



Canadian tax alert

COVID-19 – Recent economic support measures

May 5, 2020

The federal and provincial governments continue to announce support measures to offset the financial effects of COVID-19. Over the past days, some additional measures were introduced. Our Tax and Legal team is closely monitoring all government announcements and will remain available to support you during this unprecedented and uncertain time.

In this update, we highlight recent developments from the federal government as well as the governments of British Columbia, Saskatchewan, Quebec, Nova Scotia and Newfoundland and Labrador.

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FEDERAL MEASURES – MAY 1-3, 2020

May 1, 2020

Canada Emergency Student Benefit (CESB)

- The CESB, originally announced on April 22, 2020, became law on May 1, 2020.
- The final version of the enacting legislation contains details regarding eligibility for the CESB and provides the Minister of Employment and Social Development (the Minister) with broad powers, including the power to set the CESB amount, by regulation.
- The Minister announced that eligible students with disabilities or dependents would receive a monthly benefit of \$2,000, instead of the \$1,750 monthly benefit previously announced. The benefit amount for other eligible students would remain at \$1,250 as previously announced. These benefits will be available from May through August 2020.
- For the purpose of the CESB, to be considered a student, an individual must
 - be enrolled, at any time between December 1, 2019 and August 31, 2020, in a post-secondary educational program that leads to a degree, diploma or certificate;
 - have graduated from secondary school in 2020, have applied for enrollment in such a post-secondary educational program that is scheduled to begin before February 1, 2021, and plan to enroll in the program if the application is accepted; or
 - be a member of a class of persons that is prescribed by regulation.
- To be eligible for the CESB, a student must meet the following criteria:
 - for reasons related to COVID-19, the student is unable to work (including in self-employment), is seeking work and unable to find it, or is working but is paid less than the amount of the CESB, during the four-week period for which the student is applying for the benefit; and
 - the student does not, in respect of any part of that four-week period, receive:
 - income from employment or self-employment;
 - Employment Insurance benefits (including the Employment Insurance Emergency Response Benefit);
 - allowances, money or other benefits that would be paid to the student under a provincial plan because of pregnancy or in respect of the care by the student of one or more of new-born children or one or more children placed with the student for the purpose of adoption;
 - an income support payment under the Canada Emergency Response Benefit Act; or
 - any other income that is prescribed by regulation.

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May 3, 2020

New investments to support online healthcare and mental health tools

- The government announced \$240.5M in new funding to develop, expand and launch virtual care and mental health tools, in cooperation with the provinces and territories.
- This investment will be used to create digital platforms and applications, improve access to virtual mental health supports, and expand capacity to deliver health care virtually. The investments will:
 - Help Canadians engage with their regular health care providers through telephone, text, or video-conferencing
 - Support access to mental health supports and reliable health information
 - Assist governments, hospitals, public health officials and health care facilities make evidence-based decisions
 - Support governments in their collaboration with innovators, health stakeholders and organizations to expand virtual health services

BRITISH COLUMBIA MEASURES – May 1, 2020

Deferral of liquor license renewal fees

- The government of BC has temporarily deferred license renewal fees for liquor licensees experiencing financial challenges due to the ongoing COVID-19 pandemic.
- For those licensees with licenses expiring between March 31 and June 30, 2020, the renewal fees will be deferred until September 30, 2020. However, extended licenses must still be renewed prior to their new expiry dates.
- Eligible licensees whose licenses fall within the time period noted above, and who find themselves in financial need, may ask for support by emailing a request to: LCRB_COVID19@gov.bc.ca

SASKATCHEWAN MEASURES – April 30 – May 1, 2020

April 30, 2020

Temporary wage supplement for lower income essential workers

- Workers helping Saskatchewan's vulnerable citizens through the COVID-19 pandemic will have their salaries topped up by \$400 per month. This temporary wage supplement is available for essential workers if they earn less than \$2,500 per month and are employed at:
 - senior-care facilities, including private care homes and home care
 - licensed childcare facilities
 - group homes run by community-based organizations
 - emergency shelters and transition shelters
- Essential workers, such as caregivers, cooks and cleaners, both full-time and part-time, at these facilities are eligible for the supplement.
- The new wage supplement will be cost-shared with the federal government at an estimated total cost of about \$56 million.

May 1, 2020

Funding to support local businesses

- The government is providing \$1M to encourage support for local businesses. The funding will be dispensed through the "Together We Stand" marketing campaign to encourage Saskatchewan residents to support local businesses and their employees.
- The "Together We Stand" campaign helps bridge the gap between consumers and businesses in the province, keeping the economy moving now and ensuring that the Saskatchewan business community is ready to move forward with recovery efforts in the critical weeks ahead.

