

## YALE PGC LLP UPDATE COVID-19: SUMMARY OF ANNOUNCED RELIEF MEASURES

In an effort to provide our clients with a summary of the recently announced relief measures available to Canadians, Yale PGC LLP has prepared this document, current as of April 4, 2020. We encourage you to review the information contained within to determine whether or not you or your company’s circumstances place you as eligible for any of the following.

As always, we encourage you to reach out to our offices if you have any questions about your personal or corporate situation.

### Canada Emergency Wage Subsidy (75% Wage Subsidy)

The Canada Emergency Wage Subsidy (“CEWS”) has been implemented with an aim to help businesses keep employees and return previously terminated employees to payroll. The CEWS provides up to 75% of an employee’s weekly salary, to a maximum of \$847 per week. Payments will be retroactive to March 15, 2020 and continue for 12 weeks of lost wages. There is no limit to the amount of the overall subsidy claimed, however the maximum subsidy per employee is capped at \$10,164 (weekly maximum of \$847 for a 12-week period). The subsidy excludes amounts paid for severance, stock option benefits, and personal use of corporate vehicles.

The CEWS is available to individuals, taxable corporations, partnerships, non-profit organizations and registered charities. Public bodies such as municipalities and local governments, crown corporations, public universities, colleges, schools and hospitals are excluded. Amounts received under the subsidy will be treated in a manner similar to other government assistance, and be included in taxable income for the taxpayer.

To be eligible, an entity must demonstrate a 30% decline in ‘gross’ revenues for each claim period of March, April and May 2020. Revenues will be calculated using normal accounting method and exclude amounts from extraordinary items and amounts on account of capital. Revenues for 2020 will be compared to the same periods of 2019. For entities without a directly comparable period in 2019, the government has indicated there will be some flexibility and that more details will be provided in the near future for how this may be determined.

	<u>Claiming Period</u>	<u>Reference Period for Eligibility</u>
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

For further details on how to calculate a 30% reduction in revenue, please reach out to Yale PGC or visit the Government’s website [here](#).

Application for the CEWS will be done online through CRA’s *My Business Account* portal and another online portal that will be released in the next three to six weeks. Recipients of the subsidy will be expected to re-apply for each month.

The CEWS will interact with the previously announced 10% Wage Subsidy, whereby any amounts eligible for the 10% Wage Subsidy would reduce total amounts paid out under the Canada Emergency Wage Subsidy.

### Temporary Wage Subsidy for Employers (10% Wage Subsidy)

The Temporary Wage Subsidy for Employers (“TWSFE”) will allow eligible employers currently paying salary, wages, bonuses or other remuneration to eligible employees, to reduce income tax remittances by 10% of the remuneration paid. The period of the subsidy will be retroactive to March 18 through to June 20, 2020 and provide for a maximum of \$1,375 per employee and \$25,000 per employer.

## Temporary Wage Subsidy for Employers (10% Wage Subsidy) – continued

Eligible employers include individuals, partnerships, Canadian Controlled Private Corporations eligible for the Small Business Deduction, non-profit organizations and registered charities. To receive the subsidy, employers must have an existing business number and payroll account with the CRA as of March 18, 2020.

Please visit the Government of Canada's website [here](#) for additional information.

## Canada Emergency Business Account

Under this initiative, the Canada Emergency Business Account ("CEBA") will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits to help cover operating costs. Qualifying organizations will need to demonstrate that they paid between \$50,000 and \$1,000,000 in total payroll in 2019. Up to \$10,000 of this loan amount is eligible for forgiveness if \$30,000 has been fully repaid on or before December 31, 2022. Any unpaid balance at this time will be converted to a 3-year term loan bearing 5% interest. If forgiveness of the loan is not being sought, no principal repayments are required until December 31, 2025.

These loans will be issued through a company's primary financial institution, with roll-out scheduled to take place by April 17, 2020. Applications will be submitted online through your bank's online banking portal. If you have prepared your 2019 T4 Summary and Slips, the T4 Summary will be required for your application, supporting your total payroll for 2019. If you have not yet received your copy from us, please reach out and we will send it to you.

