

TAXTALK

COVID-19 Tax Measures – March 18, 2020

On Wednesday, March 18, 2020, Federal Finance Minister Bill Morneau made the following announcements:

Tax Filing Deadlines

- The deadline for filing personal income tax returns has been moved from April 30, 2020 to June 1, 2020. There is no change to the June 15, 2020 deadline for self-employed individuals.
- The deadline for trusts with December 31, 2019 year-ends has been moved from March 31, 2020 to May 1, 2020.
- To date, there has been no mention of any measures to extend any other filing deadlines, including GST/HST, Corporate tax returns and Partnership information returns.

Income Tax Amounts Owing

- For any tax amounts that become owing on, or after, March 18, 2020, all taxpayers will be allowed to defer any tax owing until September 1, 2020. This includes corporations, individuals, trusts and any other entity that pays tax.
- This will apply to tax balances due, as well as instalments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.
- This tax payment relief applies only to income tax payments and does not apply to other required tax remittances such as GST/HST and payroll.
- Therefore, for example, there is no relief for March 15, 2020 personal tax instalments or corporate tax payments that were due on February 28, 2020.

Post Assessment Audits

- The CRA said they will not contact any small or medium businesses to initiate any post assessment GST/HST or income tax audits for approximately four weeks.
- The CRA also says it will temporarily suspend all audit interaction with taxpayers and representatives for most businesses.

Temporary Wage Subsidy for Small Businesses

- Eligible small employers will be eligible for a wage subsidy. This temporary wage subsidy will be allowed over a three-month period and will be equal to 10 percent of the gross remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.
- Businesses will be able to benefit from this support immediately by reducing their payroll remittances to CRA.
- This measure applies to corporations eligible for the small business deduction, as well as non-profit organizations and charities. At this point it is unclear whether it will apply to partnerships and unincorporated businesses.

Temporary Income Support for Workers and Parents

- Effective March 15, 2020, the one-week waiting period has been waived for employees claiming EI sickness benefits. The requirement to provide a medical certificate to access EI sickness benefits has also been waived, but a Record of Employment (ROE) still needs to be issued.
- An Emergency Care Benefit was announced that would provide up to \$900 bi-weekly, for up to 15 weeks. This benefit applies to:
 - Workers, including the self-employed, who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.
 - Workers, including the self-employed, who are taking care of a family member who is sick with COVID-19, such as an elderly parent, but do not qualify for EI sickness benefits.
 - Parents with children who require care or supervision due to school closures, and are unable to earn employment income, irrespective of whether they qualify for EI or not.

Temporary Income Support for Workers and Parents (cont'd)

- At this point there is no guidance with regards to income criteria, but the application for the Benefit will be available in April 2020, and requires Canadians to fill out an online application to attest that they meet the eligibility requirements.
- They will need to re-attest every two weeks to reconfirm their eligibility. Canadians will select one of three channels to apply for the Benefit:
 - by accessing it on their CRA MyAccount secure portal;
 - by accessing it from their secure My Service Canada Account; or
 - by calling a toll free number equipped with an automated application process.

Longer-Term Income Support for Workers not Eligible for EI

- Also introduced is an Emergency Support Benefit delivered through the CRA to provide support to workers who are not eligible for EI and who are facing unemployment (such as self-employed individuals).
- The government previously announced that they are implementing the EI Work Sharing Program, which provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements, and streamlining the application process.
- Again, there are currently no guidelines regarding income eligibility requirements.

Special GST Credit

- For low and modest income families, the Government is proposing to provide a one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC). This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The average boost to income for those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples.

Canada Child Benefit

- For families with children, the Government will increase the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child. The overall increase for families receiving CCB will be approximately \$550 on average; these families will receive an extra \$300 per child as part of their May payment.

Student Loans

- For all individuals repaying Canada Student Loans the government is proposing a six-month interest-free moratorium.

RRIF Withdrawals

- For seniors with Registered Retirement Income Funds (RRIFs), the required minimum withdrawals will be reduced by 25% for 2020.

Filing your 2019 Personal Tax Return

Although the Government has extended certain deadlines, you should still not delay the preparation and filing of your tax returns, especially for individuals expecting tax refunds. The earlier your return is in the queue, the better.

A memorandum of this nature cannot be all-encompassing and is not intended to replace professional advice. Its purpose is to highlight tax planning possibilities and identify areas of possible concern. Anyone wishing to discuss the contents or to make any comments or suggestions about this TaxTalk is invited to contact one of our offices.

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