

COVID-19

SUMMARY OF FINANCIAL/TAX ISSUES

(as of August 6, 2020)

Changes since last version (June 24) highlighted in yellow

Funding received from government sources, such as forgivable loans, can be excluded from the determination of "qualifying revenue" for calculation of the % revenue decline for the wage subsidy.

Canada Student Service Grant (CSSG) - Opened June 25, 2020

- Provides up to \$5,000 to support student's post-secondary education costs in the fall, for students who take part in national service activities. Paid work placements are also available.

Canada Emergency Student Benefit ("CESB")

- For students and recent graduates who have seen their education and job prospects hampered by the ongoing COVID-19 pandemic.
- \$1,250 a month from May to August, and \$1,750 monthly if you are taking care of someone else or have a disability.
- College and university students currently in school, planning to start in September, or who graduated in December 2019 are eligible.
- As well, working students earning less than \$1,000 per month can apply.

Canada Emergency Wage Subsidy ("CEWS") – 75% Wage Subsidy

- CEWS is extended to the period ending December 19, 2020 and has become a LOT more complicated.
- The percentage subsidy will depend on the percentage revenue reduction, so any reduction will make the employer eligible for a subsidy.
- For the periods from July 5 to August 29th:
 - - if the revenue reduction is 50% and over, the subsidy will be 60%.
 - - for revenue reduction of 0% to 49%, the subsidy = 1.2 x revenue reduction. For example, 30% revenue reduction = 36% subsidy.

Extended to August 29, 2020.

- 75% wage subsidy on first \$58,700 of an employee's wage (providing up to \$847/week, for up to 12 weeks), retroactive to March 15.
- Direct payment to the employer.

- Employers who use this subsidy must do everything they can to supplement the remaining 25% of the wages.
- At least 15% drop in revenue in March and 30% for the following months against 2019.
- Under an alternative approach, employers are allowed to compare their revenue using an average of their revenue earned in January and February 2020.
- Wages paid to employees who are without remuneration by the employer for 14 or more consecutive days in the qualifying period will not qualify for CEWS.
- Available to “eligible employers” (definition differs from 10% Temporary Wage Subsidy)
- No restrictions by size of employer or number of employees.
- Claim periods are:
 - March 15 to April 11
 - April 12 to May 9
 - May 10 to June 6
 - June 7 to July 6
- The Government expanded the CEWS by introducing a new 100% refund for certain employer-paid contributions to EI and CPP. This refund is not subject to the weekly maximum benefit per employee of \$847 that an eligible employer may claim in respect of the CEWS. There is no overall limit on the refund amount that an eligible employer may claim.
- Amounts received from CEWS will not be counted towards revenue totals for the eligibility period (although CEWS will be treated as taxable income).

Process to qualify:

- Application via a CRA portal.
- Once an employer is found to be eligible for a specific period, the employer would automatically qualify for the next period.
- Will qualify even if having claimed for the 10% Temporary Wage Subsidy, but any amount received will be reduced from the 75% Canada Emergency Wage Subsidy.

Re-hiring

- In order to make it more cost effective for employers to rehire workers, the Government is refunding employer contributions to Employment Insurance and the Canada Pension Plan.

Temporary Wage Subsidy (“TWS”) - 10% Wage Subsidy

- 10% wage subsidy on employee wages paid from March 18 to June 19, 2020.
- Capped at \$1,375 per employee and \$25,000 per employer.
- No required drop in revenues
- Available to “eligible employers” (definition differs from 75% CEWS)
- The employer must be under a certain size to qualify.
- Claimed as a credit against monthly CRA payroll remittances

Canada Summer Jobs Program temporary changes

- An increase to the wage subsidy, so that employers can also receive up to 100% of the provincial or territorial minimum hourly wage for each employee. There is a proposed extension to the end date for employment to February 28, 2021, allow employers to hire staff on a part-time basis and allow employers to adapt their projects and activities to support essential services.

