

March 18, 2020

Temporary Income Support for Workers and Parents

For Canadians without paid sick leave (or similar workplace accommodation) who are sick, quarantined or forced to stay home to care for children, the Government is:

- Waiving the one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits. This temporary measure is in effect as of March 15, 2020.
- Waiving the requirement to provide a medical certificate to access EI sickness benefits.
- Introducing the Emergency Care Benefit providing up to \$900 bi-weekly, for up to 15 weeks. This flat-payment Benefit would be administered through the Canada Revenue Agency (CRA) and provide income support to:
 - Workers, including the self-employed, who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.
 - Workers, including the self-employed, who are taking care of a family member who is sick with COVID-19, such as an elderly parent, 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 Benefit will be available in April 2020, and require Canadians to attest that they meet the eligibility requirements. They will need to re-attest every two weeks to reconfirm their eligibility. Canadians will select one of three channels to apply for the Benefit:

1. by accessing it on their CRA MyAccount secure portal;
2. by accessing it from their secure My Service Canada Account; or

3. by calling a toll free number equipped with an automated application process.

Longer-Term Income Support for Workers

For Canadians who lose their jobs or face reduced hours as a result of COVID's impact, the Government is:

- Introducing an Emergency Support Benefit delivered through the CRA to provide up to \$5.0 billion in support to workers who are not eligible for EI and who are facing unemployment.
- Implementing the EI Work Sharing Program, which provides EI benefits to workers who agree to reduce their normal working hour as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements, and streamlining the application process. This was announced by the Prime Minister on March 11, 2020.

Income Support for Individuals Who Need It Most

For over 12 million low- and modest-income families, who may require additional help with their finances, the Government is proposing to provide a one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC). This will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. The average boost to income for those benefitting from this measure will be close to \$400 for single individuals and close to \$600 for couples. This measure will inject \$5.5 billion into the economy.

For over 3.5 million families with children, who may also require additional support, the Government is proposing to increase the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child. The overall increase for families receiving CCB will be approximately \$550 on average; these families will receive an extra \$300 per child as part of their May payment. In total, this measure will deliver almost \$2 billion in extra support.

Together, the proposed enhancements of the GSTC and CCB will give a single parent with two children and low to modest income nearly \$1,500 in additional short-term support.

To ensure that certain groups who may be vulnerable to the impacts of COVID-19 have the support they need, the Government is proposing targeted help by:

- Providing \$305 million for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.
- Placing a six-month interest-free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans.
- Reducing required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020, in recognition of volatile market conditions and their impact on many seniors' retirement savings. This will provide flexibility to seniors that are concerned that they may be required to liquidate their RRIF assets to meet minimum withdrawal requirements. Similar rules would apply to individuals receiving variable benefit payments under a defined contribution Registered Pension Plan.
- Providing the Reaching Home initiative with \$157.5 million to continue to support people experiencing homelessness during the COVID-19 outbreak. The funding could 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.
- Supporting women and children fleeing violence, by providing up to \$50 million to women's shelters and sexual assault centres to help with their capacity to manage or prevent an outbreak in their facilities. This includes funding for facilities in Indigenous communities.

Flexibility for Taxpayers

In order to provide greater flexibility to Canadians who may be experiencing hardships during the COVID-19 outbreak, the Canada Revenue Agency will defer the filing due date for the 2019 tax returns of individuals, including certain trusts.

- For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020. However, the Agency encourages individuals who expect to receive benefits under the GSTC or the Canada Child Benefit not to delay the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.
- For trusts having a taxation year ending on December 31, 2019, the return filing due date will be deferred until May 1, 2020.

The Canada Revenue Agency will allow all taxpayers 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.

In order to reduce the necessity for taxpayers and tax preparers to meet in person during this difficult time, and to reduce administrative burden, effective immediately the Canada Revenue Agency will recognize electronic signatures as having met the signature requirements of the *Income Tax Act*, as a temporary administrative measure. This provision applies to authorization forms T183 or T183CORP, which are forms that are signed in person by millions of Canadians every year to authorize tax preparers to file taxes.

The Canada Revenue Agency is adapting its Outreach Program to support individuals during COVID-19. Through this service, the Canada Revenue Agency offers help to individuals to better understand their tax obligations and to obtain the benefits and credits to which they are entitled. Traditionally available in-person, this service is now available over the phone, and through webinar, where possible.

The Canada Revenue Agency fully expects that many community organizations are considering whether to significantly reduce or perhaps cancel the provision of services provided under the Community Volunteer Income Tax Program. Additional efforts to encourage individuals to file their tax and benefit returns electronically, or where possible, through the File My Return service, will be put forward.

Role of Financial Institutions

The Minister of Finance is in regular contact with the heads of Canada's large banks, and continues to encourage them to show flexibility in helping their customers whose personal or business finances are affected by COVID-19. The Superintendent of Financial Institutions has also made clear his expectation that banks will use the additional lending capacity provided by recent government actions to support Canadian businesses and households.

In response, banks in Canada have affirmed their commitment to working with customers to provide flexible solutions, on a case-by-case basis, for managing through hardships caused by recent developments. This may include situations such as pay disruption, childcare disruption, or illness. Canada's large banks have confirmed that this support will include up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products. These targeted measures respond to immediate challenges being faced across the country and will help stabilize the Canadian economy.

Mortgage Default Management Tools

The Canada Mortgage and Housing Corporation (CMHC) 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.

The Government, through CMHC, is providing increased flexibility for homeowners facing financial difficulties to defer mortgage payments on homeowner CMHC-insured mortgage loans. CMHC will permit lenders to allow payment deferral beginning immediately.