

## SUMMARY OF CANADA'S COVID-19 ECONOMIC RESPONSE PLAN | MARCH 2020

On March 18, 2020, the Prime Minister announced *Canada's COVID-19 Economic Response Plan*, a new set of economic measures to help stabilize the economy during this challenging period. Below is a summary of the items from this plan that may be relevant to you.

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### Measures concerning individuals

#### Temporary income support for workers

The Government is introducing the Emergency Care Benefit providing up to \$900 bi-weekly, for up to 15 weeks for eligible Canadians. This flat-payment Benefit would provide income support to:

- Workers, including the self-employed, who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.
- Workers, including the self-employed, who are taking care of a family member who is sick with COVID-19, such as an elderly parent, but 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, irrespective of whether they qualify for EI or not.

Application for the Benefit will be available in April 2020, and requires Canadians to attest that they meet the eligibility requirements.

#### Income support for low-income individuals

The Government is proposing to provide a one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC). This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The average boost to income for those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples.

#### Temporary increase in the Canada Child Benefit (CCB)

The Government is proposing to increase the maximum annual Canada Child Benefit (CCB) payment amount by \$300 per child for the 2019-20 benefit year. The overall increase for families receiving CCB will be approximately \$550 on average; these families will receive an extra \$300 per child as part of their May payment.

#### Moratorium on student loan repayments

The Government is proposing placing a six-month, interest-free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans.

#### Reducing Registered Retirement Income Funds (RRIFs) minimum withdrawals

The government is proposing to reduce the required minimum withdrawals from RRIFs by 25% for 2020, in recognition of volatile market conditions and their impact on many seniors' retirement savings. This will provide flexibility to seniors who are concerned that they may be required to liquidate their RRIF assets to meet minimum withdrawal requirements. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.

## Flexibility for taxpayers

In order to provide greater flexibility to Canadians who may be experiencing hardships during the COVID-19 outbreak, the Canada Revenue Agency (CRA) will defer the filing due date for the 2019 tax returns of individuals, including certain trusts.

- For individuals, the return filing due date will be deferred until June 1, 2020.
- CRA will allow all taxpayers to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020. This relief would apply to tax balances due, as well as instalments. No interest or penalties will accumulate on these amounts during this period.

## Measures concerning businesses

### Helping businesses keep their workers

The government is proposing to provide eligible small employers a temporary wage subsidy for a period of three months. The subsidy will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration. Employers benefiting from this measure will include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

### Flexibility for business filing taxes

The Canada Revenue Agency will allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020. This relief would apply to tax balances due, as well as instalments. No interest or penalties will accumulate on these amounts during this period.

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