

## COVID-19 RESOURCE CENTER

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### *Tax Measures Addressing COVID-19*

April 21, 2020

This is a general summary of the federal tax measures announced by the Government of Canada to provide support and relief to taxpayers affected by the COVID-19 pandemic.

#### **WAGE SUBSIDIES FOR CANADIAN EMPLOYERS**

##### **The 10% Temporary Wage Subsidy**

The Temporary Wage Subsidy is 10% of the remuneration paid by an eligible employer from March 18, 2020 to June 19, 2020, to a maximum of \$1,375 for each eligible employee and \$25,000 per employer. The Temporary Wage Subsidy is available to eligible employers (individuals, excluding trusts, certain partnerships, non-profit organizations, registered charities, or Canadian controlled private corporations eligible for the small business deduction) that have an existing business number and payroll account on March 18, 2020.

Eligible employers may reduce payroll remittances of federal, provincial, or territorial income tax required to be sent to the Canada Revenue Agency (“**CRA**”) by the amount of the subsidy. Businesses must continue remitting the CPP contributions and EI premiums deducted from employees, as well as the business’ share of CPP contributions and EI premiums.

For more information about the Temporary Wage Subsidy see: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html>.

##### **The 75% Canada Emergency Wage Subsidy**

Legislation to implement the new 75% Canada Emergency Wage Subsidy (“CEWS”) was enacted on April 11, 2020. The CEWS provides a 75% wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020 and will be administered by the CRA. In summary, this subsidy is available to eligible employers (individuals, taxable corporations, certain charities, certain not for profits and certain partnerships, but excluding public sector entities) for reimbursement of weekly wages paid in pay period between March 15 and June 6, 2020, to a maximum of \$847 per week per eligible employee and, generally, are limited to the greater of (i) 75% of the amount paid to the eligible employee during that week and (ii) 75% of the eligible employee’s average weekly pay from January 1 to March 15, 2020. The amount eligible to be claimed under CEWS will be reduced by any amount claimed under the Temporary Wage Subsidy and any amount received by an eligible employee under a work sharing benefit under the *Employment Insurance Act*.

To qualify for benefits under CEWS, the eligible employer must have lost at least 15% of its arm’s length monthly revenues in March or 30% of its monthly arm’s length revenues in April or May 2020, as compared to May, April or May 2019 (respectively) or to the average revenue over the months of January and February 2020. There are rules that allocate arm’s length revenues in a non-arm’s length group, such that employers that earn non- arm’s length revenues could potentially qualify for benefits under CEWS. After an eligible employer qualifies for benefits under CEWS for a particular period, it will be deemed to qualify for the next subsequent period.

A 100 % refund for certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan is also available. This refund would cover 100% employer-paid contributions for eligible employees for each week throughout which those employees are on leave with pay and for which the employer is eligible to claim for the CEWS for those employees.

Eligible employers will be able to apply for the CEWS through the CRA's *My Business Account* portal as well as a web-based application beginning on April 27, 2020.

Employers that do not qualify for the CEWS may qualify for the Temporary Wage Subsidy. For employers that are eligible for both, any benefit from the Temporary Wage Subsidy would reduce the amount under the CEWS.

For more information on the Canada Emergency Wage Subsidy see: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-how-apply.html>.

## **TAX FILING AND PAYMENT EXTENSIONS**

### **Individuals**

The personal tax filing deadline has been extended to June 1, 2020. Self-employed individuals and their spouses continue to have a June 15, 2020 filing deadline.

The tax payment deadline (including June 15, 2020 instalment payments) has been extended to September 1, 2020.

Tax based benefits such as GST Credits and the Child Tax Benefits available to individuals have been expanded. For more information see: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-benefits-credits-support-payments.html>.

### **Corporations**

The corporate tax filing deadline has been extended to June 1, 2020 for corporations that would otherwise have a filing deadline after March 18 and before June 1, 2020.

The tax payment deadline (including June 15, 2020 instalment payments) has been extended to September 1, 2020. This applies to balances and instalments under Part I of the *Income Tax Act* (Canada) due on or after March 18 and before September 1, 2020.

### **Trusts**

The filing date for trusts with a December 31, 2019 year end (including the associated T3 information return) has been extended to May 1, 2020. The filing date for trusts that would otherwise have a filing date in April or May, 2020 (including the associated T3 information return) has been extended to June 1, 2020.

The tax payment deadline for income tax balances and instalments due on or after March 18 and before September 1, 2020 has been extended to September 1, 2020.

### **Charities**

The tax filing and Form T3010 deadline for charities due between March 18 and December 31, 2020 has been extended to December 31, 2020.

## **GST/HST**

GST/HST remittances for the following have been deferred to June 30, 2020:

- Remittances amounts collected by monthly filers for the February, March and April, 2020 reporting periods;
- Remittance amounts collected by quarterly filers for the January 1, 2020 through March 31, 2020 reporting period; and
- Remittance amounts for annual filers whose GST/HST return or instalment are due in March, April or May, 2020 (for amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year).

For more information about GST/HST remittance deferrals see: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-gst-hst.html#toc3>.

## **Custom Duties and Sales Tax for Importers**

Payment deadlines for statements of accounts for March, April and May are deferred to June 30, 2020.

## **Part XIII Non Resident Tax**

The filing deadline for the 2019 NR4 Information Return has been extended to May 1, 2020. The tax payment deadline remains unchanged at the 15<sup>th</sup> of each month following an amount paid or credited by non-residents of Canada to non-resident persons.

## **Information Returns**

The filing deadline has been extended to May 1, 2020 for:

- 2019 T5013 Partnership Information Returns; and
- 2019 NR4 Statement of Amounts Paid or Credited to Non-Residents of Canada.

The filing deadline for other information returns has been extended to June 1, 2020.

## **Other**

For more information see: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html> and <https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html>.

## **ADMINISTRATIVE TAX MEASURES**

### **CRA Collections & Audits**

CRA collections activities on new debts is suspended until further notice. CRA collections staff will address pre-existing situations on a case-by-case basis to prevent financial hardship.

The CRA has advised that it will generally not contact taxpayers to initiate any post assessment income tax or

GST/HST audits before mid-April. The Charities Directorate has suspended all operations until further notice.

## **Objections and Appeals**

The CRA has extended the filing deadline for objections that are due on or after March 18, 2020 to June 30, 2020.



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