

Tax relief for Canadians: Federal and Québec governments announce economic response to COVID-19 and tax flexibility measures

March 18, 2020

In brief

Today, the federal government announced measures to help individuals and businesses offset the economic impacts of COVID-19. Tax and other related measures include:

- extending the income tax return filing due dates, and taxes payable deadlines for individuals and certain trusts
- deferring for all taxpayers, until after August 31, 2020, the payment deadline for most income tax amounts that become owing after March 17, 2020, and before September 2020
- reducing the required minimum withdrawals from Registered Retirement Income Funds by 25% for 2020
- providing various income supports for workers and parents, such as relaxing rules to qualify for Employment Insurance (EI) and introducing an Emergency Care Benefit and Emergency Support Benefit

In addition, on March 17, 2020, Québec announced similar extensions to various individual, trust and business tax filing and payment deadlines.

In detail

Personal tax measures

Income tax filing and payment deadlines for individuals and trusts

The Canada Revenue Agency (CRA) will, for:

- an **individual's 2019 taxation year**, defer the tax return filing due date from April 30, 2020, to June 1, 2020 (the filing due date remains June 15, 2020, for individuals [and their spouses] who operate a business)
- a **trust with a December 31, 2019 taxation year end**, defer the tax return filing due date from March 30, 2020, to May 1, 2020

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- **all taxpayers**, defer, until after August 31, 2020, the payment of any income tax amounts that become owing after March 17, 2020 and before September 2020; this applies to tax balances due, as well as instalments, under Part I of the *Income Tax Act* (no interest or penalties will accumulate on these amounts during this period)

The CRA encourages individuals who expect to receive benefits under the Goods and Services Tax Credit (GSTC), or the Canada Child Benefit, to file their returns promptly to ensure that their entitlements for the 2020-21 benefit year are properly determined.

To help tax preparers file individuals' tax returns, effective March 18, 2020, the CRA will temporarily recognize electronic signatures as having met the signature requirements of the *Income Tax Act*. This applies to authorization forms T183 or T183CORP, which are forms that are otherwise required to be signed in person to authorize tax preparers to file tax returns.

Registered Retirement Income Funds (RRIFs)

The federal government will reduce the required minimum withdrawals from RRIFs by 25% for 2020, recognizing that the recent volatile market conditions have impacted many seniors' retirement savings. Similar rules will apply to individuals receiving variable benefit payments under a defined contribution registered pension plan.

Temporary income support for workers and parents

For Canadians without paid sick leave (or similar workplace accommodation) who are sick, quarantined or required to stay home to care for children, the federal government will:

- temporarily waive, effective March 15, 2020, the one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits
- waive the requirement to provide a medical certificate to access EI sickness benefits
- introduce the Emergency Care Benefit, which will provide up to \$900 bi-weekly, for up to 15 weeks (administered through the CRA), to provide income support to:
 - workers, including the self-employed, who are quarantined or sick with COVID-19, or taking care of a sick family member with COVID-19, but do not qualify for EI sickness benefits
 - parents with children who require care or supervision due to school closures, and are unable to earn employment income, irrespective of whether they qualify for EI or not

Application for the Emergency Care Benefit will be available in April 2020, and require Canadians to attest (and re-attest every two weeks) that they meet the eligibility requirements.

Longer-term income support for workers

For Canadians who lose their jobs or face reduced hours as a result of COVID-19's impact, the federal government will:

- introduce an Emergency Support Benefit delivered through the CRA to provide support to workers who are not eligible for EI and who are facing unemployment
- implement the EI Work Sharing Program, which provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers, by extending the eligibility of these agreements to 76 weeks, easing eligibility requirements and streamlining the application process

Income support for low- and modest-income individuals

For low- and modest-income families, who may require additional help with their finances, the federal government will:

- provide a one-time special payment by early May 2020 through the GSTC, which will double the maximum annual GSTC payment amounts for the 2019-20 benefit year

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- increase the maximum annual Canada Child Benefit (CCB) payment amounts, but only for the 2019-20 benefit year, by \$300 per child; eligible families will receive the extra \$300 per child with their May payment

Business tax measures

Income tax payments

The CRA will allow all taxpayers to defer, until after August 31, 2020, the payment of any income tax amounts that become owing after March 17, 2020, and before September 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act*. No interest or penalties will accumulate on these amounts during this period.

In addition, the CRA will not contact any small or medium-sized businesses to initiate any post assessment GST/HST or income tax audits for the next four weeks. For the vast majority of businesses, the CRA will temporarily suspend audit interaction with taxpayers and representatives.

The CRA's Liaison Officer service will now be available by phone (not just in-person) to help small business owners understand their tax filing and payment obligations.

Temporary wage subsidies for eligible small employers

The federal government is proposing to provide eligible small employers a temporary wage subsidy for a period of three months. The subsidy will equal 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. Employers benefiting from this measure will include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

Québec income tax filing and payment deadlines

On March 17, 2020, Québec announced that for:

- **an individual's 2019 taxation year:**
 - the tax return filing due date is extended from April 30, 2020, to June 1, 2020 (the filing due date remains June 15, 2020, for individuals [and their spouse] who operate a business, and those responsible for a family-type resource or an intermediate resource)
 - the balance of tax payment deadline of April 30, 2020 is extended to July 31, 2020,¹ for all individuals
 - the deadline for contributions to the Québec Pension Plan (QPP) and the Québec Parental Insurance Plan (QPIP) for self-employed earnings, the Health Services Fund (HSF) and the Québec prescription drug insurance plan that would have been April 30, 2020, is extended to July 31, 2020¹

Québec's announcement states that individuals who anticipate a tax refund are urged to file their income tax returns promptly to obtain their refunds, and that those who receive amounts from social programs (e.g. solidarity tax credit) will receive their payments as planned on July 1, 2020.

- **a trust's 2019 taxation year (other than a specified investment flow-through [SIFT] trust):**
 - the tax return filing due date is extended from March 30, 2020, to May 1, 2020
 - the balance of tax that would have been due as of March 17, 2020, can now be paid no later than July 31, 2020¹
- **an individual's and trust's 2020 taxation year (other than a SIFT trust),** the instalment payment deadline of June 15, 2020, is extended to after July 31, 2020¹ (the exact date will be announced later by Québec's Ministère des Finances)

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- a **corporation**, any tax instalment, or balance of tax that would have been due from March 17, 2020 to July 31, 2020,¹ will not have to be paid until after July 31, 2020¹ (the exact date will be announced later by Québec's Ministère des Finances)
- a **SIFT trust or partnership**, any tax instalment, or balance of tax that would have been due from March 17, 2020 to July 31, 2020,¹ will not have to be paid until after July 31, 2020¹ (the exact date will be announced later by Québec's Ministère des Finances)
- all **taxpayers**, Revenu Québec will limit its audit and collection activities and, in respect of collection measures, will be open to extending payment agreements on a case-by-case basis

Let's talk

For a deeper discussion on how these tax measures affect you or your business, please contact:

- your PricewaterhouseCoopers LLP adviser
- any of the individuals listed on our website at www.pwc.com/ca/taxcontacts

2020 budgets: PwC will keep you up-to-date on tax changes in Canada's federal and provincial budgets. Go to www.pwc.com/ca/budget.

1. Quebec Information Bulletin 2020-4, which was released March 18, 2020, states that it will harmonize its deferred payment dates with the federal proposals announced today (i.e. the references to "July 31, 2020" in its March 17, 2020 announcement will be replaced with "August 31, 2020"); however, it is unclear if this applies to payments relating to the 2020 taxation year.