

# COVID-19

## A quick review on Canada's economic response plan

As of May 15, 2020, the government announced a set of economic measures worth approximately \$146B in direct support measures for Canadians, and \$371B in total liquidity support through tax deferrals and credit programs.

**\$146B**

**Direct support measures  
for Canadians**

**\$371B**

**Support in business liquidity  
through tax deferrals and  
credit programs**

### Measures for Canadians

#### Canada Emergency Response Benefit (CERB)

The CERB provides a taxable benefit of \$500/week for up to 16 weeks for impacted Canadians. The benefit is available to residents of Canada at least 15 years of age, have stopped working due to COVID-19, or are eligible for EI regular or sickness benefits, or have exhausted EI benefits, have at least \$5,000 of employment income in 2019 or the previous 12 months, and have not voluntarily quit their job. Individuals may earn up to \$1,000 per month of the benefit period. The CERB is available from March 15, 2020, to October 3, 2020. Applications may be made no later than December 2, 2020 for payments retroactive to within this period.

**Up to  
\$2,000  
per month  
for 4 months**

#### Canada Emergency Student Benefit (CESB)

The CESB is a taxable benefit of \$1,250 per month for students that are enrolled in a post-secondary education program at any time between December 1, 2019 to August 31, 2020, or students that graduated from high school in 2020 and have applied to a post-secondary program that begins before February 1, 2021. The benefit is \$2,000 per month for eligible students with dependents or permanent disabilities and is available from May 2020 to August 2020.

**\$1,250  
per month  
from May  
to August**



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### **GST credit**

Maximum annual GST credit will be doubled for the 2019-20 benefit year. One-time special payment to be made in April 2020. This will increase income by \$400 for qualifying individuals and \$600 for couples.



### **Canada child benefit**

Maximum annual benefit will be increased by \$300 per child for the 2019-20 benefit year. Overall increase will be approximately \$550 per family.



### **Student loans**

Six-month interest-free moratorium on repayment of Canada Student Loans.



### **Tax returns**

Filing deadline for individuals is moved to June 1, 2020 from April 30, 2020. Payment of income tax can be deferred to September 1, 2020.



### **RRIF withdrawals**

Minimum withdrawal amount will be reduced by 25% for 2020.



### **Benefits for seniors**

A one-time tax-free benefit payment of up to \$500 will be made to seniors who receive OAS (\$300) and GIS (\$200). Also, GIS & Allowance payments will temporarily continue even if 2019 tax information has not been assessed.



### **Mortgage payments**

CMHC will permit lenders to allow mortgage payment deferral beginning immediately.

## **Measures for Canadian small businesses**

These actions are part of a stimulus program developed to stabilize Canada's economy, support businesses and to protect Canadians.



### **Canada Emergency Wage Subsidy (CEWS)**

Businesses of all sizes who have suffered a decline in revenue over a specified period will receive a wage subsidy equal to 75% of remuneration on the first \$58,700 of income, or up to \$847 per week. This measure will be backdated to March 15, 2020. CEWS has been extended to the end of August 2020.



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### **Temporary wage subsidy**

Employers may be eligible for a 10% wage subsidy for 3 months deductible against the employer's regular payroll source deduction remittances. Maximum is \$1,375 per employee and \$25,000 per employer.



### **Canada Emergency Commercial Rent Assistance (CERCA)**

CECRA will lower rent by 75% for small businesses from April through June 2020. 50% is covered by the government, 25% tenant and 25% by the property owner. Eligible small businesses include those that pay less than \$50,000 in gross rent, earn less than \$20MM in gross revenues and have experienced at least a 70% decline in revenues for April, May, and June 2020 compared to same month in 2019 or average revenue in January and February 2020. CMHC will provide forgivable loans to property owners.



### **Business taxes**

Payment of income tax can be deferred to September 1, 2020.



### **Business credit availability program (BCAP)**

Business Development Bank of Canada (BDC) and Export Development Canada (EDC) will provide over \$81 billion of support, largely targeted to small and medium-sized businesses. BDC and EDC are working with private sector lenders to coordinate on credit solutions for individual businesses.

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Talk to your Advisor to find out how these measures could support your personal or your family's financial well-being.

Source:

<https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>

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