

## COVID-19

### SUMMARY OF FINANCIAL/TAX ISSUES

(as of November 20, 2020)

**Changes since last version (October 23) highlighted in yellow**

To our valued clients,

In light of the announcements from our Provincial Health Authority on November 10, we will be making some changes to our internal policy regarding masks as follows:

- Masks will be required to be worn by our staff when meeting with clients or with other staff as well as in common areas, including hallways and lunchroom.
- All clients will also be required to wear a mask. We will unfortunately not be able to allow them in the office without one and can easily set up telephone or Zoom meetings for anyone who prefers.
- This policy will be in effect until the Province eases our restrictions. They indicated the new policy would be in effect until December 7<sup>th</sup>.

From the words of a Batman Movie, The Dark Knight Rises, "No one cared who I was until I put the mask on!".

Thank you for helping us help you.

Chris Henderson, CPA, CA

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

- Recipients of CEWS will have to complete and file CRA's form PD27
- CEWS is extended to Summer 2021
- Deadline for filing applications for all periods is January 31, 2021
- CEWS is to be included in income on an accrual basis
- CRA CEWS calculator available on CRA website

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

- Recipients of TWS will have to complete and file CRA’s form PD27
- 10% wage subsidy on employee wages paid from March 18 to June 19, 2020.
- No required drop in revenues
- 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. Between May 11, 2020 and 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.

### **Employment Insurance (EI) Premium Rates**

The 2021 EI premium rate will be frozen for two years, to the end of 2022.

### **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

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

Three new benefits to replace CERB, for a period of 1 year commencing September 27, 2020:

1. Canada Recovery Benefit (CRB) - The CRB will provide eligible workers with \$500 per week (taxable, tax deducted at source) for up to 26 weeks for those who are not employed or self-employed due to COVID-19 and who are not eligible for EI, or had their employment/self-employment income reduced by at least 50% due to COVID-19. This benefit will be paid in two-week periods.
2. Canada Recovery Caregiving Benefit (CRCB) - The CRCB will provide \$500 per week (taxable, tax deducted at source) for up to 26 weeks per household for workers unable to work for at least 50% of the week because they must care for a child under the age of 12 or family member because schools, day-cares or care facilities are closed due to COVID-19, or because the child or family member is sick and/or required to quarantine or is at high risk of serious health implications because of COVID-19. This benefit will be paid in one-week periods.

3. Canada Recovery Sickness Benefit (CRSB) - The CRSB will provide \$500 per week (taxable, tax deducted at source) for up to a maximum of two weeks, for workers who are unable to work for at least 50% of the week because they contracted COVID-19, self-isolated for reasons related to COVID-19, or have underlying conditions, are undergoing treatments or have contracted other sicknesses that, in the opinion of a medical practitioner, nurse practitioner, person in authority, government or public health authority, would make them more susceptible to COVID-19. This benefit will be paid in one-week periods

Steps were also taken to simplify the Employment Insurance (EI) program: reducing required insurable hours, increasing minimum weekly benefits, and increasing minimum weeks eligible for EI.

**CERB is taxable, but no tax was deducted at source so taxes could be payable April 2021 (upon filing 2020 personal income tax return).**

### **Canada Emergency Student Benefit (“CESB”)**

The CESB closed for applications on September 30, 2020. However, from September 28 to 30, 2020, CRA’s My Account and automated phone line were experiencing technical issues. If you tried to apply for CESB but were unable to apply using those services during that time, then you may still be able to apply by speaking to an agent at 1-800-959-8281.

### **Working From Home**

#### **Travel Expenses:**

- If an employee normally works in their home office, does not have an office at the employer's place of business but occasionally must travel there, the travel to and from the employer's place of business may qualify for a vehicle expense deduction, or may receive a tax-free reasonable travel allowance from their employer for this travel.

#### **Other expenses:**

- If you worked from home or are still working from home as a result of the COVID-19 pandemic, it's important to get in writing from your employer that you are/were required to work from home, and what expenses you are/were required to pay for without reimbursement. This is especially important to do now, in case your employer is one of the unfortunate ones that will go out of business. At a minimum, get emails from your employer about this. An amended employment contract would be ideal. A T2200, Declaration of Conditions of Employment, should be completed by the employee and employer in order to claim these expenses.

### **Canada Emergency Business Account (CEBA) – interest free loans**

As of October 26, 2020, eligible businesses operating through personal bank account can now apply, after opening a business account.

- Applications deadline December 31, 2020
- Applicants can use the pre-screening tool to assess their eligibility on the CEBA website.
- Administered through your financial institution
- Maximum loan amount to be expanded to \$60,000 (details not available yet), with \$20,000 of \$60,000 forgivable.
- The forgivable portion of CEBA is taxable the year the loan is received.

### **Community Futures “Quick Loans”**

- Administered through Community Futures
- To meet small business needs, particularly payroll.

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

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

### **Canada Emergency Rent Support (CERS):**

- Provides rent and mortgage support until June 2021.
- Provided directly to tenants.
- Canada Emergency Rent Subsidy attestation form RC665 available online through CRA November 20, 2020. Businesses can't apply yet, but they can see what's required.
- For businesses, charities, and non-profits that have suffered a revenue drop.
- To subsidize a % of expenses, on a sliding scale, up to 65% of eligible expenses until December 19, 2020.
- Retroactive claims can be made for Sep 27th to Oct 24th, 2020.
- Top-up CERS of 25% for organizations temporarily shut down by a mandatory public health order issued by a qualifying public health authority, in addition to the 65% subsidy

### **Canada Emergency Commercial Rent Assistance (CECRA):**

- Taxable when received
- 75% rent reduction for eligible business tenants
- Property owner cover 25% of the rent
- Must agree to a moratorium on evictions
- Applies to April, May, June and July
- 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.

### **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.
- A one-time \$200 for seniors eligible for the Guaranteed Income Supplement (GIS).

### **Disability payment**

- Deadline for applications for the disability tax credit, to qualify for this payment, has been extended to December 31st.
- Payments will be paid beginning October 30, 2020.
- 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; 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

### **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.

### 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:

- EI, CERB, the three new Canada recovery benefits are exempt as income and assets for individuals who were eligible for assistance (except repayable hardship assistance due to having applied for EI or CERB) or were designated as a Person with Disabilities (PWD) on April 2, 2020.

### Added security for renters

- The ban on issuing evictions for non-payment of rent ended August 18, 2020. This means that tenants must pay rent in full on the day it is due or they can be evicted
- The rent increase freeze has been extended until July 10, 2021.

### BC Emergency Benefit for Workers

- One-time, tax-free \$1,000 payment for British Columbians whose ability to work has been affected as a result of the COVID-19
- 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.

### **Fortis Customer Recovery Fund**

- 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 Assessment – Farm Status**

BC Government waived minimum income requirements for farmers to maintain their farm status on properties. This means that regardless of income earned in 2020, farms with existing farm status will maintain that status until 2021 regardless of income earned.

Any property subject to a legal change, including a change in ownership or subdivision, and any property with a change in use or where a lease is expiring will be required to complete a self-reporting questionnaire and will not automatically be granted farm status for 2021.

For more details, see the Gov't of BC website at the following link:  
<https://news.gov.bc.ca/releases/2020AGRI0045-001412>

#### **BC Agri-Business Planning Program**

Funding programs intended to support producers and food processors.

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](#)

C Farm, Fish and Food Job Connector

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.
- 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.

**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>