Canada Emergency Care Benefit (“CERB”) – EI coverage

Don't forget CERB is taxable, but no tax is being deducted at source so taxes could be payable April 2021 (upon filing 2020 personal income tax return).

- CERB extended from 16 weeks to 24 weeks for workers who:
 - stopped working due to COVID-19 or
 - are eligible for Employment Insurance regular or sickness benefits or
 - have exhausted their Employment Insurance regular benefits or Employment Insurance fishing benefits between December 29, 2019 and October 3, 2020.
- \$2,000 a month for up to 4 months for individuals that lose their income.
- Direct payment to the individual.
- Available to employees, contractors, and self-employed that are sick, quarantined, taking care of someone sick, or at home taking care of kids.
- Also available if still working but not getting paid.
- Must have employment and/or self-employment income of at least \$5,000 in 2019 or in the 12 months prior to the date of application; and
- The \$5,000 includes all employment and self-employment income. This includes among others: tips declared as income; **non-eligible dividends**; honoraria (e.g., nominal amounts paid to emergency service volunteers); and royalties (e.g., paid to artists).
- Application via Service Canada/EI portal.

Extension of the EI work sharing program

- Provides top-up EI benefits to employees who agree to reduce their normal working hours to share available work with other employees
- Program has been extended from 38 weeks to 76 weeks

Business Loans

The \$10,000 forgivable portion of CEBA is taxable the year the \$40,000 loan is received. In the event that the \$10,000 is not forgiven (because remainder is not paid back in time) the now repayable \$10,000 will be deductible.

Large Employer Emergency Financing Facility (LEEFF)

Open to large Canadian employers who:

- Have a significant impact on Canada's economy, as demonstrated by (i) having significant operations in Canada or (ii) supporting a significant workforce in Canada
- Can generally demonstrate \$300 million or more in annual revenues
- Require a minimum loan size of about \$60 million.
- Fact sheet on LEEFF at <https://www.cdev.gc.ca/leeff-factsheet/>.

Canada Emergency Business Account (CEBA) – interest free loans

- Interest-free loans of up to \$40,000 to organizations with total a payroll of \$20,000 (was \$50,000) to \$1.5 million (was \$1 million) in 2019.
- Administered through your financial institution
- Up to \$10,000 of the loan will be eligible for complete forgiveness if the remainder is fully repaid on or before December 31, 2022.
- The program will now be available to a greater number of businesses that are sole proprietors receiving income directly from their businesses, businesses that rely on contractors, and family-owned corporations that pay employees through dividends rather than payroll.
- To qualify under the expanded eligibility criteria, applicants with payroll lower than \$20,000 would need:
 - a business operating account at a participating financial institution
 - a CRA business number, and to have filed a 2018 or 2019 tax return.
 - eligible non-deferrable expenses between \$40,000 and \$1.5 million. Eligible non-deferrable expenses could include costs such as rent, property taxes, utilities, and insurance
- As of June 19, 2020, owner-operated small businesses that had been ineligible for the program due to the payroll threshold, sole proprietors receiving business income directly, as well as family-owned corporations remunerating in the form of dividends rather than payroll will become eligible.

Community Futures “Quick Loans”

- Limits raised to \$25,000 with flexible terms and interest rates.
- Administered through Community Futures
- To meet small business needs, particularly payroll.

CRA deadlines and fees:

- Interest on Existing Tax Debt
 - CRA will be waiving interest on existing tax debts related to individual, corporate, and trust income tax returns from April 1, 2020, to September 30, 2020 and from April 1, 2020, to June 30, 2020, for goods and services tax/harmonized sales tax (GST/HST) returns

- Personal Returns (T1)

You will not be charged late-filing penalties or interest if your 2019 individual (T1) income tax returns are filed, and payments are made prior to September 30, 2020. However, we are preserving the June 1 filing deadline for T1 individuals, and the June 15 filing deadline for T1 self-employed individuals (sole-proprietors), in order to encourage filing returns in time to accurately calculate benefits, which rely on 2019 tax returns for entitlement calculation.

