



COVID-19 PANDEMIC

Federal and Provincial Government Supports to Businesses and Individuals

March 27, 2020

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EMPLOYERS

Federal Government Provisions

The federal government's COVID-19 Economic Response Plan has committed \$107 billion in support to Canadian families and businesses. For more information on Canada's COVID-19 website, [here](#). New Initiatives included the following:

1. Temporary Wage Subsidy for Employers

- A 75 % wage subsidy for qualifying businesses, for up to 3 months, retroactive to March 15, 2020. This will help businesses to keep and return workers to the payroll.
- More details on eligibility criteria will start with the impact of COVID-19 on sales and will be shared before the end of the month.

2. Deferred GST/HST Payments

- Allow businesses, including self-employed individuals, to defer all Goods and Services Tax/Harmonized Sales Tax (GST/HST) payments until June, as well as customs duties owed for imports.
- This measure is the equivalent of providing up to \$30 billion in interest-free loans to Canadian businesses. It will help businesses so they can continue to pay their employees and their bills and help ease cash-flow challenges across the country.
- The deferral to June of GST/HST payments, as well as customs duties owing on imports, will generally apply to remittances that become due in March, April, and May. These amounts would normally have been due to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of March. This measure will take effect immediately, through existing authorities.

3. Canada Emergency Business Account

- This program will provide up to \$25 billion to eligible financial institutions so they can provide interest-free loans to small businesses. These loans – guaranteed and funded by the Government of Canada – will ensure that small businesses have access to the capital they need, at a zero per cent interest rate, so they can pay for rent and other important costs over the next number of months.
- Eligible financial institutions will be able to provide interest-free loans in the form of lines of credit of up to \$40,000 to businesses with payrolls of less than \$1 million. A quarter of this loan (up to \$10,000) is eligible for complete forgiveness.



4. Small and Medium-sized Enterprise Loan and Guarantee Program

- This program that will enable up to \$40 billion in lending, supported through Export Development Canada and Business Development Bank, for guaranteed loans when small businesses go to their financial institutions to help weather the impacts of COVID-19. This is intended for small and medium-sized companies that require greater help to meet their operational cash flow requirements.
- The new Small and Medium-sized Enterprise Loan and Guarantee program will operate as follows:
 - Export Development Canada will provide guarantees to financial institutions so that they can issue new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized businesses. These loans will be 80 per cent guaranteed by Export Development Canada, to be repaid within one year.
 - Small and medium-sized businesses can also get support through a new Co-Lending Program that will bring the Business Development Bank of Canada together with financial institutions to co-lend term loans to these businesses for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts of up to \$6.25 million through the program, which will be risk-shared at 80 per cent between the Business Development Bank of Canada and the financial institutions. Eligible financial institutions will conduct the underwriting and funding directly for customers.

Previously Announced Initiatives

5. Extension of the Work-Sharing Program

- The maximum duration of the Work-Sharing program was extended from 38 weeks to 76 weeks. The [Work-Sharing program](#) is offered to workers who agree to reduce their normal working hours because of developments beyond the control of their employers.

6. Business Credit Availability Program

- The *Business Credit Availability Program* (BCAP), targeted at small and medium-sized businesses, through the Business Development Bank of Canada and Export Development Canada. It will provide more than \$10 billion in support, with the goal to provide credit solutions for individual businesses in sectors such as oil and gas, air transportation, and tourism. More information can be found [here](#).

7. Office of the Superintendent of Financial Institutions

- Office of the Superintendent of Financial Institutions (OSFI) announced in a [press release](#) , that it has taken a number of actions to build resilience of federally regulated financial institutions including:



- lowering the Domestic Stability Buffer by 1.25% of Risk Weighted Assets;
- suspending consultation on the minimum qualifying rate for uninsured mortgages; and
- reviewing its supervisory and regulatory priorities to align with current conditions.

8. Bank of Canada

- The Bank of Canada announced the following interventions:
 - Providing liquidity on a daily basis to participating financial institutions in the payments systems operated by Payments Canada under its Standing Liquidity Facility (SLF). Loans made by the Bank of Canada must be fully collateralized.
 - Allowing Large Value Transfer System (LVTS) participants to assign 100 per cent of their non-mortgage loan portfolio (NMLP) as pledged collateral for the SLF, giving institutions greater flexibility in managing their collateral.
 - LVTS participants who do not use their NMLP will be able to hold up to 100% of their pledged collateral for the SLF in securities that are currently subject to concentration limits. *For more information, see the Bank of Canada's [Market Notice of March 18, 2020](#).*

9. Helping Businesses Keep Their Workers Wage Subsidy

- Through the CRA, eligible small employers including small businesses, non-profits, and charities will be provided with a temporary wage subsidy for a period of three months. This program is designed to support businesses that are facing revenue losses and to help prevent lay-offs.
- The wage subsidy proposed will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.
- Businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration. More information available on the March 18, 2020 [press release](#).

