

Federal government introduces COVID-19 Economic Response Plan

March 19, 2020

Update - March 25, 2020

The Emergency Support Benefit and Care Benefit have now been replaced with a single Canadian Emergency Response Benefit (or CERB), which will provide a taxable monthly \$2,000 benefit for up to four months to any worker who cannot work because they are sick, quarantined, laid off, or acting as a caregiver for someone with COVID-19. EI-eligible Canadians can apply for EI if they continue to be unemployed after the period covered by the CERB. A portal for CERB applications is scheduled to go online in April.

On March 18, 2020, the federal government released a new Economic Response Plan in response to the COVID-19 pandemic. This plan includes new credits and individual subsidies totalling \$27.4 billion, along with tax deferral measures totalling \$55 billion.

In addition, the Canada Revenue Agency (CRA) has announced changes to some administrative measures. CRA will accept, on a temporary basis, electronic signatures to protect tax preparers. The CRA will also be suspending the initiation of post-assessment GST/HST or income tax audits for small- and medium-sized businesses (SMEs) for the next four weeks. Audit interaction with taxpayers and representatives will be suspended by CRA “for the vast majority of businesses.”

Measures announced for individuals include:

1. **Deferral of tax-filing deadlines:**
 1. The filing deadline for individual taxpayers is now June 1, 2020.
 2. The filing deadline for trusts is now May 1, 2020.
 3. The payment of any taxes owing from today onwards will be suspended until August 31, 2020, without interest or penalties.
2. **Emergency Care Benefit** (\$10 billion) for individuals who are sick and do not have paid sick leave will be implemented by the CRA in early April.
3. **Emergency Support Benefit** (\$5 billion) for individuals who lose their jobs or have reduced hours will be implemented in early April by CRA.
4. **GST/HST & Canada Child Benefit Credits** (\$7.4 billion) a one-time additional payment will be made in early May to low-income, eligible households.

5. **Canada Student Loan Payments** (\$190 million) will be deferred for six months without interest.
6. **Indigenous Communities Support Fund** (\$305 million) will be set up to assist with the immediate needs of First Nations, Inuit, and Métis communities.
7. **Support for individuals experiencing homelessness** (\$157.5 million) will be delivered through additional funding for Reaching Home.
8. **Support for women 's shelters and sexual assault centres** (\$50 million) will be delivered through additional funding.
9. **Seniors** will benefit from a 25 per cent reduction in minimum Registered Retirement Income Fund and Registered Pension Plan withdrawals, in recognition of volatile market conditions.

Measures for businesses include:

1. **Temporary Business Wage Subsidy** (\$3.8 billion) of 10 per cent will be provided to backstop businesses to encourage them to retain workers on payroll (maximums apply).
2. **Tax payment deferral for individuals and corporate taxpayers** until August 31, 2020 for taxes owing from today onwards will also apply to corporations.
3. **Credit and liquidity** concerns will be met through the Business Credit Availability Program (BCAP) through BDC and EDC (\$10 billion+), as well as through measures announced by Crown corporations (\$500 billion+).

The following chart details the cost and implementation of the Economic Response Plan:

Economic Response Plan - Cost and Implementation

| Measure | 2020-2021 Cost/Impact | Implementation |
|---|-----------------------|--|
| Emergency Care Benefits | Up to \$10 billion | Early April *Requires Royal Assent |
| Emergency Support Benefit | Up to \$5 billion | Early April *requires Royal Assent |
| GST Credit | \$5.5 billion | By early May *requires Royal Assent |
| Enhanced Canada Child Benefit | \$1.9 billion | May *requires Royal Assent |
| Temporary Business Wage Subsidy | \$3.8 billion | Immediately Supporting legislation to follow |
| Canada Student Loan Payments | \$190 million | Early April *requires Royal Assent |
| Support for Indigenous Communities | \$305 million | April *requires Royal Assent |
| Support for people experiencing homelessness (through Reaching Home) | \$157.5 million | April *requires Royal Assent |
| Support for women's shelters and sexual assault centres including on reserve | \$50 million | April *requires Royal Assent |

| | | |
|---|-------------------------------|--|
| Lower Registered Retirement Income Fund Minimum Withdrawal Amounts | \$495 million | Immediately Supporting legislation to follow |
| Total | \$27.4 billion | |
| Other Supports | | |
| Flexibility for individual and corporate taxpayers (tax payment deferral until September) | \$55 billion | Immediately |
| Business Credit Availability Program (BCAP) through BDC and EDC | \$ 10 billion + | Immediately |
| Credit and liquidity support through financial Crown corporations, Bank of Canada, OSFI, CMHC and commercial lenders (e.g., Domestic Stability Buffer, Insured Mortgage Purchase Program, Banker's Acceptance Purchase Facility) | In the range of \$500 billion | Immediately |

By

[Bhuvana Rai](#), [Pamela L. Cross](#)

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500

F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160

F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744

F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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