

COVID-19 FEDERAL SUPPORT & BENEFITS FOR INDIVIDUALS & FAMILIES

CANADA'S COVID-19 ECONOMIC RESPONSE PLAN

On March 18, 2020, the Government of Canada introduced Bill C-13 which provided a number of

"We understand that Canadians are facing financial hardship as a result of the COVID-19 pandemic, and we recognize the importance of getting funds into the hands of Canadians quickly and efficiently. Canadians can count on the Canada Revenue Agency to deliver these critical benefit payments to Canadians during this difficult time."

— The Honourable Diane LeBouthillier, Minister of National Revenue

economic support mechanisms for individuals and families impacted by the COVID-19 pandemic. Many of these support mechanisms are designed to directly deliver additional cash support to Canadians and their

families while others are designed to provide deferral of cash outflows to the government. The rationale behind these "deferral" programs is that they will allow more cash to be available to Canadian families to meet essential needs during this pandemic crisis. Although well-intentioned, many of the programs have significant administrative requirements and eligibility criteria that is often confusing and challenging for the average Canadian to comprehend. In this, the last of our three-part series on government assistance programs available during these unprecedented times, we look at the support programs and benefits available to individuals and their families.

FEDERAL SUPPORTS

Benefits to Support Individuals and Families

The federal government has instituted a number of direct support and deferral support programs totaling approximately \$27 billion over the term of the programs announced. We will look at the programs available according to who they will impact directly as follows:

- Support for individuals and families
- Support for people facing unemployment
- Support for "people who need it most"
- Support for students and recent graduates
- Support for people who are sick, quarantined or in directed self-isolation
- Support for people who are unable to work
- Support for seniors
- Support for youth

Support for Individuals and Families

Increasing the Canada Child Tax Benefit

As part of Bill C-13, the federal government proposes to increase the amount paid to families with children under the age of 18. This remains an income-tested benefit payment so suffice it to say that if you were previously entitled to the CCTB, you will also be entitled to the enhanced benefit amount under the COVID-19 Economic Response Plan. The enhanced benefit is scheduled to arrive as part of the May distribution of the CCTB. If you currently receive the CCTB, you do not have to re-apply to receive the enhanced benefit.

Special Goods and Services Tax (GST) Credit Payment

A Canadian taxpayer is generally eligible to receive the GST/HST tax credit provided they are at least 19 years of age **or** have/had a spouse or common-law partner **or** are/were a parent and live/lived with your child. The maximum amounts available under the program vary with the earned income reported by the taxpayer in the year. However, the maximum amounts that could be expected are as follows:

- \$443 for a single taxpayer;
- \$580 if married or living common-law; and,
- \$153 additionally for each child under the age of 19.

Under the proposed benefit outlined in the COVID-19 Economic Response Plan, Canadian taxpayers who are eligible to receive the GST/HST credit can expect a one-time special supplemental payment starting April 9, 2020 which will provide up to an additional \$400 for single taxpayers and an amount approaching \$600 for eligible couples. If you currently are eligible to receive the GST/HST credit, you will automatically receive this increased benefit payment. Once again, there is no need to re-apply.

Deferral of 2019 T1 Filing Deadline and Payment Due Date

Ordinarily, individual taxpayers (other than farmers, fishers and individuals who report business income on their personal income tax returns) are required to file a personal income tax return and pay any balance due by midnight, April 30th of each taxation year. Farmers, fishermen and individuals who report business income are required to file by June 15th, notwithstanding their income tax balances due must also be paid on or before April 30th.

Under the proposed legislation contained in Bill C-13, individuals (other than trusts) now have until June 1, 2020 to file their 2019 personal income tax returns. In addition, the federal government has allowed any new income tax balances due or required instalment payments that would otherwise be due June 15th, to be deferred until September 1, 2020 with no interest or penalties accumulating until September 1st, 2020. The due date for self-employed individuals remains unchanged and these returns will continue to be due on June 15th. For self-employed persons who are required to remit instalments, these payments have been deferred from June 15th to September 1st, 2020.

Although this may provide a significant deferral benefit for some taxpayers who ultimately will have a balance due from the filing of their 2019 personal income tax returns, we urge those who may expect a refund of tax paid or may qualify for the benefit programs here to file their 2019 T1 returns on a timely basis to expedite the receipt of their refunds and/or benefit payments.

