



## Canadian tax alert

### COVID-19 – new fiscal measures

March 23, 2020

Over the past few days, further government measures were announced to support Canadians and stimulate the economy in response to the COVID-19 pandemic. Canada's plan to mobilize industry in the COVID-19 battle and to support farmers was announced, and a number of provinces added measures to support individuals and/or businesses in their jurisdictions. Our Tax and Legal team continues to closely monitor all government announcements, and will provide regular updates on any Canadian government support available. Our team will be available to support you during this unprecedented and uncertain time.

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In this update, we highlight recent announcements from the federal government and the governments of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Prince Edward Island.

In addition, we would like to advise that the province of Ontario ordered today the closure of all non-essential businesses by 11:59 PM on March 24, 2020 for a period of at least two weeks. As well, the province of Quebec ordered the closure of all non-essential businesses until April 13, 2020.

## FEDERAL – March 20-23, 2020

On March 20, 2020, Navdeep Bains, Minister of Innovation, Science and Industry, announced Canada’s plan to mobilize industry to fight COVID-19. The plan is to build the industrial capability to manufacture critical supplies at scale, by either re-tooling manufacturing lines of existing Canadian businesses or rapidly scaling up the production of others that already produce these products. The plan involves refocusing Canada’s existing industrial and innovation programs, by adding a mandate to prioritize the fight against COVID-19. This includes:

- the Strategic Innovation Fund to deliver direct support to Canadian companies for large-scale projects
- National Research Council of Canada to expedite research and development with small and medium-sized enterprises
- Innovation Superclusters to tap into a national network of 1,800 members
- Innovative Solutions Canada to help companies commercialize products more quickly

The government is delivering direct support to key Canadian companies that are working on large-scale and later-stage research and development projects aimed, in the immediate term, at producing countermeasures to COVID-19. The government is also looking to support more Canadian companies that can help supply goods and services to address COVID-19 immediately and in the near future.

On March 23, 2020 the federal government announced the following measures:

- **Support for farmers and processors**
  - Farm Credit Canada provided \$5B in additional lending capacity to producers, agribusiness and food processors
  - Also where loan/advance payment deadlines are April 30, 2020 or earlier, the deadline will be delayed six months
- **Mobilizing industry to fight COVID-19**
  - Innovation, Science and Economic Development Canada (ISED) has created a new stream in the Strategic Innovation Fund, allocating \$192M in funding to support large-scale countermeasures to battle COVID-19. These will include potential vaccines and treatments.
  - Under this stream, ISED has announced funding to the University of Saskatchewan’s Centre for Vaccines, Medicago in Quebec, AbCellera in British Columbia, and the National Research Council’s Human Health Therapeutics facility in Montreal.

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## BRITISH COLUMBIA – March 23, 2020

On March 23, 2020, the government announced support in the amount of \$2.2B for businesses and \$2.8B for individuals.

### Support for businesses

- **Defer Employer Health Tax (EHT) payments** - Effective immediately, businesses with a payroll of over \$500,000 can defer their EHT payments until Sept. 30, 2020. Businesses with a payroll under this threshold are already exempt from the tax.
- **Tax filing and payment deadlines extension** - This extension until September 30, 2020 applies to the PST, municipal and regional district taxes, tobacco tax, motor fuel tax and carbon tax. The scheduled April 1, 2020 increase to the carbon tax, as well as the new PST registration requirements on e-commerce and the implementation of PST on sweetened carbonated drinks, will be delayed and their timing will be reviewed by Sept. 30, 2020.
- **School tax** - Business and light-and major-industry property classes benefit from the reduction of school tax by 50%. This will provide \$500 million in immediate relief.
- **Long-term recovery plan** - \$1.5 billion has been allocated to support economic recovery for particularly hard-hit sectors of the economy, such as the tourism and hospitality and culture sectors.

