



April 6, 2020

Subject: COVID-19 – Update on available relief *

Dear Valued Client:

In response to the COVID-19 pandemic, the Federal and Provincial governments have implemented measures to provide relief in this period of uncertainty. Additional measures could be introduced in the near future as the governments navigate this crisis. However, as of today, relief is being given in the following notable forms:

- Canada Emergency Wage Subsidy
- Temporary Wage Subsidy
- Canada Emergency Business Account
- Canada Emergency Response Benefit
- Tax filing deadline extensions
- Tax amount owing deadline extensions

Canada Emergency Wage Subsidy (The 75% CEWS)

The federal government will provide a wage subsidy of 75% for qualifying businesses for up to three months, retroactive to March 15, 2020. The subsidy will apply at a rate of 75% of the first \$58,700 normally earned by employees – representing a benefit of up to \$847 per week. The program will be in place for a 12-week period, from March 15 to June 6, 2020.

A special rule will apply to **employees that do not deal at arm’s length with the employer**. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75 per cent of the employee’s pre-crisis weekly remuneration. **Please consider this when claiming this subsidy for wages paid to yourself or family members during this period. And as always, wages paid to family members must be reasonable for the work performed and commensurate with a salary paid to an unrelated person.**

Qualifying businesses:

- Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May 2020, when compared to the same month in 2019, will be able to access this subsidy.
- An eligible employer’s entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees. All employers will be expected to at least make best efforts to top up salaries to 100% of the maximum wages covered.

Eligible employers:

- All employers with the exception of public sector entities are eligible.



Restrictions:

- For non-profit organizations and registered charities, further details will be announced in the near term regarding the definition of revenue.
- For new organizations (not active in 2019), further details will be announced in the near term regarding eligibility.

How to claim the subsidy:

- The subsidy can be claimed by applying online through Canada Revenue Agency's My Business Account and through a CRA portal to be launched in the near term.

Effect of claiming subsidy:

- If the subsidy is claimed, the total amount claimed must be reported as income in the year in which the subsidy is received.

Interaction with Temporary Wage Subsidy:

- Any benefit from the 10% wage subsidy (see below) reduces the amount available to be claimed.

Interaction with Canada Emergency Response Benefit:

- An employer will not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.

Temporary Wage Subsidy (The 10% TWS)

The federal government will provide eligible small employers a temporary wage subsidy for a period of three months (March 18, 2020 to June 20, 2020). The subsidy will be equal to 10% of remuneration paid during that period (10% of gross), up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.

The following qualify as eligible small employers:

- Corporations eligible for the small business deduction (Canadian Controlled Private Corporations "CCPC")
- Partnerships of CCPC's and individuals
- Individuals other than trusts
- Non-profit organizations
- Registered charities

How to claim the subsidy:

- Businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration between March 18, 2020 and June 20, 2020. Please note that this relief is only applicable to the federal or provincial income tax remittances and not any remittances under the Canada Pension Plan or remittances of Employer Insurance premiums.



- The subsidy is only calculated when you remit amounts to the CRA; there is no change to any payroll deductions reported and paycheques issued to employees.

Effect of claiming subsidy:

- If the subsidy is claimed, the total amount claimed must be reported as income in the year in which the subsidy is received.

The CRA's full guidance can be found here:

- <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html>

The federal government has also extended the maximum duration of the existing **Work-Sharing Program** from 38 to 76 weeks.

The CRA's full guidance can be found here:

- <https://www.canada.ca/en/employment-social-development/services/work-sharing/eligibility.html>

Canada Emergency Business Account

The federal government will provide interest-free loans of up to \$40,000 to small businesses and not-for-profit organizations to help cover their operating costs. To qualify these organizations will need to demonstrate payroll paid between \$50,000 to \$1 million in 2019. The loan would be interest-free until December 31, 2022 and 25% (\$10,000) is eligible for forgiveness as long as it is repaid on or before December 31, 2022. Those interested to apply for this loan should contact their financial institution.

