



Canadian tax alert

COVID-19 – Economic support measures

June 24, 2020

The federal government continues to announce support measures to offset the financial impacts of COVID-19, and prepare for an economic recovery. In the past couple of weeks, additional measures were introduced, and some existing measures were extended.

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.

Contacts:

Philippe Bélair

Tax & Legal Leader
Tel: 514-393-7045

David Mason

National Tax Policy Leader
Tel: 613-751-6685

Shawn Porter

National Tax Policy Leader
Tel: 647-919-2504

May 13, 2020

Regional Relief and Recovery Fund (RRRF)

The RRRF is a special one-time relief fund to address gaps left by other measures in Canada's COVID-19 Economic Response Plan. The fund will help to:

- mitigate the financial pressures experienced by businesses and organizations to enable them to continue their operations, including paying their employees;
- support projects by businesses, organizations, and communities to prepare now for a successful recovery.

This initiative includes two components:

- \$675 million to support regional economies, businesses, organizations, and communities in regions all across Canada;
- \$287 million to support the national network of Community Futures Development Corporations, which will specifically be for small businesses and rural communities across the country.

This initiative will be implemented by the six regional development agencies, which are familiar with their region's economic realities.

The RRRF is complementary to existing federal programs, such that applicants will need to demonstrate that they first applied for other federal support measures, in order to be eligible to the RRRF. Depending on the regional development agency, the RRRF will be either available for applicants who applied to other federal benefits but were rejected or ineligible, or either for applicants who were approved for other programs but demonstrate the need for contributions from the RRRF.

The RRRF contributions are repayable according to the terms of a contribution agreement. Depending on the type of loan granted, a portion of the contributions could become non-repayable under certain conditions.

Applications will be accepted and assessed until March 31, 2021, or until the funding runs out, whichever comes first.

May 14, 2020

New support for fish harvesters

The federal government announced up to \$469.4 million in new measures to support Canada's fish harvesters who are economically impacted by the pandemic but cannot access existing federal measures.

- **Fish Harvester Benefit** – This program will help provide income support for this year's fishing seasons to eligible self-employed fish harvesters and sharepersons crew who cannot access the Canada Emergency Wage Subsidy (CEWS). Support will be provided to those that experience fishing

Atlantic Region
Katie Rogers
Tel: 506-663-6728

Quebec & Ottawa
Patrick Bilodeau
Tel: 613-751-5447

Mohamed Sheibani
Tel: 613-751-5320

Ontario
Gary Gluckman
Tel: 416-601-6029

Prairies
Markus Navikenas
Tel: 403-267-1859

British Columbia
David Mueller
Tel: 604-673-2661

Related links:

[Deloitte Tax Services](#)

income declines greater than 25% in the 2020 tax year, compared with a reference period yet to be identified. This measure covers 75% of fishing income losses beyond a 25% income decline threshold, up to a maximum individual entitlement equivalent to what is provided under the CEWS (\$847 per week).

- **Fish Harvester Grant** – This program will provide grants to help fish harvesters impacted by the COVID-19 pandemic, and who are ineligible for the Canada Emergency Business Account (CEBA) or equivalent measures, to cover non-deferrable business costs. The program would provide non-repayable support of up to \$10,000 to self-employed fish harvesters with a valid fishing licence, and the amount will vary depending on the level of fish harvesters' historic revenue.

The government will also propose measures or changes to the Employment Insurance (EI) program that would allow self-employed fish harvesters and sharepersons to access EI benefits based on insurable earnings from previous seasons (winter and summer claims).

May 15, June 10 and June 19, 2020

Canada Emergency Wage Subsidy (CEWS) – Latest developments

The CEWS is extended by an additional 12 weeks, up to August 29, 2020.

Regulations to extend eligibility for the CEWS to the following groups were also approved:

- Partnerships that are up to 50% owned by non-eligible members;
- Indigenous government-owned corporations that are carrying on a business, as well as partnerships where the partners are Indigenous governments and eligible employers;
- Registered Canadian amateur athletic associations;
- Registered journalism organizations; and
- Non-public colleges and schools, including institutions that offer specialized services, such as art schools, driving schools, language schools or flight schools.