### Support for individuals

- A new Emergency Benefit for Workers will provide a tax-free one-time \$1,000 payment to individuals whose ability to work has been affected by COVID-19 and who also receive federal Employment Insurance (EI) or the new federal Emergency Care Benefit or Emergency Support Benefit.
- The BC Climate Action Tax Credit will be increased in July 2020 which the government projects will assist 86% of British Columbians.
  - Eligible families of four will receive up to \$564 and eligible individuals will receive up to \$218. This increases the regular climate action tax credit payment by up to \$112.50 per family of four and up to \$43.50 per adult.
- \$1.7B has been allocated for critical services, including:
  - Housing and shelter supports.
  - Income and disability assistance programs and crucial health services, such as:
    - Funding for the BC Centre for Disease Control hotline;
    - Quarantine costs;
    - Lab tests; and
    - Work underway at the First Nations Health Authority and the United Way's Better at Home program for seniors.

- Support for non-profit organizations, service delivery agencies and child care providers:
  - Funding will be provided even if these agencies are closed or their regular operations have been disrupted.
  - Licensed child care providers staying open will receive enhanced funding to keep operations going. These centres are eligible to receive seven times their average monthly operating funding from government, which is expected to cover approximately 75% of a group facility's average monthly operating expenses.
- Student loan payments are being suspended for six months, starting March 30, 2020.
- The Insurance Corporation of British Columbia (ICBC) and BC Hydro are allowing bill payment deferrals for up to 90 days. People dealing with job loss, illness or loss of wages due to COVID-19 may also qualify for BC Hydro's Customer Crisis Fund grant program for up to \$600.

### ALBERTA – March 23, 2020

- **Education property tax freeze** - The government will immediately cancel the 2020 budget measure that provided for a 3.4% population and inflation adjustment to the property tax, and will freeze education property taxes at last year's level. This results in approximately \$87 million in savings for Alberta households and businesses in 2020-21.
- **Six-month education property tax and non-residential property tax deferral for businesses** - This is estimated to represent savings of \$458M for businesses.
  - The government expects municipalities to set education property tax rates as they normally would, but defer collection. Deferred amounts will be repaid in future tax years.
- **Workers' Compensation Board (WCB) premiums deferral for private sector businesses:**
  - Private sector employers of all sizes may defer WCB premiums until early 2021, effective for one year.
  - Employers who have already paid their WCB premiums for 2020 are eligible for a rebate or credit.
  - For small and medium businesses, the government will cover 50% of the premium when it is due. This represents a cost of \$350M to the government.

### SASKATCHEWAN – March 20, 2020

On March 20, 2020, the government announced the following measures:

#### Support for businesses

- **PST remittance deferral and audit suspension**
  - Businesses that cannot remit their PST due to financial concerns will have relief from penalties and interest charges for three months, a deferral of approximately \$750M in PST collections.
  - Businesses unable to file their provincial tax returns on time can submit a request for relief from any penalties and interest charges.

- Saskatchewan's audit program and compliance activities have been suspended for three months.
- **Crown utility interest deferral program**
  - Bill payment deferrals will be available to all crown utility customers.
  - Interest on late bill payments will be waived for up to six months.
- **Improved accessibility to new federal EI programs**
  - Companies will no longer have to provide lay-off notice or pay in lieu of notice when they lay-off staff if it is for a period of 12 weeks or less in a 16-week period.
  - If companies lay off employees intermittently for more than 12 weeks in a 16-week period, the employees are considered to be terminated and are entitled to pay instead of notice as outlined in the Saskatchewan Employment Act.

## Support for individuals

- **Self-isolation support program**
  - \$450/week for two weeks (\$900 total) is available to individuals forced to self-isolate and who are not covered by the recently announced federal EI programs and supports.
  - People who recently returned from travel are also eligible for this program.
- **Student loan repayment holiday**
  - A six-month student loan repayment moratorium is effective immediately.

## MANITOBA - March 19-22, 2020

On March 19, 2020, the following was announced:

- A COVID-19 emergency amount of \$300M was introduced as a supplement to the 2020 Budget.
- The province has indicated that it has nearly \$1B of financial flexibility to address this challenge.
- The PST will be cut by 1 percentage point using revenues from the carbon tax (\$25/tonne carbon tax).

