



Canadian tax alert

COVID-19 – Additional measures to support individuals and businesses

March 25, 2020

As COVID-19 continues to affect the economic security of Canadians and Canadian businesses, the federal and provincial governments continue to introduce measures in response. Our Tax and Legal team is closely monitoring all government announcements and will remain available to support you during this unprecedented and uncertain time.

In this update, we highlight recent announcements from the federal government and the governments of Ontario and Newfoundland and Labrador.

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FEDERAL – March 25, 2020

Canada Emergency Response Benefit (CERB)

- This benefit replaces both the Emergency Care Benefit and Emergency Support Benefit that were announced March 18, 2020.
- The CERB will be a taxable benefit of \$2,000/month for up to four months (\$8,000 maximum).
- The CERB will streamline the previously announced benefits and will be available to Canadians who are:
 - Wage earners, contract workers or self-employed individuals that are ineligible for Employment Insurance benefits; or
 - Workers who are still employed, but not earning income due to COVID-19;
 - Individuals who fall into one of the following categories:
 - Sick, quarantined, or have lost their job
 - Taking care of someone who is sick with COVID-19
 - Working parents who must stay home to care for children affected by COVID-19 (e.g. sick, home because of school/daycare closures)
- The portal for accessing the CERB will be launched in early April.
- CERB payments will be available for the period March 15, 2020 to October 3, 2020, and will be paid every four weeks.
- Applicants can expect first payment within 10 days of applying.

ONTARIO – March 24-25, 2020

March 24, 2020

Ontario electricity rate reduction for 45 days

- All Ontario electricity rates will be moving to off-peak pricing rates immediately for the next 45 days, saving customers 50% compared to on-peak rates. This rate is applicable to homes, small businesses and farming operations. The reduced rate will apply automatically.
- This measure represents an expenditure of approximately \$162M, and on average will result in savings of:
 - \$20 for families
 - \$150 for small businesses
 - \$300 for farms
- The Ontario Energy Board is also extending the winter ban on electricity disconnections for residential and low-volume small business customers from April 30, 2020 to July 31, 2020.

March 25, 2020

Ontario's Action Plan: Responding to COVID-19

The Province of Ontario announced *Ontario's Action Plan: Responding to COVID-19*, a \$17B stimulus package to address COVID-19 and support Ontario's health care system, communities and economy, complementing the federal financial measures that received Royal Assent today. The \$17B package includes \$7B to support the health care system and its people and jobs, and \$10B to support people and businesses to improve cash flows.

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The \$7B in support for the health care system and its people and jobs will be allocated as follows:

- **Supplementary resources for health care**
 - \$3.3B of additional resources for health care including:
 - Increased hospital capacity to conduct assessments and treatment
 - Expanded long-term care home emergency capacity
 - Public health funding
 - Increased community capacity through homecare and Telehealth Ontario
 - Assessment centre and hospital funding
 - Funding for personal protective equipment and urgent medical supplies
 - Financial support for ambulance and paramedic services
 - Funding for infection control measures targeting seniors
 - Support for increasing demand for services in the health and long-term care sector

- **Double Guaranteed Annual Income System (GAINS) maximum payments**
 - \$75M in supplementary support for approximately 194,000 low-income seniors (aged 65 or older with annual private income of \$1,992 or less), doubling the maximum payment to \$166/month for individuals and \$332/month for couples.
 - Temporary top-up to payments through GAINS will be effective April 2020, for a period of six months.

- **One-time payment for parents**
 - All families will receive a one-time payment of \$200 per child 12 years of age and younger to support extra costs associated with mandatory school and daycare closures.
 - \$250 will be available for those with children with special needs, including children enrolled in private schools.

- **Ontario Student Assistance Program (OSAP) loan repayment deferral**
 - In partnership with the federal government, student borrowers will receive OSAP loan and interest accrual relief for six months, between March 30, 2020 and September 30, 2020.

