

March 27, 2020

Dear Valued Client:

COVID-19 Update

These are momentous and unprecedented times for everyone, as it relates to us personally and for our families, and for the many business that keep our economy thriving.

We are forwarding the following information to you to assist you with those critical decisions of today and those that are ahead.

The Federal and Provincial Governments have announced several programs over the past week to help assist businesses and individuals during these difficult economic times. We want to provide you with some information to ensure you are aware of programs that are available.

Here is a list of resources available to you:

Canada Revenue Agency (CRA)

The CRA has deferred the filing of individual income tax returns until June 1, 2020. The deadline to pay any balance due has been extended from April 30, 2020 to September 1, 2020. The CRA is still encouraging individuals to file their returns as early as possible before June 1, 2020 deadline to ensure any benefits to be paid are not delayed.

For businesses, the deadline to pay any income tax amounts that become owing or due after March 18, 2020 and before September 1, 2020 has been extended to September 1, 2020. This means you will not be assessed any penalties or interest if your balance due is paid by September 1, 2020. Businesses with a corporate tax filing deadline of March 31, 2020 and April 30, 2020 have been extended to June 1, 2020, all other corporate tax filing deadlines remain unchanged.

The government announced that HST payments for balances owing have been deferred until June 30th. Further details surrounding the March 27th announcement can be found [here](#).

As **penalties and interest** may be imposed if the **payments are received after their due date**, it important that you make the payments sufficiently in advance so that they are received by CRA by the due date. Please note that CRA is currently not accepting payments at their Charlottetown tax services offices so cheques can be mailed to CRA in [Sudbury, Ontario](#), which will cause a delay in CRA receiving them. There are various other options to make payments to CRA, which can be found [here](#).

The CRA has outlined a number of new measures that were announced this week additional information can be found on the CRA website - [COVID-19 Update](#).

Temporary Wage Subsidy for Employers

The Federal Government announced a temporary wage subsidy for employers for a period of three months.

In order to be eligible, the employer must meet three criteria:

1. employ one or more individuals in Canada;
2. was registered, with a business number and a payroll remittance account, on March 18, 2020; and
3. be any of the following
 - a. Canadian-controlled private corporation (CCPCs), based on eligibility for the small business deduction;
 - b. an individual (other than a trust);
 - c. a partnership;
 - d. a non-profit organization;
 - e. a registered charity.

Within the attached documents, the Economic Response Benefit document reflects the expansion of the Temporary Wage Subsidy that arose subsequent to FAQ document being developed.

For additional information on this temporary program and answers to any questions you may have, please review the CRA website - [FAQs - Temporary Wage Subsidy program](#)

Department of Finance

The Federal Government through the Department of Finance have several resources available through their economic response plan for both individuals and businesses.

Support for Individuals

- Support for individuals and families
- Support for people facing unemployment
- Support for people who are sick, quarantined, or in directed self-isolation
- Support for people who are unable to work
- Support for people who need it most
- Support for seniors
- Support for students and recent graduates

Support for businesses

- Avoiding layoffs
- Access to credit
- Support for farmers
- Supporting financial stability
- More flexibility

For additional information on the support programs available through the Department of Finance – visit [Economic Response Plan](#)

Province of Prince Edward Island

The Provincial Government has put in place a number of significant measures to help keep Islanders safe from COVID-19. For additional information on these measures visit the Government's dedicated [COVID-19](#) webpage.

The government has also announced support programs through the emergency relief fund. This fund has been created to assist self-employed individuals, employees and businesses through these difficult economic times. For additional information on the available programs through the emergency relief fund please visit the [COVID-19 for business](#) webpage.

AC Group

The AC Group is an alliance of independent CPA firms located throughout Atlantic Canada. During these difficult economic times, the partners and staff of Arsenault Best Cameron Ellis and other AC Group firms within Atlantic Canada are here to assist you in any way we can. We will continue to update our [AC Group - COVID-19](#) webpage as information becomes available to inform and assist you.

