

TAX ALERT

Response to COVID-19

March 18, 2020

We are in the midst of a pandemic, with information coming at us from every direction and governments around the globe having to react to changes in a fluid manner. In response to the extraordinary situation stemming from COVID-19, Prime Minister Justin Trudeau has stated “nothing is off the table” when it comes to implementing measures to assist Canadians in navigating this crisis.

Containing the virus remains the priority of everyone; however, we understand this illness strikes more than just the health of our citizens. Businesses, livelihoods, savings – these have all felt the impact of coronavirus and right now accurate, reliable information is critical. We will do our best to keep you informed on the issues that impact you and your business in as timely a manner as possible.

On Wednesday, March 18, 2020, federal Finance Minister Bill Morneau addressed Canadians and made the following announcements:

Tax Filing Deadlines

Individuals

- The deadline for filing personal income tax returns is postponed to June 1, 2020, if the filing deadline would have been April 30, 2020. There is no change to the filing deadline of June 15, 2020 for self-employed individuals.

Businesses

- No announcements were made regarding the filing deadlines of corporate income tax returns, which are still due six months after year end.

Other

- For trusts having a taxation year ending on December 31, 2019, the return filing due date will be deferred until May 1, 2020. Off-calendar year end testamentary trusts do not appear to qualify for the extension.
- No announcements were made relating to partnership returns, some of which are still due on March 31, 2020.

Income Tax Amounts Owing

The Canada Revenue Agency (CRA) will allow all taxpayers to defer until September 1, 2020, the payment of any income tax amounts that become owing on or after March 18, 2020. This relief would 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.

TAX ALERT

To clarify, taxpayers with taxes already due (for example, three months after a November 30 year-end) will not qualify for a deferral. Instalments that should have been paid up until today are also not covered by the deferral relief.

From a provincial perspective, Quebec and Alberta are the only two provinces that collect taxes directly, rather than having collection done federally. Quebec has announced a deferral of taxes owing until July 31, 2020; Alberta has made no announcements to date.

Post Assessment Audits

The CRA will not contact any small or medium businesses to initiate any post assessment GST / HST or income tax audits for the next four weeks. For the vast majority of businesses, the CRA will temporarily suspend audit interaction with taxpayers and representatives.

Use of Electronic Signatures

The federal government will, as a temporary administrative measure, recognize electronic signatures as having met the signature requirements for taxpayers signing Forms T183 and T183Corp only (which provides consent for MNP to electronically file a tax return on a taxpayer's behalf).

Tax Credits and Benefits

Temporary Wage Subsidy

- The government will provide eligible small employers a temporary wage subsidy for a period of three months. The subsidy will be equal to 10 percent of 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 immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration.
- Eligible small employers include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

Employment Insurance (EI)

i) EI Sickness Benefits

- The federal government is going to waive the mandatory one-week waiting period for employees to receive EI, effective March 15, 2020. In addition, the requirement to provide a medical certificate to access EI sickness benefits has been waived (an ROE still needs to be issued).
- An Emergency Care Benefit has been announced, providing 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 but do not qualify for EI sickness benefits; and
 - 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 Emergency Care Benefit will be available in April 2020 and can be accessed by phone or online.

ii) EI Worker Benefits

- The government is introducing an Emergency Support Benefit for Canadians who lose their jobs or face reduced hours and are not eligible for EI.; and
- As previously announced, the EI Work Sharing Program will be implemented to provide EI benefits to workers who agree to reduce their normal working hours. Eligibility will be extended to 76 weeks and the application process will be streamlined.

Goods and Services Tax

- 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 amount received by those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples.

Canada Child Benefit (CCB)

- The government is proposing to increase the maximum annual CCB payment amounts by \$300 per child (only for the 2019-20 benefit year).

Registered Retirement Income Funds (RRIFs)

The government is reducing required minimum withdrawals from RRIFs by 25 percent for 2020, in recognition of volatile market conditions and the impact on many seniors' retirement savings. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.

What Does This Mean?

Although these announcements provide welcome relief from the rapidly approaching filing deadlines, it does not mean we should delay the preparation and filing of your tax returns, especially individuals who anticipate a tax refund.

As a result of recent developments please consider the delivery of files and documents electronically rather than physical visits or mail. We have various electronic options available (i.e. client portal, email, fax). Reach out to your advisor if you have unique requirements or requests.

We appreciate today's announcements as they reflect the government's commitment to supporting Canadians during this challenging period. We will continue to provide you with updates as new information becomes available.

For more information, contact your local MNP Advisor or visit [MNP.ca](https://www.mnp.ca).