

COVID-19 PROVINCIAL SUPPORT & BENEFITS FOR BUSINESSES AND INDIVIDUALS

THE ALBERTA GOVERNMENT RESPONDS TO THE COVID-19 PANDEMIC

“Albertans are doing their part to keep each other safe and prevent the spread of COVID-19. We are doing ours by assisting Albertans and their families, protecting jobs and supporting workers and employers. We will help shelter Albertans from the economic disruption of COVID-19 now, and position Alberta’s industry and businesses to bounce back when the situation stabilizes. This is an initial set of measures, and more will follow in the days to come.”

Jason Kenney, Premier

In our last newsletter, we discussed the support and benefit programs available to businesses from the Government of Canada and more specifically the

Department of Finance. In this issue we will review the support and benefit programs that have been instituted by the Government of Alberta that can assist businesses as well as individuals and their families during this unprecedented time of disruption. Many of the supports available are being distributed in the form of payment deferrals while others represent a direct “cash drop” to the applicant. As with all of the support and benefit payments that have been announced, it is important to remember that where direct payments are being distributed, these will represent taxable income to the recipient for the 2020 taxation year. Here is what the Alberta Government has announce so far:

PROVINCIAL MEASURES FOR BUSINESS *Benefits to Support Employers and Businesses*

The Alberta government has instituted several direct and indirect support mechanisms for businesses and their employees to provide assistance through this period of pandemic crisis. Here is a brief summary of these programs and their eligibility criteria:

Alberta Corporate Income Tax Deferral & Filing Due Date Extension

On March 19, 2020, the Minister of Finance for Alberta announced new business tax relief measures¹ in response to the current oil price shock and the economic impacts of the COVID-19 pandemic. These measures recognize the cash

¹ *Alberta Corporate Tax Act*; Special Notice Vol. 5 No. 56; “Deferral of Corporate Income Tax Payments”; March 19, 2020

flow challenges Alberta businesses are facing in these exceptional economic circumstances and are designed to supplement similar relief related to corporate income tax deferral measures announced by the Government of Canada.

Alberta businesses with corporate income tax balances that become owing on or after March 18, 2020 or installment payments coming due between March 18, 2020 and August 31, 2020, can defer making these payments until August 31, 2020. Alberta Treasury has confirmed that it will waive penalties and interest that would otherwise be payable in respect of these payments. This deferral measure is not available in respect of tax balances or installment payments coming due during this period for which payments were made to Alberta Treasury prior to March 18, 2020.

Alberta will also modify its provincial corporate income tax audit and collection practices during Alberta's Public Health Emergency related to COVID-19.

Initially, Alberta Treasury indicated that businesses would be expected to continue to file their Alberta corporate income tax returns as required by legislation during this tax payment deferral period. However, on April 2, 2020, the Minister of Finance announced additional tax relief measures² in response to the economic impacts of the COVID-19 pandemic. In addition to the deferral of Alberta corporate income tax payments to August 31, 2020, these additional measures recognize the exceptional circumstances and challenges Alberta businesses are facing during this time.

The filing due date for an Alberta Corporate Income Tax Return (AT1) that otherwise would have a filing due date after March 18, 2020 and before June 1, 2020 has been extended to June 1, 2020. That means that if your Alberta corporate income tax return was **due** any time between March 19 and May 31, the return will **now be due** June 1, 2020.

The government of Alberta has confirmed that it will not assess a late-filing penalty with respect to an AT1 otherwise due during this deferral period but filed on or before June 1, 2020.

The overall objective of these coordinated programs is to increase cash flow to Alberta businesses by allowing them to utilize payments that would otherwise have been remitted to Alberta Treasury to support their business operations during the COVID-19 crisis. The costing estimates provided by the Alberta government has indicated that this measure would ensure that approximately \$1.5 billion would be retained by businesses in Alberta to help them through the COVID-19 crisis.

Business Utility Payment Deferral

As part of the March 18 Emergency Relief announcement, the Government of Alberta announced that qualifying agri-businesses and small businesses can defer electricity and natural gas bill payments until June 19, 2020 without any late fees or added interest payments to ensure no one will be cut off, regardless of the service provider.