Please contact your partner for more information or questions.

Stay safe!

Arsenault Best Cameron Ellis

April 4, 2020

Dear Valued Client:

COVID-19 Update – additional information

Further to our update provided last week, we wanted to provide additional information to our clients on announcements made by Federal and Provincial governments this week.

The Canada Emergency Wage Subsidy

The Federal government announced additional details to their 75% wage subsidy program. Their hope is that employers will be able to keep and rehire employees to their payroll through this pandemic. The subsidy will be available to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

Some of the key aspects of this program are as follows:

- the 75% subsidy will be available to individuals, partnerships, non-publicly funded companies, charities, and not-for-profits;
- the maximum amount per employee is \$847 per week based on eligible remuneration, subject to certain restrictions based on pre-crisis weekly remuneration;
- entities must have a 30% decline in revenue from arm's length sources since this time last year. This is determined by comparing revenues to the same month last year for March, April or May. Employers must reapply each month;
- application may be made online on ***My Business Account*** or through a CRA portal to be launched soon;
- any benefit from the 10% wage subsidy program will reduce the amount of the benefit to be paid under the Canada Emergency Wage Subsidy;
- an employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit;
- funds will be available in approximately 6 weeks;
- stiff and severe penalties for those that take advantage of the system.

For additional information on this subsidy please visit the Department of Finance website [here](#).

Business Adaptation Advice Program

The Province of PEI announced funding for organizations in respect of a non-repayable contribution toward the cost to hire a professional to provide advice and support to adapt to or recover from the impacts of COVID-19.

The government outlined the assistance eligible for this funding to be as follows:

- obtain business, human resources and financial planning and advice
- obtain advice on transitioning to digital or IT solutions

- obtain advice on exporting, marketing, and logistics
- obtain other professional services which may be of assistance in adapting or recovering from the impacts of COVID-19 determined in consultation with Innovation PEI

For additional information on this program please visit the Province's website [here](#).

For the most up-to-date information on all programs available from the Province of PEI be sure to visit their [COVID-19 for business](#) or [COVID-19 for workers](#) websites.

PEI Commercial Lease Rent Deferral Program

In response to COVID-19, the Province of PEI has introduced a Commercial Lease Rent Deferral Program to assist landlords where they are deferring rent from commercial tenants.

For additional information on this program please visit the Province's website [here](#).

To be eligible for the COVID-19 Small Business Rental Deferral Guarantee Program, landlords must register with Finance PEI by April 15, 2020 by emailing financepei@gov.pe.ca.

There is a rental deferral agreement that must be in place between the landlord and tenant by April 15th.

AC Group

The AC Group is an alliance of independent CPA firms located throughout Atlantic Canada. During these difficult economic times, the partners and staff of Arsenault Best Cameron Ellis and other AC Group firms within Atlantic Canada are here to assist you in any way we can. We will continue to update our [AC Group - COVID-19](#) webpage as information becomes available to inform and assist you.

Attached to this email is an update prepared by the AC Group to outline additional information on programs available to you.

Additional resources

Here are some additional resources available to you to help assist with your decision making. Please click on the link for additional information

- [New Loan Programs for Businesses](#)
- [75% Canada Emergency Wage Subsidy \(Video Tax News video\)](#)
- [10% Wage Subsidy - Employers](#)
- [GST/HST Deferral FAQ from CRA](#)
- [CPA Canada - Business continuity in a crisis](#)
- [RRIF Minimum Withdrawal - Individuals](#)
- [Filing and Payment Due Dates Extension](#)

Please contact your partner for more information or questions.

Stay safe!

Arsenault Best Cameron Ellis



Of Independent Accounting Firms Limited

Updated April 1st: On March 25th Canada enacted Bill C-13 **An Act respecting certain measures in response to COVID-19**. This Bill confirmed many measures previously announced by the Government in the March 18th COVID-19 Economic Response Plan. Below is summary of the key items, their eligibility, and application process.

