

COVID-19

SUMMARY OF FINANCIAL/TAX ISSUES

(as of May 19, 2021)

Changes since last version (April 15, 2021) highlighted in blue

Canada Revenue Agency – COVID-19 Webpage

- CRA webpage which summarizes tax related information in respect of the government’s COVID-19 response: <https://www.canada.ca/en/department-finance/economic-response-plan.html>

Canada Emergency Wage Subsidy (“CEWS”) – 75% Wage Subsidy

- CRA updated their CEWS FAQ to provide additional commentary on amending applications after the applicable deadline has passed. Previously, CRA had stated that upward adjustments (increases to claims) after the deadline would not be permitted. For more information, go to: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-frequently-asked-questions.html>
- CEWS is to be included in income on an accrual basis
- The deadlines for filing CEWS applications are as follows:

4 week period	
End Date	Deadline
24-Oct-20	22-Apr-21
21-Nov-20	20-May-21
19-Dec-20	17-Jun-21
16-Jan-21	15-Jul-21
13-Feb-21	12-Aug-21
13-Mar-21	9-Sep-21
10-Apr-21	7-Oct-21
8-May-21	4-Nov-21
5-Jun-21	2-Dec-21
3-Jul-21	30-Dec-21
31-Jul-21	27-Jan-22
28-Aug-21	24-Feb-22
25-Sep-21	24-Mar-22

Highly Affected Sectors Credit Availability Program (HASCAP):

- Offers eligible businesses loans from \$25,000 up to \$1,000,000 depending on the size of the business' operations. Businesses have until June 30, 2021, to apply through their financial institution.
- To be eligible for HASCAP a business must:
 - Prove they were financially stable and viable prior to the impact of COVID-19.
 - Show at least a 50% reduction in gross revenues in at least three months within the eight-month period prior to the date of application, (these months do not have to be consecutive).
 - Have received either the Canada Emergency Wage Subsidy (CEWS) or the Canada Emergency Rent Subsidy (CERS) prior to applying for HASCAP. Or if the business does not qualify for the CEWS or the CERS, it will need to provide other financial information demonstrating the revenue decline described above

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:

- The government now allows the repayment of CERB to be deducted in the same taxation year that it was received, even if the repayment happens in the subsequent period. Previously, the deduction was to be taken in the year the benefit was repaid. This will allow better matching for tax purposes of the income and repayments.

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 were not eligible.

Self-employed individuals whose net self-employment income was less than \$5,000 and who applied for the CERB will not be required to repay the CERB, if their gross self-employment income was at least \$5,000 and they met all other eligibility criteria.

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

1. Canada Recovery Benefit (CRB) - 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) - 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) - 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.

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 because of the COVID-19 pandemic, it is 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 be accepted until **June 30, 2021**
- Eligible businesses operating through personal bank account can now apply, after opening a business account.
- Applicants can use pre-screening tool to assess eligibility on the CEBA website.
- Administered through your financial institution, however, the criteria on the CEBA website are the correct criteria, not necessarily the documentation provided by the financial institution.
- Maximum loan amount expanded to \$60,000, with \$20,000 forgivable.
- The forgivable portion of CEBA is taxable the year the loan is received.
- The original forgivable \$10,000 and new forgivable \$10,000 portion are both depending on repayment of loan on or before December 31, 2022
- If your loan application (first \$40,000) was approved before September 26, 2020, you can start principal repayments any time after October 1, 2020
- If your loan application was approved on or after September 26, 2020 and before December 4, 2020, you can start principal repayments any time after January 1, 2021.
- If your loan application was approved, or increased by \$20,000 to \$60,000, on or after December 4, 2020, you can begin or resume making principal repayments any time after April 1, 2021
- Under the expanded loan program, businesses are also required to attest that they have been impacted by the pandemic in some way.

Caution re Type of CEBA Loan

- **If your bank set up your CEBA loan as a line of credit (LOC), it is very important for you to transfer the funds from the LOC 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:

- CEBA call centre number is 1-888-324-4201. The centre is open weekdays 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 not be answered
- 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):

Amending a CERS Claim After the Deadline - must be done within 30 days after the applicable filing deadline. For more information go to: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-rent-subsidy/cers-after-apply.html#change>

- The deadlines for filing applications are as follows:

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16-Jan-21	15-Jul-21
13-Feb-21	12-Aug-21
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10-Apr-21	7-Oct-21
8-May-21	4-Nov-21
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3-Jul-21	30-Dec-21
31-Jul-21	27-Jan-22
28-Aug-21	24-Feb-22
25-Sep-21	24-Mar-22

- 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.
- 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.

The Canada Recovery Hiring Program (CRHP):

- Provide a 50% subsidy for eligible remuneration paid in excess of that paid in a baseline reference period.
- The program lasts for six periods and commences June 6, 2021.
- The percentage is reduced over the last three periods.
- A revenue decline of over 0% is needed for the first period, over 10% for the remainder.
- The greater of CRHP or CEWS can be claimed, but not both.

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:

Paid Leave

You can take up to 3 hours paid leave to be vaccinated against COVID-19. If necessary, you can take additional paid leave for a second dose. Employees are entitled to this leave no matter how long they have been employed. Paid leave is retroactive to April 19, 2021.

Circuit Breaker Business Relief Grant:

Businesses (such as restaurants, bars, breweries, wineries, gyms, and fitness centres) impacted by the March 30, 2021 provincial health orders will be eligible to receive between \$1,000 and \$10,000 in grant funding. Most eligible businesses will receive a grant of \$5,000. The grant is open to eligible businesses of any size that have been in operation since Feb. 1, 2021.

The funds are to help with expenses like rent, insurance, employee wages, maintenance, and utilities. The grant can also help cover unexpected costs that resulted from the restrictions, such as the purchase of perishable goods. The individual amount a business receives will be based on the number of employees.

Applications will close on June 4, 2021, or until the funds are dispersed.

To register visit: www.gov.bc.ca/business-relief

Businesses that have received or are in the application process for the Small and Medium Sized Business Recovery Grant, will be contacted about applying for the Circuit Breaker Business Relief Grant

Small and Medium-Sized Business Recovery Grant program

- Grants of \$10,000 to \$30,000 are available to small and medium sized B.C. businesses impacted by COVID-19. An additional \$5,000 to \$15,000 grant is available to eligible tourism-related businesses.
- The program runs until August 31, 2021 or until the funds are fully expended, whichever comes first.
- Businesses only need to show a 30% revenue loss from March 2020 to now when compared to the same one-month period in 2019
- For more information go to: <https://www2.gov.bc.ca/gov/content/economic-recovery/business-recovery-grant#new>

The Launch Online Grant program:

- Designed to help small- and medium-sized B.C. businesses adapt to changes in consumer behaviour and pivot to market their products online.
- These grants will provide business owners with up to \$7,500 to build or improve their online store and promote BuyBC at a local, national, and international level.
- Program application intake is open until September 30, 2021 or until the funds have been fully subscribed.

- Eligibility criteria for businesses include having:
 - a goods and services tax number and paying taxes in B.C.;
 - generated sales of more than \$30,000 in either 2019 or 2020;
 - one to 149 employees (applications can be submitted by sole proprietors); and
 - repeatable products, or in the case of artists and jewelers, individual items that have slight differences (e.g., paintings and rings).
- For more information go to: <https://www.launchonline.ca/>

BC Recovery Benefit:

- You have until June 30, 2021 to apply
- 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 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 because 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.

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.