



Canadian tax alert

COVID-19 – Summary of recent fiscal measures

April 29, 2020

While small steps are being taken to resume some economic activity in parts of the country, the federal and provincial governments continue to work on support measures to offset the financial effects of COVID-19. Over the past days, some additional announcements were made. 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 developments from the federal government as well as the governments of Saskatchewan, Manitoba, Ontario, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Contacts:

Philippe Bélair

Tax & Legal Leader
Tel: 514-393-7045

Albert Baker

National Tax Policy Leader
Tel: 416-643-8753

Atlantic Region

Katie Rogers

Tel: 506-663-6728

FEDERAL MEASURES – April 15-25, 2020

April 15, 2020

Temporary salary top-up for low-income essential workers

- The government announced that it will work with provinces and territories through a new transfer measure to cost-share a temporary top-up of the salaries of low-income workers (those who earn less than \$2,500 per month on a full-time basis) that the provinces and territories have deemed essential in the fight against COVID-19.
- This support would include workers who work on the front line in hospitals, care for seniors in long-term care facilities and work within the food supply chain, among others.
- As Quebec and British Columbia have already implemented a temporary wage increases for essential workers, the federal government will share that cost. It will do the same for other provinces and territories that provide a temporary top-up for essential workers. More details expected in the coming days.

Relief for federally regulated pension plan sponsors

- The Pension Benefits Standards Regulations require sponsors of federally regulated pension plans with funding deficiencies to make special solvency payments to eliminate deficiencies over a period of five years. The government announced that it would provide immediate relief to sponsors of federally regulated defined benefit pension plans that are facing significant financial constraints.
- The relief will be in the form of a moratorium, throughout 2020, on solvency payment requirements for defined benefit plans. It will ensure employers have financial resources to maintain their operations and pension plans, and protect the retirement security of their workers and retirees.
- In addition, due to the potential impact of the global pandemic on pension plan assets and liabilities, the government will consult with stakeholders over the coming months on options to provide relief from 2021 solvency-funding obligations if necessary.

April 21, 2020

Emergency Community Support Fund

- A \$350M investment will be made in charities and non-profit organizations that deliver essential services to vulnerable Canadians. Funding will flow through national organizations such as the United Way and Red Cross, which have capability to deliver the support quickly to local organizations that serve vulnerable Canadians.
- Support will cover a variety of activities, such as:
 - Increasing volunteer-based home deliveries of essential supplies
 - Providing transportation services for vulnerable Canadians
 - Scaling up telephone help lines that provide support and information

Quebec & Ottawa

Patrick Bilodeau

Tel: 613-751-5447

Mohamed Sheibani

Tel: 613-751-5320

Ontario

Gary Gluckman

Tel: 416-601-6029

Prairies

Markus Navikenas

Tel: 403-267-1859

British Columbia

David Mueller

Tel: 604-673-2661

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- Assisting vulnerable Canadians gain access to government benefits
- Providing training, supplies, and other supports for volunteers
- Creating Virtual contact systems to replace in person delivery of support

April 22, 2020

Reimbursement for telework equipment

- On April 22, 2020, the Canada Revenue Agency published a favourable position regarding the reimbursement for IT equipment to enable an employee to work at home during the COVID-19 pandemic.
- Up to \$500 can be reimbursed to an employee for this purpose without such amount being treated as a taxable benefit.
- Details are not provided as to exactly which equipment is covered; presumably, electronic equipment such as a computer, printer or monitor would qualify.
- It is important to note that this exemption applies to reimbursements of expenses and not to non-accountable allowances.

Financial support for post-secondary students and new graduates

- The government announced comprehensive support of nearly \$9B for post-secondary students and recent graduates, to help cover rent and other basic living expenses. This support will include:
 - The Canada Emergency Student Benefit, supporting students and new graduates who are not eligible for the Canada Emergency Response Benefit. This benefit will provide \$1,250 per month, or \$1,750 per month for students with dependents or disabilities, from May through August 2020.
 - The Canada Student Service Grant, helping students gain work experience and skills while they help their communities during the COVID-19 pandemic. Students undertaking national/community service will receive up to \$5,000 for their education in fall 2020.
- The government aims to create 116,000 jobs, placements, and other training opportunities for students over the coming months by expanding employment, skills development and youth programming.
- Financial support to help students continue studies in the fall will be provided by:
 - Doubling Canada Student Grants for all eligible full-time students to up to \$6,000, and up to \$3,600 for part-time students, in 2020-21
 - Doubling Canada Student Grants for students with permanent disabilities and students with dependents
 - Broadening eligibility for student financial assistance by removing student's and spouse's contributions in 2020-21
 - Raising the maximum weekly amount for the Canada Student Loans Program from \$210 to \$350 for 2020-21
 - Increasing support for First Nations, Inuit and Metis Nation post-secondary students by \$75.2M in 2020-21
 - Extending expiring federal graduate research scholarships and postdoctoral fellowships, and supplementing existing federal research grants, with an additional \$291.6M through the federal granting councils