In order to qualify for this deferral, you must be experiencing financial hardship as a result of the COVID-19 pandemic and must meet the following criteria:

- You have been diagnosed with COVID-19
- You have been directed by health authorities to self-isolate

² *Alberta Corporate Tax Act*; Special Notice Vol. 5 No. 57; "Extension to Alberta Corporate Income Tax (AT1) Filing Deadline"; April 2, 2020

- You have lost your job
- You are taking care of a family member

This applies for utility bills for farm and small commercial:

- Electricity consumers, who consume less than 250,000 kw hours of electricity per year
- Natural gas consumers, who consume less than 25,000 gigajoules per year

To arrange for a deferral and repayment plan, contact your natural gas or electricity provider directly.

You can sign up for the deferral at any time; however, the deferral ends on June 19, 2020. After June 19, the agreed upon repayment plan will be implemented.

In situations where rent and utilities are combined, contact your landlord directly to discuss the circumstances.

Payments will be required at the end of the deferral period, but you will not be required to pay for the entirety of the deferral on June 19.

Contact your utility provider to discuss repayment plan options.

In addition to the agreed repayment plan, consumers may:

- put down additional payments towards their balance
- pay one month and defer the next during the period between March 18-June 19
- make changes or amendments to a payment schedule – including automatic payments

Education Property Tax Deferral

The Minister of Finance has announced that Education Property Tax rates will be frozen at last year's level – reversing the 3.4% population and inflation increase added in Budget 2020. In addition to this rate freeze, the collection of non-residential education property tax for businesses will be deferred for 6 months.

Municipalities are expected to set education property tax rates as they normally would but defer collection. As with all deferral programs announced, deferred amounts must be repaid in future tax years.

Commercial landlords are encouraged to pass savings on to their tenants through reduced or deferred payments to help employers pay their employees and stay in business.

Businesses capable of paying their taxes in full are encouraged to do so. This will assist the province in supporting Albertans through the pandemic.

The anticipated benefit to business of this COVID-19 support measure is that it would allow them to retain approximately \$458 million to help them to pay employees and continue operations during this crisis.

WCB Premium Deferral

In addition to the previously announced support measures, the Government of Alberta has announced that private sector employers would be able to save money on their WCB premium payments at a time when they need it most.

These actions ensure the sustainability of the workers' compensation system and that injured workers continue to receive the benefits and supports they need to return to work.

Private sector employers will have immediate financial relief by deferring WCB premiums until early 2021, effectively for one year. Employers who have already paid their WCB premium payment for 2020 are eligible for a rebate or credit. For small and medium businesses, the government will cover 50 per cent of the premium when it is due.

Large employers will also receive a break by having their 2020 WCB premium payments deferred until 2021, at which time their premiums will be due.

The Government of Alberta has estimated that, by paying 50 per cent of small and medium private sector WCB premiums for 2020, businesses will be able to retain approximately \$350 million.

Other Measures for Business

Deferral of Tourism Levy Remittances³ - temporary accommodation providers in Alberta with tourism levy remittances coming due between March 27, 2020 and August 31, 2020 may defer making these payments until August 31, 2020. Alberta will waive interest that otherwise would be payable in respect of these payments. However, accommodation providers are expected to continue to file tourism levy returns as and when required by legislation.

This deferral measure is not available in respect of tourism levy remittances coming due during the deferral period for which payment has already been remitted to TRA. It is anticipated that this measure will free up close to \$5 million for Alberta businesses

Filing of Annual Returns with Alberta Corporate Registry – The Government of Alberta has announced a two-month extension of filing deadline for annual returns for corporations, not-for-profits and charitable organizations with Alberta Corporate Registry. It is anticipated that this measure will provide business with up to \$6.3 million

ATB & Alberta Credit Union Credit Support - Small business customers, in addition to payment deferrals on loans and lines of credit, will be provided access to additional working capital.

For other business and agriculture customers, ATB and Alberta Credit Unions will work with customers on a one-on-one basis and further solutions are being considered at this time.