Mortgage Support

During this period of unprecedented economic upheaval and financial uncertainty, Canada's largest banks are offering mortgage payment relief to customers by way of deferred mortgage payments.

All customers who are currently in good standing and have been impacted by COVID-19 can apply for mortgage relief from their bank. Customers will answer a few questions to help their banks direct applications appropriately.

COVID-related mortgage deferral is available for an indefinite period and customers do not face a deadline for having to seek relief. They can approach their bank as the need arises.

Customers should understand that this is not mortgage forgiveness. Mortgage deferral means that payments are skipped for a defined period of time, during which interest which would otherwise be part of the deferred payments is added to the outstanding balance of the mortgage. The added interest is incorporated into the monthly payment, either when payments resume at the end of the deferral period or upon renewal at the end of the mortgage's term.

Banks are encouraging customers to visit their websites for the latest information, rather than calling or visiting a branch.

Support for People Facing Unemployment, Sick, Quarantined or in Directed Self-Isolation and Unable to Work

The Canada Emergency Response Benefit (CERB)

The CERB is without question the most widely discussed and controversial program that has been proposed under Bill C-13. “Eligible workers” who qualify to receive the CERB will receive \$500 per week for up to 16 weeks. Okay....so who is “eligible”? Based on the draft legislation, the benefit will be available to “workers”:

- Residing in Canada, who are at least 15 years old;
- Who have **stopped working because of COVID-19 and have not voluntarily quit their job** or are eligible for EI regular or sickness benefits;
- Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; **and,**
- Who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period. For subsequent benefit periods, they expect to have no employment or self-employment income.

Most of the questions surrounding the eligibility for this benefit are related to the requirements for loss of work and the tie to COVID-19. Based upon the draft legislation and the generally announced eligibility criteria, it appears that those who are exiting the EI program after the term of their benefits have expired will not be considered eligible for this program as their loss of work would pre-date the pandemic crisis and would not be directly tied to COVID-19. In addition, students who would otherwise be seeking out summer employment and who are now unable to work due to the general lack of employment opportunities would also not be considered eligible for the program.

Administratively, this program is considered to be relatively “heavy” considering who it targets to support. Application must be made by way of the individual's *My Account* portal on the Canada Revenue Agency (CRA) website¹. If you do not have My Account access, you can enroll online by providing some basic personal information including information from your most recent personal income tax return. CRA has also indicate that they will process applications over the phone but have yet to release the number to call. You can apply for the CERB without receiving a Secure ID login number from CRA (which takes about 10 days to arrive in the mail) but will not be able to manage other aspects of your income tax account until you have it in your possession. In addition to the initial registration

¹ <https://www.canada.ca/en/services/taxes/income-tax.html> and select *My Account*

and application process, you are required to re-apply every 4 weeks to attest that you have not received any income from employment or other sources during that period.

If you are eligible for regular Employment Insurance benefits, you can also apply for the CERB. In addition, you do not have to be “laid-off” in order to be eligible to receive the CERB. You simply must have **involuntarily** “stopped working” as a result of COVID-19. This includes:

- You have been let go from your job or your hours have been reduced to zero;
- You are in quarantine or sick due to COVID-19;
- You are away from work to take care of others because they are in quarantine, sick due to COVID-19; and/or
- You are away from work to take care of children or other dependents whose care facility is closed due to COVID-19.

If you are currently receiving regular EI benefits, you will continue to receive these benefits until the end of the EI benefit period. You cannot receive both EI and CERB for the same period. However, once your regular EI benefit period ends (and provided they end before October 3rd, 2020), you can apply for the CERB up to, but not after, December 2nd, 2020.

Employment Insurance

In addition to the existing EI programs that are available to workers who have paid into the program, have lost their jobs and meet the “hours worked” criteria over the last 52 weeks, changes to the program have made it easier for applicants to receive EI benefits in the event that they become ill from COVID-19, are self-isolating or are required to quarantine. Application can be made online² or by calling 1-833-318-2725³. The process has been expedited by not requiring a Record of Employment at the time of initial contact (you still must obtain this from your employer) **and** by not requiring confirmation of your illness due to COVID-19 from your doctor.

Similarly, you can obtain EI Caregiver Benefits if you paid into the EI program and needed to stop working to care for someone who is critically ill. The expedited process described above applies to this program as well.