- Enhancing work opportunities for graduate students and post-doctoral fellows through the National Research Council of Canada with an additional \$7.5 million

April 24, 2020

Canada Emergency Commercial Rent Assistance (CECRA):

- The federal government announced an agreement in principle with all provinces and territories to implement the CECRA. This measure will lower rent by 75% for small businesses, as well as non-profit and charitable organizations impacted by COVID-19.
- Eligible entities are those that are paying less than \$50,000 in monthly rent, and have:
 - Temporarily ceased operations, or
 - Experienced at least a 70% drop in pre-COVID-19 revenues.
- The program will provide forgivable loans to qualifying commercial property owners to cover 50% of three monthly rent payments (April, May and June), if the owner agrees to reduce eligible tenants' rent by at least 75% for that period under a rent forgiveness agreement. A rent forgiveness agreement must include a term not to evict the tenant while the agreement is in place. Pursuant to this program, the tenant would be responsible for covering 25%, the property owner 25%, and the federal government and provinces would share the remaining 50%.
- The Canada Mortgage and Housing Corporation will administer and deliver the CECRA. It is expected that the CECRA will be available in mid-May, with commercial property owners lowering the rents of their tenants for the months of April and May retroactively, and for June.
- Further details on the CECRA will be available in the near future, including announcements on rent support for larger businesses.

April 25, 2020

Assistance for fish and seafood processing sector

- The government announced \$62.5M in new support through the Canadian Seafood Stabilization Fund. This fund will be administered through the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Western Diversification Canada. The fund will help businesses:
 - Access short-term financing to cover maintenance and inventory costs
 - Increase storage capacity for unsold product
 - Meet new health and safety measures for their workers
 - Support the adoption of new manufacturing/automated technologies that will improve productivity and the quality of finished seafood products
 - Adapt their products to new market demands and changing requirements
- Specific details on when the fund will be available for applications will be confirmed at a later date.

SASKATCHEWAN MEASURES – April 24, 2020

Support for Saskatchewan's agri-food sector

- The federal and provincial governments have agreed to increase the AgriStability interim benefit payments for 2020 for Saskatchewan producers, from 50% to 75%.
 - Interim benefits are calculated based on the farm's estimated program year margin
 - To be eligible, a farmer must show a decline of 30% or more compared to the estimated reference margin
- The Saskatchewan Crop Insurance Corporation is waiving the six months of farming and one production cycle criteria for participants to be able to apply for the 2020 interim benefits.

MANITOBA MEASURES – April 22, 2020

Manitoba Gap Protection Program (MGPP)

- Up to \$120M is being provided under this program for small and medium sized business that fail to qualify for the federal COVID-19 government assistance programs.
- The program offers applicants a non-interest bearing forgivable loan in the amount of \$6,000. The loan will be forgiven on Dec. 31, 2020 if the recipient has not received any major non-repayable COVID-19 federal support. If the applicant has received federal support, then the loan will be added to the recipient's 2020 tax bill.
- To be eligible, a business must
 - have been operating on March 20, 2020
 - have temporarily stopped or reduced operations as a result of a COVID-19 health order and suffered hardship as a result
 - be registered with the Manitoba Business and Corporate Registry
 - have an email address and a bank account
 - have not qualified for federal government COVID-19 grant support

ONTARIO MEASURES – April 21-27, 2020

April 21, 2020

Additional relief for most vulnerable

- The government announced an investment of \$11M to help deliver meals, medicines and other essentials to Ontario's most vulnerable citizens, which include seniors and persons with disabilities. The province is working with Ontario Community Support Association to expand Meals on Wheels services and to develop the capacity of other community organizations to help deliver medicine and other essentials.