PROVINCIAL MEASURES FOR ALBERTANS

Benefits to Support Individuals & Families

In addition to supports and benefits for Alberta businesses, the Government of Alberta has instituted several measures to allow Albertans to focus on their health and safety rather than their financial well-being. Here is a brief summary of the programs and supports available to individual Albertans and their families:

Emergency Isolation Support

³ *Tourism Levy Act*; Special Notice Vol. 7 No. 9; “Deferral of Tourism Levy Remittances”; March 27, 2020.

Eligible working Albertans can receive a one-time emergency isolation support payment of \$1,146 if they are required to self-isolate or are the sole caregiver of someone in self-isolation and they have no other source of pay or compensation. The Alberta government is looking to deliver \$50 million in support to Albertans under this program.

The government has indicated that this is a temporary “stop-gap” measure designed to bridge the time period between today and the availability of the Federal Emergency Care Benefit (which we will discuss in Part 3 of our series).

You are eligible for the emergency isolation support program if you:

- have experienced total or significant loss of income and are not receiving compensation from any other source because you:
 - have been diagnosed with COVID-19
 - have been directed by health authorities to self-isolate
 - are the sole caregiver of a dependent who is in self-isolation

You are **not** eligible for this program if you:

- were not working immediately before you were advised to self-isolate
- can work from home
- are not experiencing a significant loss of income as a result of self-isolation
- are currently collecting other forms of income support or employer benefits while self-isolated, such as:
 - workplace sick leave benefits
 - federal employment insurance (EI) benefits
- are staying home to care for a dependent who is home for a reason other than self-isolation
- reside outside of Alberta

If you are not eligible for this program, other supports are available.

Application must be made through an online assessment that is accessed with the individual’s MyALberta Digital ID account. This process is proving to be administratively heavy and has caused significant issues with the digital platform causing disruptions and failures of the website. Accordingly, patience will be required to successfully navigate this program

Other Measures for Individuals & Families

Driver’s License & Registration Extension - Two-month extension of driver’s license, vehicle registration and ID card expiry date, providing additional cash flow to Albertans of up to \$60 million.

Education Property Tax Freeze - Freezing education property taxes is projected to save households \$55 million.

Student Loans Repayment Deferral – The Government of Alberta has implemented a six-month, interest free moratorium on Alberta student loan payments for all Albertans in the process of repaying these loans. Alberta Student Loan repayments will be paused for 6 months, beginning March 30, 2020. Interest will not accrue during this period which mirrors the approach taken by the Canada Student Loans Program.

Students do not need to apply for the repayment pause. Borrowers may continue making payments during this period if they choose and this will not affect their eligibility to receive the benefit.

It is projected that this will provide additional cash flow to Alberta students of approximately \$45 million.

ATB & Alberta Credit Union Credit Support - Personal banking customers can apply for a deferral on their ATB loans, lines of credit and mortgages for up to 6 months. Credit union members will have access to a variety of programs and solutions designed to ease difficulties with loan payments and short-term cash flow.

For additional information on supports & benefits for individuals and families, please click on the following link for a comprehensive summary compiled by Jennifer Robson, Associate Professor of Political Management, Carleton University.

https://drive.google.com/file/d/1lOJn7XS6ETIkBLRodYk681M_2dxkkQsc/view

NEXT TIME: PART 3 – FEDERAL SUPPORTS & BENEFITS FOR INDIVIDUALS AND THEIR FAMILIES

BRADLEY D. SEVERIN PROFESSIONAL CORPORATION – CHARTERED PROFESSIONAL
ACCOUNTANT

Brad Severin CPA CA CFP TEP
Taxation Specialist

Bradley D. Severin Professional Corporation
#204, 3132 Parsons Road
Edmonton, Alberta T6N 1L6

p. 780.643.7482 x203
c. 780.938.2467
f. 780.900.1215

e. bseverin@bdspctax.com

In these trying and challenging times we can help you navigate the programs and benefits available to keep you moving forward. Do not hesitate to contact us for assistance.