Businesses are encouraged to reach out to their existing bank to determine eligibility and next steps.

## Canadian Emergency Response Benefit (CERB)

This taxable benefit will provide eligible individuals who have lost their income due to COVID-19 with \$2,000 a month for up to 4 months (\$500 per week for 16 weeks). Eligible workers include individuals 15 or older who reside in Canada who have not voluntarily stopped working as a result of COVID-19 with income of at least \$5,000 for 2019 or the 12-month period prior to the date of application. If you have been let go from your job, had work hours reduced to zero, are in quarantine or sick with COVID-19, caring for others that are sick, or taking care of children or other dependents as a result of COVID, you may be eligible for this benefit.

Applications will open on April 6, 2020 through the CRA. For more information about the application process please visit their website. If you are planning to apply, please note the recommended application dates based on birth-month. Benefits are expected to be received within 10 days of submitting an application either by direct deposit or cheque. Those receiving payments via direct deposit will receive amounts faster than by cheque.

To apply, click [here](#).

## Corporations

### Filing deadlines

Companies with December 31, 2019 year-ends corporate returns are still due six months after year-end on June 30, 2020, however corporations with filing deadlines between March 18, 2020 and before June 1, 2020 will have until June 1, 2020 to file their returns. This is applicable for corporations with September, October, and November year-ends.

The filing of other administrative forms has been extended to June 1, 2020 for both Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (T1134) and Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation (T2057)

## Corporations - continued

Additionally, the following extensions have been provided:

- Taxpayer responses to any objection requests due March 18 or later have been extended to June 30, 2020
- NR4 information returns have been extended to May 1, 2020

### Payment deadlines

Payments normally due on or after March 18 through September 1, 2020 for tax balances owing as well as instalments are extended to September 1, 2020.

### Provincial measures – Ontario

The payment of provincial taxes will be extended by five months. This is applicable on balances due beginning April 1, 2020 for:

- EHT
- tobacco and beer
- wine and spirits tax
- fuel and gas tax
- mining tax
- insurance premium tax
- retail sales tax on insurance contracts and benefit plans

The EHT exemption increased from \$490,000 to \$1,000,000 for 2020.

WSIB is allowing for payment deferral of 6 months. Schedule 1 employers can defer reporting and payments until August 31, 2020; Schedule 2 employers also eligible for this deferral. Interest and penalties will be waived for payments made up to August 31, 2020.

## Individuals

### Filing deadlines

Payment of your 2020 tax balance owing, if any, has been extended from April 30 to September 1, 2020. Quarterly personal instalments for March and June have also been extended to September 1, 2020. This is also applicable for self-employed individuals.

### Payment deadlines

Payment of your 2020 tax balance owing, as well as instalments for 2020, have been extended from April 30 to September 1, 2020. This is also applicable for self-employed individuals.

## GST/HST:

Deadlines have been extended as follows:

- *Monthly filers:* Payment of February, March and April 2020 remittances extended to June 30, 2020
- *Quarterly filers:* Payment for Q1 2020 extended to June 30, 2020
- *Annual filers:* Instalments regularly due in March, April or May 2020 have until June 30, 2020 to remit amounts owing.

It is also worth noting that paper copies of returns will not be processed by the CRA at this time. All filers are encouraged to file electronically to facilitate the automatic processing of returns.

## Trusts

The filing deadline for trusts with a calendar year-end have been extended to May 1, 2020. Deadlines for payments due on or after March 18 and before September 1, 2020 have been extended to September 1, 2020. Although payment deadlines have been extended, penalties and interest relief will be determined on case by case basis and will require a fairness application.

## **Partnerships**

Deadlines for submitting T5013 partnership returns have been extended to May 1, 2020.

## **Registered Charities**

Charities with deadlines for T3010 forms between March 18, 2020 and December 31, 2020 have until December 31, 2020 to file their return.

## **Other Payment Deadlines**

No changes have been made to the due dates for payroll remittances, excise taxes and duties, and corporate taxpayers owing Part IV, Part VI and Part XIII tax. SRED claims still have regular deadlines of 18 months.