QUEBEC MEASURES – April 22-30, 2020

April 22, 2020

Teleworking – employer reimbursement for equipment

- Revenue Quebec has announced that due to the exceptional circumstances caused by COVID-19, the provision of funds of up to \$500 by an employer to an employee to purchase equipment needed to work remotely will not be considered a taxable benefit.
 - Revenue Quebec is of the view that the employer benefits the most from the purchase of such equipment.

April 30, 2020

Employment expenses related to teleworking

- Revenue Quebec has announced that an employee working from home due to the COVID-19 crisis may deduct the following expenses from income as long as the employee does not receive any employer reimbursement:
 - Expenses related to supplies used for work, such as paper, pencils and ink cartridges, as well as internet fees that are billed based on use.
 - Certain expenses related to a home office space where the employee carries out employment activities over 50% of the time (which should be the case in the current context). Eligible expenses include heating, electricity, cleaning products, lighting accessories and minor repairs. For tenants only, a reasonable part of rent related to the home office space can also be deducted.
 - A reasonable basis for calculating home office space expenses must be used (e.g., proportion of the office space's surface area versus the home's total surface area). Also, other possible uses of the home office space must be taken into account, such as personal or business use of the space.
- Eligible expenses may be claimed in the employee's 2020 income tax return by filing the following forms:
 - Form TP-64.3-V, *General Employment Conditions* (duly completed by the employer; electronic signatures will be accepted).

- Form TP-59-V, *Employment Expenses of Salaried Employees and Employees Who Earn Commissions*, or a detailed statement of expenses.

Credit for Health Services Fund (HSF) contributions

- Employers with an establishment in Quebec that are eligible for the Canada Emergency Wage Subsidy (CEWS) will be eligible for a credit for contributions to the HSF in respect of certain employees.
 - The credit will be retroactive to March 15, 2020 and will be available for 12 weeks, divided into three qualifying periods (same periods as for the CEWS):
 - March 15, 2020 through April 11, 2020
 - April 12, 2020 through May 9, 2020
 - May 10, 2020 through June 6, 2020
 - As is the case for the reimbursement of certain employer contributions under the CEWS, the credit will be available for HSF contributions in respect of wages paid for a particular week, to an employee who is on paid leave during a qualifying period.
- Employers are permitted to reduce periodic HSF contribution remittances to be made after April 30, 2020 by the amount of the credit being claimed.
- Written application for the credit must be submitted with an employer's Summary of Source Deductions and Employer Contributions for 2020 (Relevé 1 summary), and must be accompanied by supporting documentation establishing the amount of the credit claim.
- After an employer's application is reviewed, any outstanding credit will be paid to the employer, and any amount owing by the employer to the Minister of Revenue will be subject to the regular rules regarding interest and penalties for insufficient payments.

NOVA SCOTIA MEASURES – APRIL 28, 2020

New operating loan for municipalities

- To support municipalities that have experienced financial losses due to COVID-19, the province has introduced a new \$380M loan program, which will be available through the Municipal Finance Corporation.
- To access the loan, a municipality must first determine its revenue shortfall, and the municipal council will be required to pass a resolution and submit it to the Department of Municipal Affairs and Housing. Requests will be analyzed and if approved, loan agreements will be signed.
- The funds will be disbursed within 24 hours of the agreement being signed. A municipality will have six months to begin repayment and three years to fully repay the loan.

NEWFOUNDLAND AND LABRADOR MEASURES – MAY 1, 2020

Support for local businesses from provincial Liquor Corporation

- The Newfoundland and Labrador Liquor Corporation (NLC) announced a number of initiatives designed to support businesses through COVID-19 and help with future economic recovery:
 - Effective immediately, in support of licensees (e.g., lounges, bars and restaurants), the NLC will waive liquor license fees for the 2020-21 fiscal year. The NLC will also temporarily waive warehousing service fees for microbrewers with annual production of 1,000 hectolitres or less and that use the NLC's distribution network.
 - The NLC has also approved a wholesale pricing discount for licensees, providing a 5% discount for wines, spirits and ready-to-drink beverages.
 - An increase in product commission discounts has been approved for craft breweries, wineries, distilleries and cideries producing 1,000 hectolitres or less, to 55% for non-NLC distributed products.
 - A temporary regulatory change has been approved to permit ferment-on premise operations (e.g., U-Brew) to bottle beverages for their customers who started batches of wine or beer prior to the COVID-19 health restrictions.
 - The NLC will support local microbreweries by listing their products not already supported in this way.

[For more information on COVID-19, see our Canadian COVID-19 information hub and our global COVID-19 information hub](#)

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