April 24, 2020

E-business support for Ontario's agri-food sector

- The governments of Canada and Ontario announced an investment of up to \$2.5M through the Canadian Agricultural Partnership to support the agri-food sector to expand online, and implement high-impact e-business projects.
- Funding is targeted at the agriculture, agri-food and agri-products sector, such as farmers, processors, individual farmers markets, on-farm markets, retailers, garden centres, greenhouses, nurseries and agricultural associations.
- There are two funding streams:
 - Bring Your Business Online: Grants of up to \$5,000 to establish an online e-business and marketing presence. Priorities will include the development of marketing channels to retain and/or expand sales with the primary objective of bringing products to customers.
 - Develop Online Business Opportunities: Cost-share funding of up to 90% of eligible costs - to a maximum of \$75,000 - to implement larger scale, high-impact projects. Priorities will include projects:
 - That create, expand or enhance e-business capabilities, which includes marketing and sales platforms with the primary objective of bringing products to customers
 - That create and/or expand new markets and revenue streams
 - With results that meet broader business needs that are impactful across the sector (e.g., an online e-business platform for multiple sector businesses)
 - That involve partnerships and/or broader industry support
- The Ontario Ministry of Agriculture, Food and Rural Affairs will administer the program, and applications will be accepted immediately and on a continuous basis, while funding is available. Approval of eligible projects are expected to be expedited.

April 25-27, 2020

Temporary pandemic pay for frontline workers

- To support frontline workers, the government is introducing temporary pandemic payments. This measure involves an increase of \$4 per hour on top of existing hourly wages, regardless of the qualified employee's hourly wage.
 - Employees eligible for the temporary pandemic pay measures will be staff working in long-term care homes, retirement homes, emergency shelters, supportive housing, social services congregate care settings, correctional institutions and youth justice facilities, and those providing home and community care. It will also include hospital staff working in acute hospital settings. Respiratory therapists, mental health and addictions workers in hospitals and congregate care settings, public health nurses and paramedics were added to the list of eligible employees in a follow-up government announcement.

- In addition, lump sum payments of \$250 per month for each of the next four months will be paid to qualified employees working over 100 hours per month.
- The pandemic pay will be effective for 16 weeks, from April 24, 2020 until August 13, 2020.
- For those eligible employees working an average of 40 hours per week, the total increase in compensation would equate to \$3,560 over the 16-week period.

NOVA SCOTIA MEASURES – April 24, 2020

Additional support for small businesses

- To provide a temporary stream for access to credit, cash grants and support the government announced the Small Business Credit and Support Program, which will be delivered through participating credit unions. The program will be available April 29, 2020.
 - Eligible small businesses must have less than \$20,000 in payroll in the previous fiscal year and have experienced revenue declines of at least 15% in March or at least 30% in April, May or June.
 - Maximum loans of \$25,000 will be 100% guaranteed by the province.
 - Upon approval, businesses will receive a grant of up to \$1,500 and a voucher for an additional \$1,500 to help hire a private consultant for advice and support. This support will be administered by Nova Scotia Business Inc. and delivered through Nova Scotia Co-operative Council up until June 30, 2020.

PRINCE EDWARD ISLAND MEASURES – April 23, 2020

Support for primary industries

- \$4.7M in funding is being provided to potato producers and processors towards shipping and storage costs in anticipation of surplus as a result of COVID-19 market conditions.
- Through the Department of Agriculture and Land's Business Risk Management Programs, up to \$8.8M in support is being allocated for farmers for the next two years.
- The AgriStability program will be given an estimated \$5.6M to pay the provincial portion of the costs to increase the coverage level from 70% to 85% for producers enrolled in the program, and removing the reference margin limit. The province is also offering interim payments up to 75%.
- The province is offering a 10% discount on the producer's share of insurance premiums through the AgriInsurance Program, saving farmers a total of \$3.2M over two years.

NEWFOUNDLAND AND LABRADOR MEASURES – April 24, 2020

Changes to credit union regulations help businesses access federal relief

- The government has amended the Credit Union Regulations to allow all credit unions in the province to avail themselves of the Canada Emergency Business Account program. This will allow businesses that bank with these financial institutions to access this federal program.

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

Deloitte LLP
Bay Adelaide Centre, East Tower
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada

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