Emergency Response Benefit (ERB)

The Emergency Response Benefit legislation combines the previously announced “**Emergency Care Benefit**” and the “**Emergency Support Benefits**” as previously described in the COVID-19 Economic Response Plan (ERP). While continuing to focus on those not eligible for traditional employment insurance (EI) the actual legislation now provides coverage to a broader group of people than originally announced.

Eligibility

Previously the ERP described that the payments would support those **who are infected, in isolation, are caring for a family member who is sick, or are required to care for children due to school closures** but are not eligible for EI sickness benefits, a March 25, 2020 Department of Finance update notes that it is **also now available for**: 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**; and wage earners and self-employed individuals, including contract workers, who are not eligible for conventional EI benefits.

The legislation requires the applicant to be an “**eligible worker**”, which means that they must be:

- at least **15 years** of age;
- **resident in Canada**; and
- for 2019 or in the 12-month period preceding the day on which they make an application had a **total income** of at least **\$5,000** from
 - employment;
 - self-employment;
 - certain EI benefits (maternity and parental benefits); and
 - allowances, money or other benefits paid to the person under a provincial plan because of pregnancy or in respect of the care by the person of one or more of their new-born children or one or more children placed with them for the purpose of adoption.

The worker, whether employed or self-employed, must **cease to work for reasons related to COVID-19 for at least 14 consecutive days** within the four-week period in respect of which they apply for the payment. For the period of cessation of work, the applicant **cannot receive income** from the **sources listed above**, and cannot receive **any other EI benefits**. Further, **workers that quit** voluntarily are **not eligible**.

Benefits

Applicants will receive \$500 a week for a maximum of 16 weeks. This is paid every 4 weeks. These payments are **not**

subject to law relating to **bankruptcy** or **insolvency** and are not **garnishable**.

Application process

A worker may apply for an income support payment for any four-week period falling within the period beginning on **March 15, 2020 and ending on October 3, 2020** (payments are made every four weeks). Canadians would begin to receive their payments **within 3-5 days of application, if registered for direct deposit**. Applicants can begin applying the week of April 6th through their CRA My Account. The specific application date depends on the applicant's birth month, please see below:

If you were born in the month of	Apply for CERB on	Your best day to apply
January, February, or March	Mondays	April 6
April, May, or June	Tuesdays	April 7
July, August, or September	Wednesdays	April 8
October, November, or December	Thursdays	April 9
Any month	Fridays, Saturdays, and Sundays	

If you have already applied for EI benefits **after March 15th** there is no need to reapply for this benefit, your application for EI will automatically transfer to this benefit. If you applied for EI benefits before March 15th you will continue to receive your EI benefits. If those end prior to October 3rd you will then be able to apply for the Emergency Benefit, as long as your reason for continued unemployment is COVID-19.

Canada Emergency Wage Subsidy

Eligibility

Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May, when compared to the same month in 2019, would be able to access the subsidy. Eligible employers would include employers of all sizes and across all sectors of the economy, with the exception of public sector entities.

Benefits

The Government will cover up to 75% of an employee's salary on the first \$58,700 that they earn. That means up to \$847 a week per employee. Businesses **will not be required** to pay the 25% above the 75% that the government will be subsidizing, although an eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees. All employers would be expected to at least make **best efforts** to top up salaries to 100% of the maximum wages covered.

Application process

Eligible employers will be able to apply for this through the CRA online portal. Further details on this will be released shortly. Funds will be available by early May. The business will need to confirm that they have suffered at least a 30% reduction in gross revenues due to COVID-19.

Other notes

Those organizations that do not qualify for the Canada Emergency Wage Subsidy **may continue to qualify for the previously announced wage subsidy of 10%** of remuneration paid from March 18 to before June 20, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.

Additional One-Time GST Credit

Eligibility

Any individual eligible for the **quarterly GSTC based on** their **2018** personal income tax filings will be eligible for an **additional payment in May, 2020**. Some others may be entitled to a one-time payment, even if their income is too high to receive quarterly payments.