10. Flexibility for Business Tax Filings

- Businesses can defer the payment of any income tax that becomes owing between March 18, 2020, and August 31, 2020, until after August 31, 2020. Interest and penalties will not be applicable to these unpaid tax balances during this period. This measure will apply to both monthly instalments and year-end tax balances due under Part I of the *Income Tax Act*.
 - The Canada Revenue Agency (CRA) will temporarily suspend audit interactions with taxpayers and their representatives. The CRA will also refrain from initiating any post-assessment GST/HST or income tax audits with small or medium businesses for the next four weeks. *More information available in the Department of Finance's [press release](#).*
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Alberta Government Provisions

More information on Provincial Supports for Employers can be found on the Alberta Government [website](#). Provisions include the following:

1. Corporate Income Tax Changes

- Corporate income tax balances and instalment payments would be deferred from March 18 until August 31, 2020. This measure will allow employers to increase their access to cash so they can pay employees, address debts, and continue operations.
- Although penalties and interest are waived for this period of time, businesses must continue to file their Alberta corporate tax returns as required. Also, the deferral does not apply in respect of tax balances or installment payments made prior to March 18, 2020.

2. Education property tax deferral

- Education property tax rates will be frozen at last year's level – reversing the 3.4% population and inflation increase added in Budget 2020.
- Collection of non-residential education property tax for businesses will be deferred for 6 months. Deferred amounts will be repaid in future tax years.
- Municipalities are expected to set education property tax rates as they normally would, but defer collection.
- Commercial landlords are encouraged to pass savings on to their tenants through reduced or deferred payments to help employers pay their employees and stay in business.
- Businesses capable of paying their taxes in full are encouraged to do so. This will assist the province in supporting Albertans through the pandemic.

3. WCB Premium Payment Deferral

- Small, medium and large private sector employers can defer WCB premium payments until 2021.
- For small and medium businesses, the government will cover 50% of the 2020 premium when it is due in 2021 – saving businesses \$350 million.
- Large employers will have their 2020 WCB premium payments deferred until 2021, at which time their premiums will be due.
- Employers who have already paid WCB premiums in 2020 are eligible for a rebate or credit.

4. Utility Payment Deferral

- Residential, farm and small commercial customers can defer electricity and natural gas bill payments for the next 90 days to ensure no one will be cut off, regardless of the service provider. Call your utility provider directly to arrange for a 90-day deferral on all payments.



5. Banks and credit unions

Credit unions

Business members should contact their credit union directly to work out a plan for their personal situation.

ATB Financial Small business customers can:

- apply for a payment deferral on loans and lines of credit for up to 6 months
 - access additional working capital
 - Other businesses and agriculture customers can access support on a one-on-one basis. Further solutions are being considered.
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EMPLOYEES, INDIVIDUALS AND FAMILIES

Federal Government Provisions

1. Canada Emergency Response Benefit (CERB)

- A taxable benefit of \$2,000 a month for up to 4 months to:
 - Workers who must stop working due to COVID19 and do not have access to paid leave or other income support.
 - Workers who are sick, quarantined, or taking care of someone who is sick with COVID-19.
 - Working parents who must stay home without pay to care for children that are sick or need additional care because of school and daycare closures.
 - Workers who still have their employment but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work.
 - Wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.
- The Canada Emergency Response Benefit will be accessible through a secure web portal starting in early April. Applicants will also be able to apply via an automated telephone line or via a toll-free number.

2. Employment Insurance Benefit

- As announced on March 18, 2020, the federal government's COVID-19 Response Plan contains specific measures to provide income support to workers **without** paid sick leave and parents who are forced to stay home to supervise children. These measures will likely become available in early April.
- For workers who qualify for Employment Insurance (EI), the government will waive the one-week waiting period and the requirement that the applicant provide a medical certificate to claim EI sickness benefits.
- To apply for EI Benefits:
 - Employees must have a minimum of 600 insurable hours.
 - Employers must issue a Record of Employment (ROE), although employees are able to begin application prior to a ROE being issued.
- The benefit period is up to 15 weeks, with 55% of weekly earnings up to a maximum of \$573 per week. The one-week waiting period for Employment Insurance benefits has been waived by the federal government.



3. Increasing the Canada Child Benefit

- An extra \$300 per child through the Canada Child Benefit (CCB) will be provided for 2019-20. This will mean approximately \$550 more for the average family. This benefit will be delivered as part of the scheduled CCB payment in May.

4. Special Goods and Services Tax credit payment

- A one-time special payment will be provided by early May through the Goods and Services Tax credit for low- and modest-income families.
- The average additional benefit will be close to \$400 for single individuals and close to \$600 for couples.
- There is no need to apply for this payment. Those who are eligible will get it automatically.

