments.

Benefits

As is the case with the regular GSTC, the one-time payment will **depend on family composition** (whether the recipient is married or single; number of children in the household):

- \$290, for a single individual with 2018 net income below \$9,413;
- \$443, for a single individual with 2018 net income exceeding \$24,712. For single individuals with income between \$9,413 to \$24,712, the one-time HST credit is increased from \$290 by 1 cent on each dollar of 2018 income earned;
- \$580, for a couple (including common-law partner); and
- Extra \$153 for each child under the age of 19 and residing with the individual.

Application process

Like the quarterly GSTC, this benefit is managed under the income tax system. **No special application** is required as the payment will be calculated by CRA based on **income tax returns filed for 2018**.

Other notes

Families not presently receiving the GSTC may wish to **confirm** that **CRA** has a **record of all minor children** in their custody to ensure the calculations reflect these individuals. Taxpayers registered with CRA's MyAccount service can view the children CRA shows under their custody online. The legislation provides that this shall be paid in May, 2020, or such earlier month as may be designated by the Finance Minister, so it is possible that these payments will be released in April, 2020.

Additional Canada Child Benefit Amount

Eligibility

All families eligible for **monthly CCB benefits** based on their 2018 personal income tax returns will receive an **extra benefit** as part of their **May, 2020** benefit payment. Some other families with children under age 18 who do not receive monthly benefits will be eligible for a one-time benefit in May.

Benefits

For families receiving monthly benefits, the **May benefit** will be **enhanced by \$300 per child** under age 18. Families receiving no monthly benefits **may receive a portion** of this enhancement, depending on their income levels.

Application process

Like the monthly CCB, this benefit is managed under the income tax system. **No special application** is required as it will be **based on income tax returns filed for 2018**.

Other notes

Individuals or families with children under age 18 who are not presently receiving the CCB may want to **confirm** that **all the children** in their custody are **reflected on CRA's records**, to ensure the appropriate payment is computed. Taxpayers registered with CRA's MyAccount service can view the children CRA shows under their custody online.

25% reduction in RRIF Minimum Amount for 2020

In recognition of the substantial recent value declines in the investment markets, the **minimum withdrawal** from a RRIF or a money purchase pension plan **for 2020** will be **reduced by 25%**. No similar reduction is available for defined benefit individual pension plans.

Other – not in the Bill: Income Tax Filing and Tax Payment Extensions

	Tax Filing Deadlines			Payment Deadlines		
	Initial	New Federal	New Quebec	Initial	New Federal	New Quebec
Individuals	April 30, 2020	June 1, 2020	June 1, 2020	April 30, 2020	September 1, 2020	September 1, 2020
Self-employed individuals and their spouse	June 15, 2020	June 15, 2020	June 15, 2020	April 30, 2020	September 1, 2020	September 1, 2020
Trusts*	March 30, 2020	May 1, 2020	May 1, 2020	March 30, 2020	September 1, 2020	September 1, 2020
Partnerships*	March 31, 2020	Extended to May 1, 2020	Extended to May 1, 2020	Not applicable	Not applicable	Not applicable
Corporations	6 months after the taxation year-end	The later of June 1 and 6 months after the taxation year-end	Not addressed: Remains 6 months after the taxation year-end	2 months after the taxation year-end**	September 1, 2020	September 1, 2020

* For Quebec, it states that the tax filing deadline extension does not apply to specified investment flow-through entities. The federal government has not specified this.

** For Canadian Control Private Corporations, the deadline is 3 months after the taxation year-end for specific corporations that claim the small business deduction.