Benefits

As is the case with the regular GSTC, the one-time payment will **depend on family composition** (whether the recipient is married or single; number of children in the household):

- \$290, for a single individual with 2018 net income below \$9,413;
- \$443, for a single individual with 2018 net income exceeding \$24,712. For single individuals with income between \$9,413 to \$24,712, the one-time HST credit is increased from \$290 by 1 cent on each dollar of 2018 income earned;
- \$580, for a couple (including common-law partner); and
- Extra \$153 for each child under the age of 19 and residing with the individual.

Application process

Like the quarterly GSTC, this benefit is managed under the income tax system. **No special application** is required as the payment will be calculated by CRA based on **income tax returns filed for 2018**.

Other notes

Families not presently receiving the GSTC may wish to **confirm** that **CRA** has a **record of all minor children** in their custody to ensure the calculations reflect these individuals. Taxpayers registered with CRA's MyAccount service can view the children CRA shows under their custody online. The legislation provides that this shall be paid in May, 2020, or such earlier month as may be designated by the Finance Minister, so it is possible that these payments will be released in April, 2020.

Additional Canada Child Benefit Amount

Eligibility

All families eligible for **monthly CCB benefits** based on their 2018 personal income tax returns will receive an **extra benefit** as part of their **May, 2020** benefit payment. Some other families with children under age 18 who do not receive monthly benefits will be eligible for a one-time benefit in May.

Benefits

For families receiving monthly benefits, the **May benefit** will be **enhanced by \$300 per child** under age 18. Families receiving no monthly benefits **may receive a portion** of this enhancement, depending on their income levels.

Application process

Like the monthly CCB, this benefit is managed under the income tax system. **No special application** is required as it will be **based on income tax returns filed for 2018**.

Other notes

Individuals or families with children under age 18 who are not presently receiving the CCB may want to **confirm** that **all the children** in their custody are **reflected on CRA's records**, to ensure the appropriate payment is computed. Taxpayers registered with CRA's MyAccount service can view the children CRA shows under their custody online.

25% reduction in RRIF Minimum Amount for 2020

In recognition of the substantial recent value declines in the investment markets, the **minimum withdrawal** from a RRIF or a money purchase pension plan **for 2020** will be **reduced by 25%**. No similar reduction is available for defined benefit individual pension plans.

Other – not in the Bill: Income Tax Filing and Tax Payment Extensions

	Tax Filing Deadlines			Payment Deadlines		
	Initial	New Federal	New Quebec	Initial	New Federal	New Quebec
Individuals	April 30, 2020	June 1, 2020	June 1, 2020	April 30, 2020	September 1, 2020	September 1, 2020
Self-employed individuals and their spouse	June 15, 2020	June 15, 2020	June 15, 2020	April 30, 2020	September 1, 2020	September 1, 2020
Trusts*	March 30, 2020	May 1, 2020	May 1, 2020	March 30, 2020	September 1, 2020	September 1, 2020
Partnerships*	March 31, 2020	Extended to May 1, 2020	Extended to May 1, 2020	Not applicable	Not applicable	Not applicable
Corporations	6 months after the taxation year-end	The later of June 1 and 6 months after the taxation year-end	Not addressed: Remains 6 months after the taxation year-end	2 months after the taxation year-end**	September 1, 2020	September 1, 2020

* For Quebec, it states that the tax filing deadline extension does not apply to specified investment flow-through entities. The federal government has not specified this.

** For Canadian Control Private Corporations, the deadline is 3 months after the taxation year-end for specific corporations that claim the small business deduction.



The AC Group

Of Independent Accounting Firms Limited

Frequently Asked Questions – Temporary Wage Subsidy for Employers

1. What is the Temporary Wage Subsidy for Employers?

The Temporary Wage Subsidy for Employers is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA).

