We are taking this opportunity to brief you on some of the recent decisions made by the various levels of government to ease the impact of the state of emergency declared, the impact of the COVID 19 pandemic on the economy, and recent pronouncements out of the US which may have an effect on you, your suppliers, and/or clients.

Last week the Hon. Bill Morneau, the Federal Minister of Finance, outlined the following incentives:

# For Canadian Taxpayers

1. Extension of personal tax filing deadline to June 1st.
2. Any amounts owing in income tax will be due in August 2020.
3. Installments are now due August 2020.
4. For those with refunds or receive Canada Child Care benefits you are encouraged to file as quickly as possible.
5. Corporate Income taxes and HST/GST were not addressed so far, and no relief was provided; they are due as scheduled.
6. For those being assessed and are being audited for Income Tax (Part I Tax) or HST /GST (Excise tax Part IX Tax) there will be a moratorium of 4 weeks and you would not be contacted by anyone from CRA during those 4 weeks.
7. For those who must withdraw or convert their RRSPs into Registered Income Fund – RIF – the amount of required withdrawal has been reduced.

# For families and students

1. There is a six- month deferment available on amounts owing on Canada Student loans.
2. The Government is working with the major Canadian banks to allow for deferment of mortgage payments for up to 6 months.
3. For families with young children there is a one-time top up in Canada Child Benefit in amount of $300 per child which will be available in early May and an HST/GST top up of a one-time payment of $400 for an individual and $600 for a couple. It is expected that these top ups will be automatically added to the payments made to current recipients in May 2020.
4. EI – for those who have been working a total of 600 hours in the past 52 weeks and are self-employed or would not be eligible for EI then they are eligible for a bi-weekly payment of $900 as a temporary COVID 19 relief measure through EI.
5. The government is waiving the waiting period for employees eligible for pay under the EI for the period they may be in quarantine and are unable to work from home or are ill due to recent travel.
6. In the announcements made last week the federal government waived the need for a medical note and the waiting period to receive EI benefits for those who are eligible for EI benefits.

# For businesses, not for profits and charities

1. The government will provide a temporary wage subsidy for a period of three months equal to 10% of remuneration paid in that period to a maximum of $1,375 per employee and a maximum of $25,000 per small business. It is proposed that the subsidy be claimed through lower payroll remittances.
2. Corporate tax filing deadline did not change but the government is providing for a deferral the payment of taxes due until after August 31, 2020. This applies to balances due as well as installments. No interest or penalties will accumulate on these amounts during this period.
3. The government will suspend any audit interaction with Small and Medium Enterprise (SME) owners for the next four weeks.
4. BDC and Export Development Corporation will be providing additional support mainly to small and medium size businesses. They have been tasked with coordinating with private sector lenders (-i.e. banks and credit unions) to provide credit solutions for businesses especially but not limited to those in oil and gas sector and in the air transportation and tourism.
5. Farm credit Canada will also make short term credit available for those in the Agri-food sector.
6. The big banks (RBC, CIBC, TD, Scotia, National, BMO) supported by their Canadian regulator OSFI will be injecting $300 Billion in additional lending into the economy – last week they announced the lowering of their prime lending rates.
7. It is worth noting that banks such as CIBC were already financing at prime less .25% acquisitions of dental, optometry and medical practices.

The Bank of Canada has cut the borrowing rate to the lowest level on record and the federal government is encouraging banks to ease access to funds therefore we encourage you to look at your cash requirements and your current banking and credit facilities as you may want to convert variable rate based credit facilities to fixed rates or increase the existing loan/credit line facilities and take advantage of this ease in credit.

The stock market has taken a huge tumble and we are addressing questions from clients about investment vehicles such stocks, as lower stock prices are portending some bargain purchases. At the end of the day you have to feel comfortable with investments made but we certainly encourage investing in RRSP or TFSA investment vehicles as early as possible to maximize tax sheltered growth.

We encourage you to speak with your insurance broker about any business interruption coverage you may have and be allowed in this pandemic.

# Provincially

The Government of Ontario is scheduled to issue a statement on March 25, 2020.

Service Ontario staff have been asked to work remotely where possible for next three weeks – there will be delays in issuing license plates or renewals or any service provided by the Kiosks.

For those with children in Quebec universities the Quebec government has already extended the income tax filing deadline filing deadline to June 1st.

# For US taxpayers

While the IRS has not extended the deadline for filing and encourage those expecting refunds to file as soon as possible, the IRS has extended the deadline for payment of amounts owing up to $1MM by 90 days to July 15, 2020.

Individual taxpayers must do one of the following to take advantage of the deferred payment due date:

1. For US taxpayers living and working in USA they must request an extension to file their individual tax returns before April 15, 2020.
2. For US taxpayers living and working outside USA they must extend their individual tax return on or before June 15, 2020.

Alternatively, taxpayers can file their individual income tax (Form 1040) before June 15, 2020.

At this moment there has been no extension of state tax filing deadlines though it is anticipated some states will also offer relief.

Those owing installments, the first quarter installment normally due April 15, 2020.

The IRS has recently issued a Revenue Procedure (Rev Proc 2020-17) for reporting foreign trusts (for example USA taxpayers with RRSP or RESP accounts in Canada) where taxpayers would have to file Form 3520 and Form 3520A.

This new procedure provides relief and a process to request abatement or refund of penalties previously assessed or paid for a historical failure to comply with the reporting requirements.

We remain open and available to answer questions by phone or email.

We are living in an extraordinary time.