5. Extra time to file income tax returns

- The filing due date is being deferred until June 1, 2020 for the 2019 tax returns of individuals (other than trusts).
- Any new income tax balances due, or instalments, will also be deferred until after August 31, 2020 without incurring interest or penalties.
- *Those that receive benefits under the Goods and Services Tax credit or the Canada Child Benefit, are encouraged to **not** delay their 2019 return filing to ensure that their entitlements are properly determined.*

6. Mortgage support

- Canadian banks have committed to work with their customers on a case-by-case basis to find solutions to help them manage hardships caused by COVID-19. Canadians who are impacted by COVID-19 and experiencing financial hardship as a result should contact their financial institution regarding flexibility for a mortgage deferral. This allows flexibility to be available – when needed – to those who need it the most.
- The *Canada Mortgage and Housing Corporation* and other mortgage insurers offer tools to lenders that can assist homeowners who may be experiencing financial difficulty. These include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.
- Canada's mortgage insurers are committed to providing homeowners with solutions to mitigate temporary financial hardship related to COVID-19. This includes permitting lenders to defer up to six monthly mortgage payments (interest and principal) for impacted borrowers. Deferred payments are added to the outstanding principal balance and subsequently repaid throughout the life of the mortgage.



7. Support for seniors

- The required minimum withdrawals from Registered Retirement Income Funds (RRIFs) are being reduced by 25% for 2020.

8. A new Indigenous Community Support Fund

- \$305 million will be provided for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.

9. Enhancing the Reaching Home initiative

- People experiencing homelessness during the COVID-19 outbreak will be supported by provision of \$157.5 million to the Reaching Home initiative.
- The funding can be used for a range of needs such as purchasing beds and physical barriers for social distancing and securing accommodation to reduce overcrowding in shelters.

10. Support for women's shelters and sexual assault centres

- Women and children fleeing violence will be supported through provision of up to \$50 million for women's shelters and sexual assault centres to help with their capacity to manage or prevent an outbreak in their facilities.

11. Support for students and recent graduates

- Effective March 30, a six-month interest-free moratorium is being placed on the repayment of Canada Student Loans for all student loan borrowers. No payment will be required and interest will not accrue during this time.
 - Students **do not** need to apply for the repayment pause.
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Alberta Government Provisions

The provincial government has announced several emergency support initiatives, outlined below.

1. Emergency Isolation Support

- Albertans will receive \$1,146 for those needing to self-isolate (\$573 a week).
- EISP will be distributed in **one** payment installment and will *bridge the gap* until federal emergency payments begin in April.
- The Government of Alberta expects EISP is available through a simple online application on alberta.ca, and funds will be deposited by e-transfer to the accounts of eligible recipients within 24-48 hours.
- Eligible applicants are those who have experienced total or significant loss of income and are not receiving compensation from any other source because they:
 - have been diagnosed with COVID-19
 - have been directed by health authorities to self-isolate
 - are the sole caregiver of a dependent who is in self-isolation
- You are **not** eligible for this program if you:
 - were not working immediately before you were advised to self-isolate
 - can work from home
 - are not experiencing a significant loss of income as a result of self-isolation
 - are currently collecting other forms of income support or employer benefits while self-isolated, such as workplace sick leave benefits and federal employment insurance (EI) benefits
 - are staying home to care for a dependent who is home for a reason other than self-isolation
 - reside outside of Alberta.

2. Job-Protected Leave

- The Government of Alberta announced amendments to the *Employment Standards Code* to allow full- and part-time employees to take 14 days of job-protected leave.
- To be eligible, the claimant employee:
 - must either be required to self-isolate or caring for a child or dependent adult who is required to self-isolate;
 - does **not** require a medical note; and
 - does **not** need to have worked for an employer for 90 days.
- This measure covers the 14-day self-isolation period recommended by Alberta's chief medical officer. This leave may be extended by the Albert's chief medical officer.
For more information, see the Government of Alberta's [COVID-19 Support for Employers and Employees](#).

3. Vacation pay, leave or banked overtime

Employers and employees may consider using other available leaves should an employee be required to self-isolate.



- Employees can request using their vacation pay or banked overtime, but employers are not required to grant the request.
- Provincial employment rules only require employers to provide vacation pay, vacation leave or pay banked overtime within a year of it being earned.
- Employers can request employees voluntarily take vacation leave and/or use their vacation pay or banked overtime but cannot force them to do so under provincial employment rules.

4. Utility Payment Deferral

- Residential, farm and small commercial customers can defer electricity and natural gas bill payments for the next 90 days to ensure no one will be cut off, regardless of the service provider. Call your utility provider directly to arrange for a 90-day deferral on all payments.