- BC Logging taxes
 - B.C. logging tax returns due between the periods of March 18, 2020 to May 31, 2020, are now due by June 1st, 2020. **Any taxes owing are also due on June 1.**

- Trust Returns (T3)
 - Due date for filing extended to May 1, 2020.
 - The filing date for the current tax year (including the associated T3 information return) for trusts that would otherwise have a filing due date in **June, July, or August 2020** is extended to **September 30, 2020**.
 - **A September 30, 2020** deadline applies to **income tax balances and instalments due** on or after March 18 and before **September 30, 2020**. “Penalties and interest will not be applied if returns are filed and payments are made by **September 30, 2020**.”

- Partnership Returns (T5013)
 - Due date for filing extended to May 1, 2020.

- Corporations (T2)
 - Due date for filing extended to June 1, 2020. Applies to corporations that would otherwise have a filing due date after March 18 and before June 1, 2020.
 - Due date for filing extended to **September 30, 2020**. Applies to corporations that would otherwise have a filing due date of May 31 or in June, July or August 2020.
 - Payment date for 2019 tax year extended to **September 30, 2020**. Applies to balances and installments under Part 1 of the Income Tax Act due on or after March 18 and before **September 30, 2020**.

- NR4 Information Returns
 - Due date for filing extended to May 1, 2020.

- Administrative Tax Filings (elections, designations, information requests)
If previously due after March 18, 2020, can be deferred to June 1, 2020.

- GST/HST
 - Due date for payment extended to June 30, 2020 for the following reporting periods:
 - Monthly filers – for February, March and April 2020 periods;
 - Quarterly filers – for Jan 1 to March 31, 2020 reporting period;
 - Annual filers – whose GST/HST return or instalments are due March, April or May 2020.

- Payroll remittances – Dues dates – unchanged

- Notice of Objections
 - If previously due after March 18 or later, can be deferred to June 30, 2020.

- Taxes and Installments
 - If previously due after March 18 or later, can be deferred to **September 30, 2020**
 - No interest or penalties on these amounts during this period

- Audits
 - CRA has ceased all audit activity until end of April.

Extension to WorkSafeBC (“WCB”) deadlines:

- Due date for filing and payment of Q1 2020 premiums extended to June 30, 2020.

Canada Emergency Commercial Rent Assistance (CECRA):

CECRA is taxable when received and deductible when repaid (same as CEBA).

- Forgivable loans to commercial property owners through the Canada Mortgage and Housing Corporation (CMHC).
- Details: 75% rent reduction for eligible business tenants
- Property owners will in turn cover 25% of the rent
- Must agree to a moratorium on evictions
- Applies to April (retroactively), May, June **and July (extended)**
- Eligibility: Small businesses, non-profits and charity organizations
- Available for tenants that pay less than \$50,000/month rent
- Have ceased operations or experienced at least 70% decrease in revenues
- Applications through the Canada Mortgage and Housing Corporation.

Canada Mortgage and Housing Corporation (“CMHC”) Mortgage Deferrals

- Defer mortgage payments on homeowner CMHC-insured mortgage loans.
- Administered through your lending institution

Seniors

- 25% reduction in RRIF Minimum Amount for 2020
- A one-time tax-free payment of \$300 for seniors eligible for the Old Age Security (OAS) pension.
- OAS payments to non-resident seniors have been temporarily extended if their 2019 Old Age Security Return of Income (OASRI) has not been assessed. To avoid an interruption in benefits, submit your 2019 OASRI as soon as possible and no later than October 1, 2020.
- A one-time \$200 for seniors eligible for the Guaranteed Income Supplement (GIS).
- Temporary extension of GIS and Allowance payments if seniors’ 2019 income information has not been assessed. To avoid an interruption in benefits, seniors are encouraged to submit their 2019 income information as soon as possible and no later than by October 1, 2020.