Canada Emergency Response Benefit (CERB)

The federal government will provide a taxable benefit of \$2,000 a month for up to four months to eligible workers who have lost their income due to COVID-19.

The CERB will cover Canadians who have lost their job, are sick, quarantined, or taking care of someone who is sick with COVID-19, as well as working parents who must stay home without pay to care for children who are sick or at home because of school and daycare closures. The CERB will apply to wage earners, as well as contract workers and self-employed individuals who would not otherwise be eligible for Employment Insurance (EI).

The CRA's criteria to qualify as an eligible worker can be found here:

- <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

How to apply:

- Applications will open on April 6, 2020.
- Applications can be submitted:
 - Online: sign into your CRA My Account
 - By phone: 1-800-959-2019 (have your SIN ready)



Other support for individuals:

- The British Columbia government is offering a one-time \$1,000 payment for those who have lost income and \$500/month rent supplements
- Increasing the Canada Child Benefit
- BC Hydro deferrals
- ICBC insurance deferrals
- Mortgage deferrals
- BC student loan deferrals
- Increasing the GST credit
- Freeze on rent increases

Tax Filing Deadlines

Type	Extension Given	Deadline
Personal income tax (T1)	Yes	June 1, 2020
Personal income tax (T1) – <i>self employed</i>	No	June 15, 2020
Corporation income tax (T2) and non-profit information return (T1044)	Partially	- June 1, 2020 (<i>for corporations that would otherwise have a filing due date after March 18 and before June 1, 2020</i>) - Six months after year end for all other year ends
Trust income tax (T3)	Partially	- May 1, 2020 (<i>for trusts with a tax year end date of December 31, 2019</i>) - June 1, 2020 (<i>for trusts that would otherwise have a filing due date in April or May</i>) - Three months after year end for all other year ends
Charity return (T3010)	Partially	- December 31, 2020 (<i>for all year ends between September 18, 2019 and June 30, 2020</i>) - Six months after year end for all other year ends
Partnership income tax (T5013)	Yes	May 1, 2020
Employer health tax (BC)	Yes	September 30, 2020
Provincial sales tax (BC)	Yes	September 30, 2020
Goods and services tax	No	Depends on frequency of filing
Payroll remittances	No	Depends on frequency of filing



Tax Amounts Owing Deadlines

Type	Extension Given	Deadline
Income tax (T1, T2, T3)	Yes	September 1, 2020 <i>(for all amounts that become owing after March 18, 2020)</i>
Employer health tax (BC)	Yes	September 30, 2020
Provincial sales tax (BC)	Yes	September 30, 2020
Goods and services tax	Partially	<p>- June 30, 2020, for the following reporting periods:</p> <ul style="list-style-type: none"> • Monthly filers for February, March, and April 2020 reporting periods • Quarterly filers with a reporting period ending March 31, 2020 • Annual filers with a reporting period ending December 31, 2019, January 31, 2020, and February 29, 2020 <p>- All other reporting periods not mentioned above have a deadline depending on frequency of filing</p>
Payroll remittances	No	Depends on frequency of filing

Board meetings and AGMs

Some jurisdictions have suspended filing deadlines and/or extended the time for holding meetings. Please confirm in your situation and also consult your bylaws and governing documents for alternative methods of participation in meetings such as electronic and telephone (most acts provide for these unless their bylaws state otherwise).

Other helpful links:

- <https://www.canada.ca/en/department-finance/economic-response-plan.html>
- <https://news.gov.bc.ca/releases/2020PREM0013-000545>
- <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html>
- <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>



Yours very truly,

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**we have been as diligent as possible in compiling and summarizing the current notable programs but given some are not yet law and are subject to change, we cannot guarantee the correctness and completeness of the information. Each case will also be different and must be reviewed separately as to the applicability to your situation.*