

Canada's COVID-19 economic response plan

Date : March 20, 2020

On March 18, 2020, the federal government announced a new set of economic measures to support workers and businesses during the COVID-19 outbreak. These measures will provide up to \$27 billion in direct support to those facing hardship as a result of COVID-19.

Temporary Income Support for Workers and Parents

The government has introduced measures to support Canadian workers who do not have paid sick leave (or similar workplace accommodation) who are sick, quarantined, or forced to stay home to care for children. For these individuals, the government will:

- waive the one-week waiting period for Employment Insurance (EI) sickness benefits for individuals in imposed quarantine; and
- waive the requirement to produce a medical certificate to access EI sickness benefits.

For workers and self-employed individuals who do not qualify for EI sickness benefits, the government has introduced the Emergency Care Benefit. The Emergency Care Benefit will provide up to \$900 bi-weekly for up to 15 weeks, to workers and self-employed individuals who are quarantined or sick with COVID-19, or who must care for a family member who is sick with COVID-19. The Emergency Care Benefit is also available to parents (whether they qualify for EI or not) who are unable to earn income as a result of having to care for children impacted by the school closures.

Individuals will be able to apply for the Emergency Care Benefit starting in April 2020. Applicants will be required to attest that they meet the eligibility requirements and to re-confirm their eligibility every two weeks. Individuals who wish to apply for the benefit may do so through their CRA MyAccount portal, their My Service Canada Account, or by calling a toll-free number that provides an automated application process.

Longer-Term Income Support for Workers (including Work Sharing Program)

To provide longer-term support to Canadians who lose their jobs or face reduced hours as a result of COVID-19, the federal government has introduced the Emergency Support Benefit and temporary special measures to enhance the EI Work Sharing Program.

Emergency Support Benefit

The Emergency Support Benefit will provide up to \$5 billion in support to workers who are facing unemployment and who are not eligible for EI. The benefit will be delivered through the Canada Revenue Agency and will provide 14 weeks of support at a level comparable to the EI program.

Work Sharing Program – Temporary Special Measures

The federal government has introduced temporary special measures to the EI Work Sharing (WS) Program to assist employees and employers that are experiencing a downturn in business due to COVID-19. By way of background, the WS Program provides EI benefits to workers who reduce their working hours where there is a downturn in economic activity beyond the control of the employer. There are eligibility requirements imposed on both the employer and the employees. If the eligibility requirements are met, employees may be categorized as a “work-sharing unit” and can agree to reduce their hours equally and share what work is available.

The government has introduced new measures to the WS Program to assist with economic downturn from the COVID-19 outbreak. The new measures will be in effect from March 15, 2020 to March 14, 2021, and consist of the following:

- **an extension to the maximum duration of WS agreements from the current 38 weeks to 76 weeks** - If an employer's agreement is signed between March 15, 2020, and March 14, 2021, (with an agreement start date of no later than March 14, 2021) or begins or ends between March 15, 2020, and March 14, 2021, then they may be eligible for a 38-week extension for up to a total of 76 weeks;
- **a waiver of the mandatory waiting period between WS agreements** - If an employer's agreement ended between June 23, 2019, and March 13, 2020, and is currently in the mandatory cooling-off period, the employer may be eligible to waive the mandatory waiting period and apply for a new agreement, with a maximum possible duration of 76 weeks; and
- **an easing of recovery plan requirements for the duration of the WS agreement.**

Other Income Support for Individuals

The federal government's response to the COVID-19 pandemic also includes measures targeting modest and low-income families. These include:

- a special one-time payment through the Goods and Services Tax credit;
- an increase of \$300 per child to the maximum annual Canada Child Benefit for the 2019-2020 year;
- \$305 million to support Indigenous communities;
- a six-month interest-free moratorium on the repayment of Canada Student Loans;
- a 25% reduction to the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) for 2020;
- \$157.5 million to support people experiencing homelessness during the COVID-19 outbreak; and
- \$50 million to support women's shelters' and sexual assault centres' capacity to manage and prevent outbreak in their facilities.

Flexibility for Taxpayers

The federal government announced changes to the normal deadlines for filing returns and paying income tax. For individuals (other than trusts) the deadline for filing due date is extended to June 1, 2020. For trusts having a taxation year ending on December 31, 2019, the due date is deferred until May 1, 2020. All taxpayers may defer the payment of certain tax balances, without interest or penalty, until after August 31, 2020. The CRA will also recognize electronic signatures to authorize tax preparers to file taxes. This measure is intended to reduce the need for taxpayers and tax preparers to meet in person.

Support for Businesses

The government's response plan also includes a host of measures to assist businesses through the COVID-19 crisis. As with individuals, the deadline for tax amounts owed by businesses between March 18 and August 31, 2020, is deferred until after August 31, 2020, without interest or penalty. The government has also set aside \$10 billion to increase the credit available to Canadian businesses through a new Business Credit Availability Program administered by the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

Small businesses, non-profits, and charities that are facing revenue losses may be eligible for a three-month wage subsidy intended to prevent lay-offs in smaller organizations. The temporary subsidy is equal to 10% of remuneration paid during the three-month period up to \$1,375 per employee, and \$25,000 per employer.

The government also committed to launching an Insured Mortgage Purchase Program to enable the Canada Mortgage and Housing Corporation to purchase up to \$50 billion of insured mortgage

pools. This measure is intended to provide long-term stable funding to banks and mortgage lenders to support continued lending to businesses and consumers.

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