Disability payment

- A \$600 one-time tax-free non-reportable payment will be provided to Canadians with disabilities who are recipients of any of the following programs or benefits:
 - a disability tax credit certificate provided by CRA;
 - Canada Pension Plan disability benefit or Quebec Pension Plan disability benefit; and
 - disability supports provided by Veterans Affairs Canada
- The payment will be reduced by the one-time tax-free payments for seniors eligible for OAS and GIS
- Canadians with disabilities who are eligible for the disability tax credit but have not yet applied, will have a 60-day window of opportunity to do so after Bill C-20 Royal Assent, which was received July 27, 2020. This gives people until September 25, 2020 to apply for the disability tax credit.

Other Federal Government Offerings

- Additional One-Time GST Credit of up to \$580
- Additional Canada Child Benefit Amount of up to \$300 per child

BC Government Offerings

BC PharmaCare Income Review Application:

- If your income for 2020 has been reduced due to COVID-19, you can apply for an income review in order to reduce your PharmaCare deductible and family maximum.

Liability protection for essential services:

- Those providing essential services are ensured they cannot be held liable for damages caused by exposure to COVID-19 while continuing to operate, so long as they are complying with orders from the provincial health officer and other authorities.

Financial assistance for post-secondary students:

- Students attending BC public post-secondary institutions, who are experiencing emergency financial pressures, will benefit from a one-time investment of \$3.5 million in emergency financial assistance. Contact your school's financial aid office for more info.

Income assistance or disability assistance:

- The Province will temporarily exempt federal employment insurance benefits, including the new \$2,000 Canada Emergency Response Benefit (CERB).
 - Payments will be fully exempted for three months so people receiving income assistance and disability assistance in B.C. will benefit from these new emergency federal support programs, without any reductions to their monthly assistance payments.
 - On income assistance or disability assistance and not eligible for the emergency federal support programs, including the CERB, the Province will provide an automatic \$300-monthly COVID-19 crisis supplement for three months.

Temporary Rental Supplement

- Up to \$500 per month towards rent.
- Paid directly to landlords
- Available to renters experiencing a loss of income

Small Business Rent Relief

- A 75% reduction in monthly rent for small businesses affected by COVID-19 will be achieved by providing forgivable loans to cover 50% of the rent payments for eligible small business tenants for April, May and June.
- The loans will be forgiven if the landlord reduces the tenant's monthly rent by at least 75%. The commercial tenant would be responsible for covering 25%, the property owner 25%, while the federal and provincial governments share the remaining 50%.

Added security for renters

- Halt on existing eviction orders.
- Freeze on new annual rent increases.

BC Emergency Benefit for Workers

- **Benefit:** The BCEBW is a one-time, tax-free \$1,000 payment for British Columbians whose ability to work has been affected as a result of the COVID-19
- **Eligibility:** people must: have been a resident of BC on March 15, 2020;
- meet the eligibility requirements for the CERB;
- have been approved for the CERB, even if they have not received a benefit yet;
- be at least 15 years old on the date of application;
- have filed, or agree to file, a 2019 B.C. income tax return; and
- not be receiving provincial income assistance or disability assistance.
- Most people who are eligible for CERB are also eligible for the BCEBW, including those who have run out of employment insurance (EI) benefits and subsequently qualify for the CERB.

Temporary Emergency Funding (TEF)

- TEF is available to licensed child care providers who have a 2020/21 funding agreement through the Child Care Operating Funding Program (CCOF).
- TEF is optional. Providers can choose to continue receiving CCOF Base Funding or temporarily replace it with TEF.

Forest sector – stumpage fee deferral

- Stumpage fees are being deferred for three months.
- The deferral with interest is available to Tree Farm License, Replaceable Forest License and First Nations' Woodlands License holders who are in good financial standing with the Province. They also must be following through on their reforestation obligations.

Climate Action Tax Credit

- A one-time enhancement to the climate action tax credit will be paid in July 2020 for moderate to low-income families:
- An adult will receive up to \$218.00 (increased from \$43.50)
- A child will receive \$64.00 (increased from \$12.75)
- **People need to file their income taxes to be eligible for the B.C. Climate Action Tax Credit**

Children with special needs

- For children and youth with special needs and their families. The fund will provide a direct payment of \$225 per month to eligible families over three months (to June 30, 2020).

