



COVID-19

SUMMARY OF FINANCIAL/TAX ISSUES

(as of November 26, 2021)

Changes since last version (October 22, 2021) highlighted in yellow

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/departement-finance/economic-response-plan.html>

Two new versions of the rent and wage subsidies will be introduced and set to expire May 7, 2022:

- **The Tourism and Hospitality Recovery Program**, would provide wage and rent subsidies, to hotels, tour operators, travel agencies, and restaurants, with a subsidy rate of up to 75%. Subsidy rates match revenue decline percentages, but only start at 40%.
- **Hardest-Hit Business Recovery Program**, would provide wage and rent subsidies to those who have experienced at least a 50% revenue decline, with a subsidy rate of up to 50%.
- Applicants under these programs will need to demonstrate significant revenue losses over the course of 12 months of the pandemic, as well as revenue losses in the current month. The 12-month revenue decline would be calculated as the average of all revenue decline percentages for eligible organizations from March 2020 to February 2021 (claim periods 1-13, excluding claim period 10 or 11). The actual subsidy rates are a function of the revenue decline calculated using the current month (and not the 12-month decline).
- Subsidy rates will be cut in half on March 13, 2022.

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) subsequent to the deadline would not be permitted.
- 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
		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
		23-Oct-21	21-Apr-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 December 31, 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

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 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, as long as their gross self-employment income was at least \$5,000 and they met all other eligibility criteria.

Benefits to replace CERB:

1. The Government of Canada is proposing to introduce legislation for the new Canada Worker Lockdown Benefit (CWLB), which would provide income support to workers whose employment is interrupted by specific government-imposed public health lockdown scenarios and who are unable to work due to such restrictions.

The new benefit would be:

- \$300 a week.
- Strictly available to workers whose work interruption is a direct result of a government-imposed public health lockdown.
- Available until May 7, 2022, with retroactive application to October 24, 2021 should the situation warrant it.
- Accessible for the entire duration of a government-imposed public health lockdown (up until May 7, 2022).
- Available to workers who are ineligible for Employment Insurance (EI) and those who are eligible for EI, as long as they are not paid benefits through EI for the same period.

Individuals whose loss of income or employment is due to their refusal to adhere to a vaccine mandate would not be able to access the benefit.

2. Canada Recovery Benefit (CRB) - provide eligible workers with \$500 per week (taxable, tax deducted at source) for up to 54 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).

If you are eligible, you can only apply for open CRB periods, up to 60 days after each period has ended. The last period for the CRB is period 28 (October 10 to 23, 2021) which will be open for application until December 22, 2021.

3. Canada Recovery Caregiving Benefit (CRCB) - provide \$500 per week (taxable, tax deducted at source) for up to 42 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.

The CRCB is extending until November 20, 2021. The government is also proposing a further extension of this benefit until May 7, 2022 with an increase to the maximum number of weeks.

4. Canada Recovery Sickness Benefit (CRSB) - provide \$500 per week (taxable, tax deducted at source) for up to a maximum of 4 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

The CRSB is extending until November 20, 2021. The government is also proposing a further extension of this benefit until May 7, 2022 with an increase to the maximum number of weeks.

Note that the above benefits and CERB and CESB, are not classified as employment income, so are not eligible for the exemption when calculating GIS benefit amounts.

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.

For claims starting between September 26, 2021 and November 20, 2021, the minimum benefit rate for EI clients is \$300 per week before taxes in most cases

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 was extended from 38 weeks to 76 weeks

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 Rent Support (CERS):

Amending a CERS Claim After the Deadline - must be done within 30 days after the applicable filing deadline.

- The deadlines for filing applications are as follows:

4 week period End	
Date	Deadline
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
23-Oct-21	21-Apr-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):

The government is proposing to extend the program until May 7, 2022 (period 28) and increase the subsidy rate to 50 per cent for all periods including the already existing period 22 (October 24 to November 20, 2021), which is currently at 20 per cent. With this extension, the government proposes to establish the legislative authority to further extend the program through regulations until July 2, 2022, if necessary.

- Provide a 50% subsidy for eligible remuneration paid in excess of that paid in a baseline reference period. The base period for the CRHP is March 14 to April 10, 2021
- 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.

4 week period End		
Date	Subsidy Rate	Deadline
3-Jul-21	50%	30-Dec-21
31-Jul-21	50%	27-Jan-22
28-Aug-21	50%	24-Feb-22
25-Sep-21	40%	24-Mar-22
23-Oct-21	30%	21-Apr-22
20-Nov-21	20%	19-May-22

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.

If your workplace does not have an existing sick leave program, the Province will reimburse you up to \$200 a day

BC PharmaCare Income Review Application:

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

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 rent increase freeze has been extended until December 31, 2021.

Agriculture Specific Offerings

BC Assessment – Farm Status – Extended for second year

BC Government waived minimum income requirements for farmers to maintain their farm status on properties. This means that regardless of income earned in 2020 or 2021, farms with existing farm status will maintain that status until 2022 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.

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>

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..