On June 10, the government announced that the eligibility criteria for the month of June would remain the same as those for preceding months. The government also intends to propose legislative amendments to ensure that the CEWS continues to meet its objectives, including the reevaluation of the 30% revenue decline threshold and would be applicable for the months of July and August 2020.

Finally, on June 19, CRA published new Frequently Asked Questions. Some clarifications related to the calculation of revenues in the context of merger and acquisition of business were published.

May 16, 2020

Canada Child Benefit (CCB) – Increase

The federal government announced that the CCB will be increased in July 2020.

- The increase will be in place for the 2020-21 benefit year, and will raise the maximum benefit to \$6,765 per child under age 6, and \$5,708 per child aged 6 through 17.
- This increase is in addition to the one-time special CCB payment announced earlier to help families deal with the added pressures of COVID-19.

May 19 and June 15, 2020

Canada Emergency Business Account (CEBA) – Expansion of the eligibility criteria

The federal government announced an expansion to the eligibility criteria for the CEBA in order to include many owner-operated small businesses.

- Launched on April 9, 2020, the CEBA provides zero interest, partially forgivable loans up to \$40,000 to small businesses that have experienced a decrease in revenues due to COVID-19, but face ongoing non-deferrable costs such as rent, utilities, insurance, taxes, and employment costs. Twenty-five percent of this loan is forgivable if repaid by December 31, 2022. Initially, the CEBA was designed to allow for rapid deployment of credit to businesses with 2019 payroll between \$50,000 and \$1 million.
- On May 19, 2020, the government expanded the eligibility parameters of the program, by increasing the payroll eligibility range to between \$20,000 and \$1.5 million.
- On June 15, 2020, the government announced that owner-operated small businesses that had been ineligible for the program due to their lack of payroll, sole proprietors receiving business income directly, as well as family-owned corporations remunerating in the form of dividends rather than payroll, were supposed to be eligible for the CEBA as of June 19, 2020 but is currently being delayed to a later date given IT infrastructure concerns. To qualify under the expanded eligibility rules, CEBA applicants with a payroll of less than \$20,000 will need:
 - A business operating account at a participating financial institution;
 - A Canada Revenue Agency business number;
 - A 2018 or 2019 tax return; and
 - Eligible non-deferrable expenses of between \$40,000 and \$1.5 million.

May 20, 2020

Large Employer Emergency Financing Facility (LEEFF) – Now open for applications

The federal government announced the opening of the application process for the LEEFF, which is intended for large for-profit businesses—with the exception of those in the financial sector—as well as certain not-for-profit businesses.

- The government's support for large employers through LEEFF will be delivered by a subsidiary of the Canada Development Investment Corporation (CDEV), in cooperation with Innovation, Science and Economic Development Canada (ISED) and the Department of Finance.
- To qualify for LEEFF support, eligible businesses must demonstrate approximately \$300 million in annual revenue, be seeking financing of \$60 million or more, have a significant impact on the Canadian economy, have significant operations and workforce in Canada, and not be involved in active insolvency proceedings.
- The additional liquidity provided through LEEFF will allow Canada's largest businesses and their suppliers to remain active during this difficult time, and position them for a rapid economic recovery.

May 25, 2020

Canada Emergency Commercial Rent Assistance (CECRA) – Now open for applications

Application documents and updated criteria for this program for small businesses are available, and applications are now accepted through the Canada Mortgage and Housing Corporation (CMHC) website.

- CECRA will provide forgivable loans to qualifying commercial property owners, whether they have a mortgage on their property or not. The loans will cover 50% of three monthly rent payments that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June.
- The loans will be forgiven if the qualifying property owner agrees to reduce the small business tenants' rent by at least 75% under a rent reduction agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25% of the rent.
- This program is aimed at small business tenants that are paying less than \$50,000 per month in gross rent, with annual consolidated revenues of less than \$2 million, and that have experienced at least a 70% drop in pre-COVID-19 revenues. It will also be available to non-profit and charitable organizations.

