



Canadian tax alert

Additional fiscal measures to support the economy

March 19, 2020

Today, further government measures were announced to support Canadians and stimulate the economy in response to the COVID-19 pandemic. We anticipate that the federal and provincial governments will be further supplementing these incentives in the near future as Canada navigates through this crisis. 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 Quebec, Ontario, Alberta, and Prince Edward Island.

FEDERAL – March 18-19, 2020

The Government of Canada has announced that all Regional Development Agencies will apply a deferral of three months on all payments due to the government, as of April 1, 2020. This moratorium will defer payments and related interest charges. Program account managers will work with current funding recipients to formalize these deferrals into an amended repayment.

The Canada Revenue Agency (CRA) confirmed that businesses and individuals may defer payments of any income tax amounts that become owing on or after March 18, 2020 and before September 2020, until September 1, 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the Income Tax Act. The CRA is working with reduced capacity, but is focused on getting cash into the hands of individuals and businesses through the programs announced by the Minister of Finance on March 18, 2020. The CRA stated that there will be some flexibility with respect to previously indicated deadlines to respond to the CRA, and that taxpayers can delay responses by a few weeks. Some areas relating to filing deadlines and payments are still under consideration. We do not expect that there will be any change to the filing deadlines for corporate income tax returns or GST/HST returns. As well, we do not anticipate that there will be any ability to defer GST/HST payments or payroll remittances.

QUEBEC – March 19, 2020

Harmonization to the federal measures

- As announced yesterday, the Quebec Finance Minister confirmed that the province will align with the federal government in terms of income tax and instalments payment deferrals for both individuals and businesses. The measures related to RRIFs will be harmonized as well (please refer to our previous update for further details about the Federal measures).

Concerted Temporary Action Program for Businesses

- In order to support businesses whose liquidity is affected by the COVID-19 crisis, the Government of Quebec is introducing a new emergency funding measure. This program, called the Concerted Temporary Action Program for Businesses, is part of Investissement Québec's ESSOR program and is designed to support industries of all types. This financial assistance will support businesses with their cash-flow issues through loans and loan guarantees of at least \$50,000 under advantageous conditions. Eligible businesses must demonstrate that:
 - Their liquidity shortage stems from a problem directly connected to the COVID-19 crisis (such as a problem involving the supply of raw materials, products or services, or an inability or a substantially decreased ability to deliver goods, products or services); and

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- Their financial structure offers realistic prospects for profitability post-crisis.

\$2.5B is now available to be invested by this program by the Quebec government.

ONTARIO – March 19, 2020

The Ontario government made the following new announcements:

- The province will temporarily suspend restrictions on retail establishments around the hours during which they are allowed to receive deliveries in order to ensure goods are being restocked in a timely manner. Effective immediately, retailers may accept deliveries 24hrs per day, 7 days per week.
- Ontario will temporarily suspend renewals on driver's licenses, vehicle plate stickers, and health cards.

ALBERTA - March 19, 2020

Support for business

- **Extended income tax payments**
 - The government of Alberta has announced today that it will defer the collection of corporate income tax balances and instalment payments that are due after today, until Aug. 31, 2020. The government estimates that this postponement will temporarily free up about \$1.5B in funds for Alberta businesses.

Support for individuals

- **Student loan repayment holiday**
 - Alberta student loan repayments will be paused for six months (interest free), beginning March 30, 2020. Students will not be required to apply for the repayment pause. Borrowers may continue making payments during this period if they choose, and this will not affect their eligibility to receive the benefit.
- **Utility payment holiday**
 - Residential customers can defer electricity and natural gas bill payments for the next 90 days without risk of service being cut off, regardless of the service provider.
- **Emergency isolation support**
 - \$50M is being provided for a temporary program for working adults who must self-isolate, including sole caregivers for a dependent who must self-isolate, and who will not have another source of compensation while they are self-isolated. The funds will be paid in a single instalment to bridge the gap until the federal emergency payments begin in April. More details will follow next week.
- **Support for vulnerable populations**
 - \$60M is being provided through charitable and non-profit groups to support seniors and other vulnerable populations disproportionately

affected by COVID-19. This is in addition to the \$3.9B for community and social services allocated in Budget 2020.

- **Support for healthcare**

- \$500M additional funds are being allocated this year to respond to the public health crisis.

PRINCE EDWARD ISLAND - March 18, 2020

New measures announced by the Province include:

- **Emergency working capital financing**

- This new Finance PEI program provides support for small businesses through a capital loan of up to \$100,000 with a fixed interest rate of 4% per annum.
- Repayment of the loan will commence 12 months after the first disbursement, with the balance outstanding to be repaid over the remaining five year period.
- Applications are available through Finance PEI.

- **Financing through Community Business Development Corporations**

- The provincial government is providing \$4.5M to Community Business Development Corporations across the province to deliver financing to small business and entrepreneurs.

- **Deferred loan payments**

- Scheduled loan payments for clients of Finance PEI, Island Investment Development Inc., and the PEI Century Fund may be deferred for the next three months.

- **Wage subsidy for workers**

- Workers who continue to work but experience a considerable reduction in their working hours will be eligible for a temporary allowance of \$200 per week.
- This measure is not applicable to self-employed individuals.

- **Emergency income relief**

- This program, administered by Innovation PEI, provides self-employed individuals with a maximum amount of \$500 per week for the period of March 16-29, 2020, if they experienced direct financial losses resulting from COVID-19 isolation measures.
- The program is open to all sectors, and an online application form is currently available.
- Applicants will be required to provide their HST number, most recent Notice of Assessment, and Form T2125, Statement of Business or Professional Activities.

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