

## COVID-19

### SUMMARY OF FINANCIAL/TAX ISSUES

(as of December 23, 2020)

**Changes since last version (December 11, 2020) highlighted in yellow**

If you have taken advantage of the *10% Temporary Wage Subsidy for Employers (TWS)*, or *Canada Emergency Wage Subsidy (CEWS)* or both please provide the information used to calculate the subsidy. All employers who have received a subsidy under TWS, CEWS or both **are required** to prepare and submit the *PD27 10% Temporary Wage Subsidy Self-identification Form for Employers* to CRA on or before January 15, 2021.

#### 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
- CEWS will remain at the current rate of up to 65% of eligible wages until December 19, 2020
- The CRA calculator has been updated for periods 8+, and their FAQ have been updated with important information for owner-managers.

#### 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**

#### **CERB Repayment to CRA:**

Any individuals who mistakenly received multiple payments or payments they did not apply for should begin the repayment process as soon as possible. If you return a CERB payment:

- before December 31, 2020, and pay it in full, there is no impact on your 2020 taxes
- after December 31, 2020, **you will need to pay tax on the full CERB amount you received in 2020** (this will be adjusted after you file your 2021 taxes)

#### **Some reasons why you may need to repay the CERB back:**

- Earned more income than expected during the time you received the CERB payment
- Applied for and got the CERB from both Employment Insurance/Service Canada and from the CRA for the same eligibility period
- Applied for the CERB but later realized you’re not eligible

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

1. Canada Recovery Benefit (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.

You may earn employment or self-employment income while you receive the CRB. But the CRB has an income threshold of \$38,000. You will have to reimburse \$0.50 for every dollar of net income you earn above \$38,000 on your income tax return for that year (2020 or 2021).

2. Canada Recovery Caregiving Benefit (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) - 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**

#### **Home office equipment:**

- The CRA indicated that a general allowance paid to an employee would be considered a taxable benefit but that, in the context of the COVID-19 pandemic, the CRA would be “willing to accept that the reimbursement of an amount not exceeding \$500 for the purchase of personal computer equipment will not be taxable if it is mainly for the benefit of the employer.”

#### **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.

- New Temporary Flat Rate Method - The CRA will allow employees working from home in 2020 due to COVID-19 with modest expenses to claim up to \$400 (\$2/day to a \$400 max if you worked more than 50% of the time from home for at least 4 consecutive weeks during the pandemic), based on the amount of time working from home, without the need to track detailed expenses, and will generally not request that people provide a signed form from their employers.
- New Optional Detailed Method – You obtain a simplified T2200S from your employer and claim specific eligible expenses. This new form asks 3 questions and requires the employer to certify "that this employee worked from home in 2020 due to COVID-19, and was required to pay some or all their own home office expenses used directly in their work while carrying out their duties of employment during that period."

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

- Applications will now be accepted until March 31, 2021 (was December 31)
- As of October 26, 2020, eligible businesses operating through personal bank account can now apply, after opening a business account.
- Applicants can use the pre-screening tool to assess their eligibility on the CEBA website.
- Administered through your financial institution
- Maximum loan amount expanded to \$60,000, with \$20,000 of \$60,000 forgivable.
- The forgivable portion of CEBA is taxable the year the loan is received.
- If your loan application (first \$40,000) was approved before September 26, 2020, you can start principal repayments any time after October 1, 2020
- The original forgivable \$10,000 and new forgivable \$10,000 portion are both depending on repayment of loan on or before December 31, 2022

#### **Caution re Type of CEBA Loan**

- If your bank has set up your CEBA loan so that it is a line of credit, it is very important for you to transfer the funds from the line of credit to your operating account.

**Important:** If you are considering applying for the additional \$20,000 CEBA loan, be aware that it can change the requirements for the original \$40,000 loan. If your attestation for the \$40,000 said you could use the funds for "without limitation, payroll" etc., that will be changed to use for only Eligible Non-Deferrable Expenses, which includes only non-arm's length payroll (i.e., not owners' wages).

### **CEBA Application Hotline:**

- Although all applications and approvals are handled by financial institutions, Export Development Canada has set up a CEBA call centre which may help you with any problems you're having with the status of your application. The number is 1-888-324-4201. The centre is open Monday to Friday from 8 am to 9 pm EST and will address the following types of questions:
  - What is the status of my application?
  - Why was my application declined?
  - Why was my submitted document rejected?
- Calls regarding general issues not related to a particular application will likely not be answered and callers will be reminded that the criteria on the CEBA website are the correct criteria, not necessarily the documentation provided by the financial institution.
- The CEBA Frequently Asked Questions (FAQ) have a list of the types of documents that are considered invalid as proof of 2020 Eligible Non-Deferrable Expenses. Documentation is required for applications under the non-deferrable expenses stream.

### **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):**

- The first applicable period is Period 8 (Sept 27 – Oct 24).
- Applications are due by the later of January 31, 2021, and 180 days after the end of the qualifying period
- Up to \$75,000 per period in rent, mortgage interest, insurance and property taxes paid by commercial property owners can be partially subsidized.
- For businesses, charities, and non-profits that have suffered a revenue drop.
- The subsidy percentage is computed in the same manner as CEWS (using the same revenue reduction percentages), with the same 65% maximum for all periods ending on or before December 19, 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. Hard-hit businesses could receive up to 90% rent support.

### **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**

- 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
- Deadline for applications for the disability tax credit, to qualify for this payment, has been extended to December 31st.
- 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 Recovery Benefit:**

- The BC Recovery Benefit (the benefit) is a one-time direct deposit payment for eligible families, single parents or individuals. Benefit eligibility is based on net income from your 2019 tax return. You must apply to receive the benefit.
- \$1,000 for eligible families and single parents with a net income of up to \$125,000. Reduced benefit amount for eligible families and single parents with a net income of up to \$175,000
- \$500 for eligible individuals with a net income of up to \$62,500. Reduced benefit amount for eligible individuals with a net income of up to \$87,500

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](#)

BC 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>