

August 27, 2020 – Updates on Government Relief Initiatives

Further Deadline Extensions and Interest Relief

The payment due date for current year individual, corporate, and trust income tax returns, including instalment payments, has been further extended to September 30, 2020. There will be no late filing penalty provided the return is filed and the balance is paid by September 30, 2020.

Interest on existing tax debts related to individual, corporate, and trust income tax returns will be waived from April 1, 2020, to September 30, 2020. For GST/HST accounts, interest will be waived for the period April 1, 2020 to June 30, 2020. There is no relief or deferrals available on payroll accounts.

CEWS – Update

The CRA has released their new subsidy calculation worksheet. Two versions of the calculation spreadsheet are available here, one for claim periods 1 to 4, and another version is for periods 5 and 6:

<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-calculate-subsidy-amount.html>

CERB – Transition to EI program

Individuals who received CERB through CRA will be required to apply for EI through the usual EI online application process on or after September 26, 2020. Individuals who received CERB through Service Canada, and whose regular reports indicate a continued need for financial assistance, will automatically be transitioned to EI once their full CERB entitlement has been reached. More information will be provided as it becomes available.

New Benefit Programs

For a one-year period commencing September 27, 2020, three new taxable benefits will be implemented to extend benefits to individuals who would otherwise be ineligible for EI under the existing rules. Applications will be required and administered by the CRA. The CRA will be providing more details in the coming weeks, and new legislation will also be introduced by the Government. There are detailed requirements to qualify, the following is a summary of the new programs:

Canada Recovery Benefit:

- Primarily for self-employed individuals
- \$400 per week for up to 26 weeks
- Either ceased working or has had their income reduced due to COVID-19
- Must be available and looking for work
- Benefit is clawed back at 50% of every dollar above \$38,000 of net income. Net income includes all forms of income including CERB, CESB, and investment income, but excludes the Canada Recovery Benefit itself

Canada Recovery Sickness Benefit:

- Available to individuals who are ill or must self-isolate due to COVID-19
- \$500 per week for up to 2 weeks
- Eligibility will be similar to CERB, including the requirement for \$5,000 of earned income in 2019 (or the twelve months prior to the claim)

Canada Recovery Caregiving Benefit:

- Available to workers who are unable to work because they must care for a child under the age of 12, dependent, or family member because schools, daycares or care facilities are closed or operates under an alternative schedule due to COVID-19
- \$500 per week for up to 26 weeks *per household*
- Eligibility will be similar to CERB, including the requirement for \$5,000 of earned income in 2019 (or the twelve months prior to claim)
- Will not be available where the schools or care facilities have reopened, unless medical advice indicates that the person would be at high risk (e.g. immunocompromised)

10% Temporary Wage Subsidy Self-Identification Form

CRA has updated “My Business Account” to allow the reporting of the 10% wage subsidy claim and related election. As an alternative to an online form, a PD27 Form can be completed. They will use this information to reconcile the subsidy on the payroll program account. This will ensure that the employer does not receive a discrepancy notice when filing the 2020 T4 information return and slips. Do not complete and submit this form if you are not an eligible employer.

Further Information to the One-time Payment to Persons with Disabilities

Eligible persons will automatically receive this payment in the Fall, no application is necessary.

Eligible persons are persons who have:

- Disability Tax Credit certificate provided by the CRA. (Canadians with disabilities who are eligible for the Disability Tax Credit but have not yet applied must apply by September 25, 2020 to be considered for the one-time payment),
- Canada Pension Plan disability benefit or Quebec Pension Plan disability benefit, or
- Disability supports provided by Veterans Affairs Canada

CEBA - Clarification of Non-Deferrable Eligible Expenditures

The applicant's total incurred and projected Eligible Non-Deferrable Expenses are measured as they stood on March 1, 2020. The amounts to be included are those actually paid in January and February 2020, as well as those for which a legal or contractual obligation existed on March 1, 2020. For periodic or indefinite contracts that renew or continue with the passage of time absent intervention by the parties, such as a monthly phone contract, assume that the contract continues on the same terms beyond March 1.

For example, assume your business signed an insurance policy on February 1, 2020. As at March 1, the business had paid the monthly insurance expense for February and a contractual obligation then existed providing for payments of the expense for the subsequent months of 2020. All 11 monthly insurance payments would be included in the total Eligible Non-Deferrable Expenses.

The Government has also updated their FAQ to provide descriptions of the various expense categories here: <https://ceba-cuec.ca/>

A reminder that wages must be paid to independent third parties (i.e. arm's length), dividends are not considered an eligible non-deferrable expense.

CECRA - Extended to include August 2020

The Government had announced that the Canada Emergency Commercial Rent Assistance (CECRA) will be extended by one month to help eligible businesses pay rent for August.

Only those tenants already approved in the April, May and June application can be included in the July and August opt-in process. If your landlord is just starting the process, they can apply for all 5 months at once. If there was an existing application, it is not necessary for all tenants in the original application to be included in the application for July and August.