- **Indigenous peoples and communities assistance**
 - \$26M is allocated in additional support for Indigenous peoples and communities, including emergency support for urban Indigenous people in financial need, and health care professionals' expenses and urgent supplies for isolated communities.

- **Temporary emergency supports and funding for municipalities**
 - \$200M in supplementary funding is allocated to:
 - Provide temporary emergency supports for people in financial need
 - Support municipalities in responding to local needs
 - Assist other service providers (e.g., food banks, homeless shelters, churches and emergency services) to quickly address community needs.

- **Support for energy bill payment for low-income people**
 - \$9M is provided for Ontarians struggling to pay electricity or natural gas bills, by expanding eligibility for the Low-income Emergency Assistance Program (LEAP) and ensuring that there will be no disconnection of their services during the COVID-19 crisis.
- **Employment Ontario Funding**
 - \$100M in additional funding to Employment Ontario to support skills training programs for workers impacted by COVID-19.
- **Temporary increase in Employer Health Tax (EHT) exemption**
 - This relief measure involves increasing the EHT exemption from \$490,000 to \$1M for 2020. This represents a tax savings totalling approximately \$355M for approximately 57,000 employers.
- **New Regional Opportunities Investment Tax Credit**
 - A 10% refundable corporate income tax credit will be available to eligible businesses that construct, renovate or acquire qualifying commercial and industrial buildings in designated regions of the province.
 - This measure may result in savings of up to \$45,000 in the year for an eligible business.

The \$10B in support for people and businesses comes in the form of tax and workplace payment deferrals.

- **Deferral of provincially administered taxes**
 - A five-month interest and penalty-free period has been introduced with respect to payments for the majority of provincially-administered taxes for Ontario businesses unable to file or remit select provincial taxes on time due to COVID-19 circumstances.
 - This relief will be automatic, and is estimated to be worth \$6B for Ontario businesses. Provincial taxes included in the relief period include:
 - Employer Health Tax
 - Tobacco Tax
 - Fuel Tax
 - Gas Tax
 - Beer, Wine & Spirits Tax
 - Mining Tax
 - Insurance Premium Tax
 - International Fuel Tax Agreement
 - Retail Sales Tax on Insurance Contracts and Benefits Plans
 - Race Tracks Tax
 - The relief period does not include business accounts with outstanding taxes, or interest or penalties owing from previous periods. Existing debt from before the relief period will continue to accrue interest.
 - The government is also temporarily suspending audit interactions with most businesses for the month of April 2020.

- **Deferral of education property tax**
 - The upcoming June 30 quarterly remittance of education property tax to school boards is deferred by 90 days.
- **Deferral of Workplace Safety and Insurance Board (WSIB) payments**
 - Employers can defer payments to WSIB for up to six months.

NEWFOUNDLAND AND LABRADOR – March 22-24, 2020

March 22, 2020

Deferred student loan repayment

- Six-month suspension of the repayment of the provincial portion of Canada Student Loans.
- Effective March 30, 2020, student borrowers will automatically have their repayments suspended until September 30, 2020.
- No payment will be required and interest will not accrue.

March 24, 2020

Provincial Agrifoods Assistance Program (PAAP) accepting early applications

- The 2020-2021 PAAP is immediately accepting applications to assist farmers and processors, including new entrants, to prepare for the upcoming season.
- The 2020-2021 intake contains \$2.25M of funding, and prioritizes projects that support food self-sufficiency, increase agricultural growth and secondary processing, and foster job creation.
- Non-repayable funding maximums range from \$20,000 - \$75,000 per business, with eligibility levels based on annual gross sales.
- No application deadline, and applications will be assessed on merits.

Fish processing and buyer licenses extension

- The expiration dates for all current valid fish processing and fish buyer licenses in the province will be extended from March 31, 2020 to August 31, 2020.

For more information on COVID-19, see our [Canadian COVID-19 information hub](#) and our [global COVID-19 information hub](#)

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