On March 22, 2020, the following was announced:

- **Tax filing extension for small and medium enterprises (SMEs)**
  - The province will extend the April and May filing deadlines for SMEs with monthly remittances of less than \$10,000.
  - Businesses will have up to two additional months to remit retail sales and payroll taxes.
  - The government will also work with businesses regarding flexible payment options that are above the \$10,000 cap.

## ONTARIO – March 20, 2020

Premier Ford announced that stimulus measures will be announced on March 25, 2020.

## NEW BRUNSWICK – March 19-20, 2020

On March 19, 2020, the government made the following announcements:

- All licenses, registrations, certificates and permits issued by the Province of New Brunswick that are valid as of March 16, 2020, shall remain valid until May 31, 2020 unless suspended by a court or by other authority under provincial act.
- The right of landlords under section 19 of the *Residential Tenancies Act* to require tenants to vacate for non-payment of rent, and the authority of residential tenancies officers under section 22 of that act to evict tenants for the same reason, are suspended, until May 31, 2020.

On March 20, 2020, the government made the following announcements:

- **WorkSafeNB**
  - WorkSafeNB is waiving premiums for businesses for three months.
- **Business property taxes**
  - Though business property taxes must be paid by May 31, 2020, late penalties will be reviewed on a case-by-case basis to see whether the penalty can be waived in recognition of undue financial challenges, such as having to close a business due to COVID-19.
- **List of businesses affected by state of emergency**
  - The government has posted online an extensive list of businesses that may remain open under the province's state of emergency.

## NOVA SCOTIA – March 19-20, 2020

On March 19, 2020, the government made the following announcements:

- **Boost in income assistance for low income individuals and families**
  - Every individual and family member currently receiving income assistance (under an existing provincial program) will receive an additional \$50 monthly beginning today to help pay for essentials. No application is required.
  - This \$2.2M in increased funding will help support approximately 26,000 families and more than 40,000 people per government estimates.
- **Increase in food bank funding**
  - \$1M is committed to support food banks across the province, through Feed Nova Scotia, to supply more food and hire more staff to address increased demand.
- **Senior Safety Programs and Community Links funding**
  - \$230,000 in emergency funding is being allocated for Senior Safety Programs (community-based program to promote education and awareness about safety and health issues) and Community Links (an organization that supports the establishment of age-friendly, inclusive communities by linking with others to promote needed changes).

- **Eviction freeze**

- No tenant that has had his or her income impacted by COVID-19 can be evicted from his or her home. This is effective immediately for the next three months.

On March 20, 2020, the government made an announcement providing \$161M in cash and credit to businesses, as follows:

- **Deferral of government payments**

- Payments on loans and business-related fees will be deferred for the coming months. This will include fees such as Worker Compensation fees, payments to Nova Scotia credit unions, and loans to fisheries and farming operations.

- **Support for business loan guarantees**

- For businesses needing a loan but that may not have sufficient financial guarantees, the government will guarantee the first \$100,000.

- **Funding for rural internet projects**

- Recognizing that internet access is critical to homes and businesses in rural areas, the government is providing an additional \$15M to speed up internet-related projects in rural areas.

- **Student loans**

- Student loans payments will be suspended after March 30, 2020 until September 2020.

## **PRINCE EDWARD ISLAND – March 21, 2020**

- **Emergency Relief Worker Assistance Program (Amendment)**

- The previously announced assistance program for workers who continue to work but experience a considerable reduction in their working hours, will be enhanced to provide for a temporary allowance of \$250/week (instead of \$200/week as originally announced on March 18, 2020).
- Employers must fill out an application to identify workers who have experienced a reduction in their working hours.
- This measure is not applicable to self-employed individuals.
- There is no deadline to apply to the program.

- **Early learning centre support**

- \$2M in funding is being provided to support early learning centres, workers and parents while the facilities are closed due to COVID-19.
- Families will not be required to pay early learning centre fees over the next six weeks.

- **Deferred student loan repayments**

- Student loan repayments will be paused for the next six weeks, effective March 20, 2020.
- Students will not be required to reapply for loans.

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