

Canada's COVID-19 Economic Response Plan: Support for Canadians and Businesses

The Government of Canada is taking immediate, significant and decisive action to help Canadians facing hardship as a result of the COVID-19 outbreak.

On March 18, 2020, the Prime Minister announced a new set of economic measures to help stabilize the economy during this challenging period. These measures, delivered as part of the Government of Canada's COVID-19 Economic Response Plan, will provide up to \$27 billion in direct support to Canadian workers and businesses.

Employment Insurance

The financial aid package will help Canadians without paid sick leave and those who are sick, quarantined, or caring for children/family members who may otherwise lose income. As a result, the government is waiving the one-week waiting period for individuals in imposed quarantine that claim EI sickness benefits and is waiving the requirement to provide a medical certificate to access sickness benefits.

Emergency Care Benefit

The package will provide \$900 bi-weekly, for up to 15 weeks, to the following groups:

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

Long-Term Income Support for Workers

For Canadians who lose their jobs or face reduced hours as a result of the impacts of the pandemic, the government is:

- Introducing an Emergency Support Benefit delivered through the Canada Revenue Agency to provide up to \$5 billion in support to workers who are not eligible for EI and who are facing unemployment.
- Implementing the EI Work Sharing Program, which provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements and streamlining the application process.

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GST Tax Credit for Low-Income Families

A one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC), close to \$400 for single individuals and close to \$600 for couples.

Child Care Benefit

The financial aid package proposes to increase the maximum annual Canada Child Benefit for the 2019-20 benefit year by \$300 per child.

Vulnerable Communities

- \$305 million distinctions-based Indigenous Community Support Fund.
- Reducing required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020.
- \$157.5 million Reaching Home initiative to support people experiencing homelessness during the pandemic (e.g., purchasing beds and physical barriers for social distancing and securing accommodation to reduce overcrowding in shelters).
- \$50 million to women's shelters and sexual assault centers

Flexibility for Taxpayers

- The tax return filing date for individuals is being deferred until June 1, 2020. It is important to note that the Canada Revenue Agency encourages individuals who expect to receive benefits under the GSTC or the Canada Child Benefit not to delay the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.
- The Canada Revenue Agency will also 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.

Canada's large banks have also confirmed up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products.

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Support for Businesses

Small-Business Subsidy

Eligible small employers may receive 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.

Tax Flexibility

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.

Supporting Canadian Business through the Canada Account

This will allow the government to provide additional support to Canadian companies through loans, guarantees or insurance policies during these challenging times.

Helping Businesses Keep their Workers

To support businesses that are facing revenue losses and to help prevent layoffs, 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.

Business Credit Availability Program (BCAP)

This program will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide more than \$10 billion of additional support, largely targeted to small- and medium-sized businesses, and to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation and tourism. The near-term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada.

<https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>