May 29, 2020

Relief for federally regulated pension plan sponsors

On May 29, 2020, the federal government presented the *Solvency Special Payment Relief Regulations, 2020*, which establishes a moratorium on solvency special payments, that came into force on May 27, 2020. Under this measure, federally regulated defined benefit pension plan sponsors are not required to make solvency special payments until December 30, 2020. The regulations also provide accommodations for solvency special payments made since April 1, 2020.

June 1, 2020

Rent relief for business tenants in national parks, national historic sites and national marine conservation areas

Since May 25, 2020, the Canadian Emergency Commercial Rent Assistance (CECRA) program is open for applications, and provides rent relief to small businesses that had been forced to close or had lost a significant portion of their revenue due to COVID-19. Businesses that are renters in Parks Canada places were not eligible for this program because they are located on federal lands and renting from a federal agency.

The government is taking further action to support these businesses, which may now be eligible for relief under similar eligibility conditions to those of the CECRA program.

June 4, 2020

Special payment for seniors in early July

Seniors eligible for the Old Age Security (OAS) pension and the Guaranteed Income Supplement (GIS) will receive a special one-time, tax-free payment during the week of July 6. Seniors eligible for the OAS pension will receive a payment of \$300, and those also eligible for the GIS will receive an additional \$200, for a total of \$500. Allowance recipients will also receive \$500.

Individuals who are eligible for this special payment will receive it automatically.

June 5, 2020

Support for individual with disabilities

The federal government announced a special one-time, tax-free payment to individuals who are certificate holders of the Disability Tax Credit (DTC) as of June 1, 2020, as follows:

- \$600 for individuals with a valid DTC certificate;
- \$300 for individuals with a valid DTC certificate and who are eligible for the OAS pension;
- \$100 for individuals with a valid DTC certificate and who are eligible for the OAS pension and the GIS.

Individuals who are eligible for this special payment will receive it automatically.

June 16, 2020

Canada Emergency Response Benefit (CERB) – Extension

The CERB is extended by 8 weeks, for a total of 24 weeks.

The CERB is a taxable benefit of \$2,000 over a four-week period, and is available to workers who:

- live in Canada and are at least 15 years old;
- have stopped working because of reasons related to COVID-19, or are eligible for EI regular or sickness benefits, or have exhausted their EI regular or fishing benefits between December 29, 2019, and October 3, 2020;
- had employment and/or self-employment income of at least \$5,000 in 2019, or in the 12 months prior to the date of their application;
- have not earned more than \$1,000 in employment and/or self-employment income per benefit period while collecting the CERB;
- have not quit their job voluntarily.

Applications may be submitted no later than December 2, 2020, for payments retroactive to the period of March 15, 2020, to October 3, 2020.

Prime Minister Trudeau reiterated that CERB claimants should be actively seeking work opportunities as the Canadian economy is recovering. In an effort to return Canadians back to work, the federal government has announced it will modify CERB rules in order to encourage claimants to find employment and provide them with the help they need through Canada's Job Bank.

We expect the enactment of regulations shortly that will provide more details on the terms of the CERB extension and the modifications regarding job-seeking requirements.

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

Deloitte LLP
Bay Adelaide Centre, East Tower
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada

This publication is produced by Deloitte LLP as an information service to clients and friends of the firm, and is not intended to substitute for competent professional advice. No action should be initiated without consulting your professional advisors. Your use of this document is at your own risk.

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 264,000 professionals—14,000 of whom are part of the Canadian firm —make an impact that matters, please connect with us on LinkedIn, Twitter or Facebook.

Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Please note that Deloitte is prepared to provide accessible formats and communication supports upon request.

© Deloitte LLP and affiliated entities.