Support for “People Who Need it Most”

Indigenous Community Support Fund

Canada recognizes that First Nation, Inuit and Métis are among the most vulnerable, and that during this crisis, in particular, those in remote and fly-in only parts of the country are uniquely vulnerable. Communities are incredibly resilient and full of solutions and innovative ideas. This is why we must support distinctions-based measures to improve public health response for Indigenous communities and provide them with the flexibility they need to address the specific needs identified by communities and their members.

As part of the COVID-19 Economic Response Plan, this plan includes \$305 million for a new, distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit and Métis communities. This funding will also provide support to regional, urban and off-reserve Indigenous organizations.

² <https://srv270.hrhc-drhc.gc.ca/AW/introduction?GoCTemplateCulture=en-CA>

³ *This line is overloaded right now. Be patient.

These new funds will flow directly to Indigenous communities and groups across the country and will provide Indigenous leadership with the flexibility needed as they prepare for and react to the spread of COVID-19. These funds could be used for measures including, but not limited to:

- support for Elders and vulnerable community members
- measures to address food insecurity
- educational and other support for children
- mental health assistance and emergency response services
- preparedness measures to prevent the spread of COVID-19

Enhancing the Reaching Home Initiative

Reaching Home - Canada's Homelessness Strategy is a community-based program aimed at preventing and reducing homelessness across Canada. This program provides funding to urban, Indigenous, rural and remote communities to help them address their local homelessness needs.

As a result of the COVID-19 outbreak, Bill C-13 provides an additional \$157.5 million to the Reaching Home initiative.

This 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.

Support for Women's Shelters and Sexual Assault Centres

As part of the COVID-19 Economic Response Plan, the Government of Canada is supporting women and children fleeing violence by providing up to \$50 million to women's shelters and sexual assault centres in order to help with their capacity to manage or prevent an outbreak in their facilities.

- Up to \$10 million will be provided to Indigenous Services Canada's (ISC) existing network of 46 emergency shelters on reserve and in Yukon to support Indigenous women and children fleeing violence.
 - The funding will be delivered through ISC's Family Violence Prevention Program.
 - The amount for each shelter will be determined based on factors such as on-reserve population, remoteness, and number of beds.
- \$40 million will go to Women and Gender Equality Canada (WAGE) with up to \$30 million of which will address immediate needs of shelters and sexual assault centers as follows:
 - Up to \$26 million to Women's Shelters Canada to distribute to approximately 575 violence against women shelters across the country.
 - Up to \$4 million to the Canadian Women's Foundation to distribute the funding to sexual assault centers across the country.

WAGE is working with provincial and territorial counterparts and stakeholders to identify women's shelters and sexual assault centres in each jurisdiction who will be eligible for funding.

Support for Seniors

Reduced RRIF Minimum Withdrawals

Starting in the year after the year you establish a RRIF, you have to be paid a yearly minimum amount. The payout period under your RRIF is for your entire life. Your carrier calculates the minimum amount based on your age at the

beginning of each year. However, you can elect to have the payment based on your spouse or common-law partner's age.

You can withdraw more, but not less than the minimum.

As part of Bill C-13, the federal government has proposed that the adjusted minimum amount for RRIF withdrawal for 2020 will be 75% of the amount that would otherwise be the required minimum amount for the year.

Practical Services: Delivery of Items and Personal Outreach

As part of the COVID-19 Economic Response Plan, the Government of Canada is contributing \$9 million through United Way Canada for local organizations to support practical services to Canadian seniors. These services could include the delivery of groceries, medications, or other needed items, or personal outreach to assess individuals' needs and connect them to community supports.

Support for Students and Recent Graduates

Canada Student Loans

To support student and apprentice loan borrowers during the COVID-19 pandemic, the Government of Canada is putting the following measures in place from March 30 to September 30, 2020:

- Suspension of repayments of Canada Student Loans and Canada Apprentice Loans
 - No payments are required on student and apprentice loans during this time
 - Pre-authorized debits will be stopped
- No interest will accrue on student and apprentice loans

These measures will provide relief to nearly 1 million CSLP borrowers in repayment.

Support for Youth

Mental Health Support

The Government of Canada is giving \$7.5 million in funding as part of the COVID-19 Economic Response Plan to Kids Help Phone to provide young people with the mental health support they need during this difficult time.

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/1lOJn7XS6ETtkbLRodYk681M_2dxkkQsc/view

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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.