Government Support during the Pandemic

By Julia Martin, General Legal Counsel to the OAMHP

Last week the Federal government announced several measures to assist self-employed individuals and small businesses during the COVID-19 Pandemic. Most of the measures were addressed in an email from Rob Oliphant, the Member of Parliament for Don Valley West, which is attached at the end of this article. It outlines the support and provides information about how to access it. I will summarize the ones that I believe are most relevant to members of the OAMHP.

Canada Emergency Response Benefit

Although the government initially announced two emergency benefits for individuals who are not ordinarily eligible for employment insurance: the Emergency Care Benefit and the Emergency Support Benefit last week, today (March 25, 2020) they announced that they are already scrapping that program. Apparently, they believe it will be too difficult to use the Employment Insurance system to provide support to people. It therefore announced the new Canada Emergency Response Benefit or the “CERB” for all workers who are unable to work due to COVID-19. Here are the details of the CERB that we know so far:

- It will be available for self-employed individuals and contractors
- It will be available for employees who are unable to work due to COVID-19
- It will be available for parents who cannot work because they are caring for their children due to COVID-19
- The benefit will be $2000 every 4 weeks between March 15 and October 3, 2020

The application process for the CERB is not yet in place and it is expected to be ready in early April. I will be closely monitoring this so please watch for updates about this from the OAMHP. In the meantime, I believe that the process is likely to be set up on the CRA website. I therefore strongly recommend to anyone who has not yet registered for “My Account” on the CRA website to do so as soon as possible. You can apply for a My Account by following the instructions at this link: https://www.canada.ca/en/revenue-agency/services/e-services/cra-login-services/cra-user-password-help/faqs/registration-process-access-cra-login-services.html

I expect that once the mechanism is in place there will be a button entitled CERB which will enable you to apply for this benefits. The other benefits buttons currently listed there are the Canada Child Benefit, GST/HST Credit, Ontario Trillium Benefit, and the Disability Tax Credit.

Income Tax Deferral for Personal and Business

The deadline for 2019 personal income tax returns has been extended to June 1, 2020, and any payments owing for the 2019 taxation year are not due until September 1, 2020. In addition, any instalment amounts owing between March 18, 2020, and August 31, 2020, can be deferred until September 1, 2020.

The Canada Revenue Agency will allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today 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.

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. Any members who are employers, provided that they are an eligible corporation as defined in the policy, are entitled to reduce the amount of tax they are required to remit which they have collected from their employees by 10%. Employers will continue to deduct the usual amount from their employees but will
simply remit less to CRA for the period between March 18 and June 20, 2020. For more information please refer to the following link: https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h2

I will provide you with updates regarding this information as it becomes available. In the meantime, I wish you all the very best in this challenging time and stay well!

Email from the Honourable Rob Oliphant, M.P. Don Valley West

From: Rob.Oliphant@parl.gc.ca < Rob.Oliphant@parl.gc.ca>
Sent: 03-20-20 7:31 PM
To: Rob.Oliphant@parl.gc.ca
Subject: Supporting Businesses

Dear Friends,

Whether you are self-employed, a small business owner, or an entrepreneur, we know that you are worried about losing your business or your job due to the impact of the COVID-19 pandemic. This should not be the case and, as such, we have introduced measures to help businesses with cash flow, help employers keep employees on payroll, and help Canadians keep their jobs.

On March 13th, the Minister of Finance, the Governor of the Bank of Canada, and the Superintendent of Financial Institutions coordinated to take unprecedented action to support the Canadian economy:

- Activating the Business Credit Availability Program, making up to $10 billion available, via local banks, to businesses facing a cash crunch over the short term.
- The Bank of Canada will provide additional support for small-and medium-sized businesses, as well as adding additional liquidity to the market.
- OSFI is
- lowering the Domestic Stability Buffer requirement, releasing more than $300 billion of additional lending capacity for financial institutions.
- Special Measures expanding the Work-Sharing Program for eligible employers.

On March 18th, the Prime Minister announced the following measures through Canada’s COVID-19 Economic Response Plan:

- Provide eligible small businesses a 10% wage subsidy for the next 90 days, up to a maximum of $1,375 per employee and $25,000 per employer. Employers benefiting from this measure would include corporations eligible for the small business deduction, as well as not-for-profit organizations and charities.
- The Canada Revenue Agency will allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020.

Our federal, provincial and territorial Ministers of Finance are closely monitoring the spread of the virus and its impact on Canadian jobs, workers, entrepreneurs, and economic growth. The six largest financial institutions in Canada have made a commitment to work with personal and small business banking customers on a case-by-case basis to provide flexible solutions to help them manage.
With regard to employees, the Government of Canada will waive the one-week waiting period for people who are in quarantine or have been directed to self-isolate and are claiming Employment Insurance (EI) sickness benefits. For more information regarding EI, please visit this website.

WHERE TO START:

We understand that many Canadian business owners and entrepreneurs are also anxious about how to get the help they need in light of COVID-19:

1. Visit the website for businesses for information about supporting your employees and your business. It will be constantly updated as the COVID-19 crisis evolves.

2. Download the Canada Business App to find tailored supports to address your specific needs and questions about COVID-19.

3. Consult the Canadian Chamber of Commerce’s pandemic preparedness guide to help prepare your business in the days and weeks to come.

4. Contact your bank. Canada’s banks have made a commitment to support businesses and individuals through these difficult times in a responsible, fair, and compassionate way. To help provide some stability for businesses through this time of uncertainty, the Office of the Superintendent of Financial Institutions (OSFI) is lowering the Domestic Stability Buffer requirement, releasing more than $300 billion of additional lending capacity for Canadian financial institutions.

5. Consider joining a webinar that the Business Development Bank of Canada is hosting, March 25, at 12:00PM: https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/webinars/pages/howcope-impacts-covid-19-on-your-business.aspx. This webinar is for entrepreneurs looking for advice on how to manage their business through this difficult time.

You might also consider contacting your local bank for information about loans for which you may be eligible. They have been given extra liquidity through the Business Credit Availability Program. For information on Employment Insurance and Labour rights and responsibilities, please see Employment and Social Development Canada.

Finally, Canada is calling on businesses to help combat the Coronavirus. If you can provide certain essential supplies (list here) please complete the submission form.