2. Which employers are eligible?

You are an eligible employer if you:

- are a non-profit organization, registered charity, or a Canadian-controlled private corporation (CCPC);
- have an existing business number and payroll program account with the CRA on March 18, 2020; and
- pay salary, wages, bonuses, or other remuneration to an employee.

Note: CCPCs are only eligible for the subsidy if their taxable capital employed in Canada for the preceding taxation year, calculated on an associated group basis, is less than \$15 million.

The Temporary Wage Subsidy for Employers is limited to the eligible employers listed above.

3. How much is the subsidy?

The subsidy is equal to 10% of the remuneration you pay between March 18, 2020, and June 20, 2020, up to \$1,375 per employee and to a maximum of \$25,000 total per employer.

Associated CCPCs will not be required to share the maximum subsidy of \$25,000 per employer.

For example, if you have 5 employees, the maximum subsidy you can receive is \$6,875 ($\$1,375 \times 5$ employees), even though the per employer maximum is \$25,000.

4. How do I calculate the subsidy?

The subsidy must be calculated manually.

For example, if you have 5 employees earning monthly salaries of \$4,100 for a total monthly payroll of \$20,500, the subsidy would be 10% of \$20,500, or \$2,050.

5. How will I receive the subsidy?

Once you have calculated your subsidy, you can reduce your current remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy.

Important: You cannot reduce your remittance of Canada Pension Plan contributions or Employment Insurance premiums.

For example, if you calculated a subsidy of \$2,050, you would reduce your current remittance of federal, provincial, or territorial income tax by \$2,050. You could continue reducing future income tax remittances, up to the maximum of \$25,000, for all remuneration paid before June 20, 2020.

6. When can I start reducing remittances?

You can start reducing remittances of federal, provincial, or territorial income tax in the first remittance period that includes remuneration paid between March 18, 2020, and June 20, 2020.

For example, if you are a regular remitter, you can reduce your remittance that is due to the CRA on April 15, 2020.

7. What if subsidies exceed the remittances?

If the income taxes you deduct are not sufficient to offset the value of the subsidy in a specific period, you can reduce future remittances to benefit from the subsidy. This includes reducing remittances that may fall outside of the application period for the wage subsidy (after June 20, 2020).

For example: If you calculated a subsidy of \$2,050 on remuneration paid between March 18, 2020, and June 20, 2020, but only deducted \$1,050 of federal, provincial, or territorial income tax from your employees, you can reduce a future income tax remittance by \$1,000, even if that remittance is in respect to remuneration paid after June 20, 2020.

8. Will the subsidy affect deductions from my employees?

No. You will continue deducting income tax, Canada Pension Plan contributions, and Employment Insurance premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do. The subsidy is only calculated when you remit these amounts to the CRA.

9. What if I don't reduce remittances during the year?

If you are an eligible employer, but choose not to reduce your payroll remittances during the year, calculate the temporary wage subsidy on remuneration paid between March 18, 2020, and June 20, 2020. You can then ask for the subsidy to be paid to you at the end of the year, or transferred to the next year's remittance.

10. What books and records do I need to support the subsidy?

You will need to keep information to support your subsidy calculation. This includes:

- the total remuneration paid between March 18, 2020, and June 20, 2020;
- the federal, provincial, or territorial income tax that was deducted from that remuneration; and
- the number of employees paid in that period.

The CRA is currently updating reporting requirements. More information on how to report this subsidy will be released in the near future.

11. Is the subsidy considered taxable income?

Yes. If you receive the subsidy, you have to report the total amount as income in the year in which the subsidy is received.

12. What if my business is closed?

If you did not pay salary, wages, bonuses, or other remuneration to an employee between March 18, 2020, and June 20, 2020, you cannot receive the subsidy, even if you are an eligible employer.

13. What about remittances made to Revenu Québec?

This Temporary Wage Subsidy for Employers allows eligible employers to reduce remittances made to the CRA only.

Additional information can be found on the Canada Revenue Website [here](#).