BC Student loan payments frozen for 6 months

- Effective March 30, 2020. Repayments suspended until September 30, 2020. Interest will not accrue.

BC Hydro Relief Fund

Residential customers:

- 3 months hydro bill credit based on average consumption.
- Available to those that lost employment or unable to work

Small businesses:

- Hydro use charges waived for up to 3 months (April, May, & June)
- Available to small business that needed to close

Major industries:

- like pulp and paper mills and mines, will have the opportunity to defer 50% of their bill payments for three months

Fortis COVID 19 Customer Recovery Fund

Residential customers

- If you've lost employment or have been unable to work due to COVID-19, you can have your FortisBC bills automatically deferred from April 1 to June 30, 2020. When you apply, you'll automatically be entered into an interest-free repayment plan, which can be spread out over the next 12 months.

For small businesses

- Businesses that remain open but have experienced losses due to COVID-19 can also apply to defer bill payments from April 1 to June 30, 2020. When you apply, you'll automatically be entered into a repayment plan that will be spread out over the next 12 months.
- Small businesses that have been forced to close due to COVID-19 can receive bill credits to offset any charges to your account while you're unable to continue operating your business as usual. This is similar to when businesses are closed due to natural disasters such as floods or wildfires.

Agriculture Specific Offerings

BC Agri-Business Planning Program

The Ministry of Agriculture has recently opened applications for the BC Agri-Business Planning Program. This funded program is intended to support producers and food processors through two business planning streams:

1. COVID-19 Business Recovery Planning
2. Specialized Business Planning

Currently, applications for the COVID-19 Business Recovery Planning stream will be prioritized. For more information, go to:
<https://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/programs/agri-business-planning-program#Business-Recovery-Planning>

Personal Protective Equipment (PPE)

BC Food & Beverage 's (BCFB) Protecting our People program is providing food producers and processors in BC opportunities to purchase PPE at competitive prices. Additional details on the program are available on the BC Food and Beverage website at [BCFB COVID-19 Portal](#)

BC Farm, Fish and Food Job Connector

The online job site is now live and people looking for work in agriculture can apply for a diversity of jobs in more than 30 communities in BC.

Farm Credit Corporation (“FCC”)

- FCC may allow deferral of principal and interest payments for six months, or in some cases, deferral of principal payments for up to 12 months.
- FCC may provide access to an additional credit line of up to \$500,000, secured by general security agreements.

AgriStability Deadline Extension

- Due to current market disruptions, increased expenses and production challenges facing producers—the AgriStability enrolment deadline has been extended to July 3, 2020 to allow more producers to benefit from the program.
- Mandatory Isolation Support for Temporary Foreign Workers (MISTFW). Will provide a maximum non-repayable contribution amount of a maximum of \$1,500 for each temporary foreign worker.
- \$125 million to help cattle and hog producers who are raising more animals than can currently be processed because of COVID-19 and as a result are seeing their costs increase because they are keeping these animals longer; and
- \$50 million on a food surplus purchasing program that will see the government buy large quantities of surplus products and redistribute them to areas where food insecurity is an issue, to avoid throwing out food and to allow the producers to still be compensated.
- The government also intends to increase the Canadian Dairy Commission’s borrowing limit by \$200 million to cover costs related to having to store excess cheese and butter, though this initiative will need legislation to implement and talks are beginning with opposition parties on moving ahead with a new emergency aid bill to make that happen.
- The government says it is also working with provinces and territories to increase payments to producers who face revenue declines, up to 75 per cent from the current 50 per cent, as well as possibly expanding an insurance program to protect against lost production due to not having enough workers.

Canada Revenue Agency – COVID-19 Webpage

- CRA has created a webpage which summarizes and collects tax related information in respect of the government's COVID-19 response.
- <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update.html>

International

- U.S. federal income tax filing due date extended from April 15, 2020 to July 15, 2020.