

# The Federal Government's COVID-19 Economic Response Plan

On Wednesday, March 18, 2020, the Federal government announced the first phase of Canada's COVID-19 Economic Response Plan (ERP). The proposed plan is intended to stabilize the economy during this period of uncertainty and provide direct support to workers and businesses. The ERP still requires Royal Assent to become Law and we will keep you posted as we receive updates.

## Emergency Care Benefit (ECB)

This Benefit will be available for workers who do not qualify for Employment Insurance (EI) benefits and do not have access to sick leave. This Benefit will provide for up to \$900 every two (2) weeks and will be available for a total of fifteen (15) weeks.

This Benefit will provide income support to:

- Workers, including the self-employed, who are in self-isolation, quarantined or sick with COVID-19;
- Workers, including the self-employed, who are taking care of a family member who is sick with COVID-19, such as an elderly parent;
- 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.

Application for the ECB will be available in early April 2020 and applicants will be required to attest that they meet the eligibility criteria. Medical documentation will not be required. Individuals will be required to re-attest every two weeks to reconfirm their eligibility. This flat payment will be administered through the Canadian Revenue Agency (CRA) and will be available by direct deposit. Canadians can apply by any of the three (3) options below:

1. CRA MyAccount secure portal;
2. My Service Canada Account; or
3. By calling a toll-free number equipped with an automated application process.  
*The number has not yet been announced.*

## COVID-19 Emergency Support Benefit

This Benefit will be available to employees who lose their jobs or face reduced hours as a result of COVID-19's impact and are not eligible for EI or who are self employed.

This Benefit will be delivered through the CRA and will provide up to \$5.0 billion in support. This Benefit should be available in April 2020. The Finance Minister has not yet provided particulars on the exact Benefit amount; however he has indicated that it will be comparable to EI and it will be available for fourteen (14) weeks.

## **Assistance for Parents/Guardians Dealing with School/Child Care Closures**

The Government is proposing to increase the maximum annual Canada Child Benefit (CCB) payment amounts, for the 2019-2020 benefit year, by a top-up of \$300 per child as part of the May payment. The Government estimates the overall increase for families receiving CCB will be approximately \$550 on average.

## **Assistance for Low- and Modest-Income Families**

The Government is proposing to provide a one-time special payment by mid-May 2020 through the GST credit ("GSTC"). This proposal will double the maximum annual GSTC payment amounts for the 2019-2020 year. The Government estimates that the average boost to income for those benefiting from the GSTC payments, will be close to \$400 for single individuals and close to \$600 for couples.

The Government anticipates that the proposed enhancements of the CCB and GSTC will give a single parent with two children and low to modest income nearly \$1,500 in additional short-term support.

## **Student Loans**

The Government is proposing a six (6) month interest free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans. There is a target implementation date of April 2020.

## **Reaching Home Program**

The Government intends to provide this initiative with an additional \$157.5 million to continue to support people experiencing homelessness during the COVID-19 pandemic. These additional funds should be available in April 2020.

## **Assistance for Individuals dealing with Domestic and Gender-Based Violence**

The Government is proposing funding of up to \$50 million to women's shelters and sexual assault centres to help with their capacity to manage or prevent an outbreak in their facilities in support of women and children fleeing violence and gender-based violence. This includes funding for facilities in Indigenous communities. These funds should be available in April 2020.

## **First Nations and Indigenous Communities**

The Government is proposing \$305 million for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit and Métis Nation communities. These funds should be available in April 2020.

## **Impact to Retirement Funds**

The Government is proposing temporarily reducing the required minimum withdrawals from Registered Retired Income Funds (RRIF's) by 25% for 2020. This will provide flexibility for seniors that are concerned they may be required to liquidate their RRIF assets to meet minimum withdrawal requirements. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan. OAS and GIS payments will continue as usual, without interruption.

## **Financial Institutions**

Canadian banks have affirmed their commitment to working with customers to provide flexible solutions, on a case-by-case basis, for managing through hardships caused by COVID-19. This may include situations such as pay disruption, childcare disruption, or illness. Six of Canada's large banks (Bank of Montreal, CIBC, TD Canada, National Bank of Canada and RBC Royal Bank) have confirmed this support will include up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products (like skip a payment options).

## **Flexibility for Taxpayers and Income Tax Relief**

The CRA will defer the filing due date for the 2019 tax returns of individuals, including certain trusts.

- For individuals (other than trusts), the filing deadline will be deferred until June 1, 2020. However, the CRA recommends that individuals who expect to receive benefits under GSTC or the CCB not to delay filing to ensure entitlements for the 2020-2021 benefit year are properly determined.
- For trusts having a taxation year ending on December 31, 2019, the filing deadline will be deferred until May 1, 2020.

The CRA will allow taxpayers to defer the payment of any income tax that become owing on or after March 18, 2020 and before September 2020. This relief will apply to tax balances due, as well as installments, under Part I of the *Income Tax Act*. No interest or penalties will accumulate during this period.

Additionally, the CRA is taking a number of other measures in compliance with recommendations for social distancing and shifting to virtual and online support.