

Current as of 12pm EST - March 18, 2020

AGA KHAN ECONOMIC PLANNING BOARD FOR CANADA (AKEPBC)

COVID-19 RESPONSE

Federal Government and Banking Sector Support Programs

For up to date information please refer to <https://iicanada.org/>

As the COVID-19 outbreak spreads, many Jamati members have expressed concerns regarding businesses, investment, employment and the overall financial outlook. Weakening global demand, combined with already weakening oil prices, has and will continue to significantly impact many business owners and employees. The result is an economic slowdown in Canada and elsewhere, with the possibility of a recession in the second and third quarters.

The good news is that governments within virus-impacted countries are moving quickly to announce financial support to the most vulnerable areas of the economy: small businesses, households and the services sector. This includes Canada, which today unveiled an \$82-billion aid package.

Supports include:

- Income assistance for workers who have to stay home and don't have access to paid sick leave;
- Help for businesses to maintain liquidity during the slowdown;
- Extension of the tax filing deadline to June 1, 2020;
- Boosting of the child benefit program; and
- Student loan payment reprieves, amongst others

Below is a high-level summary of the support and initiatives that have been announced to date by all levels of government in Canada.

As information on these resources is changing by the hours, please refer back to <https://iicanada.org/> for the most up-to-date information.

INSTITUTIONAL SUPPORT

Phone: 1-888-536-3599

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FEDERAL GOVERNMENT SUPPORT

RESOURCES	DESCRIPTION	WEBPAGE
Canada's COVID-19 Economic Response Plan	On March 18, 2020, the Government of Canada announced their COVID-19 Economic Response Plan, which will provide up to \$27 billion in direct support to Canadian workers and businesses	Summary Link Further Details

SMALL BUSINESS SUPPORT

Category	Description
Payroll tax reductions	Helping businesses keep employees on payroll through a subsidy equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer
Delay in tax filing and payments	The CRA will allow all businesses 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. No interest or penalties will accumulate on these amounts during this period
Delay in tax audits	The Canada Revenue Agency will not contact any SME to initiate any post assessment GST/HST or Income Tax audits for the next four weeks
Direct financial support	Creation of the Canada Account, administered by Export Development Canada (EDC), to provide additional support to Canadian companies through loans, guarantees or insurance policies

EMPLOYMENT SUPPORT

Category	Description
Emergency Care Benefit	Providing up to \$900 bi-weekly, for up to 15 weeks to support: <ul style="list-style-type: none"> • 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. • The measure could disburse up to \$10 billion
Emergency Support Benefit	\$5.0 billion in support to workers who are not eligible for EI and who are facing unemployment
Deferred tax filing	CRA will defer the filing due date for the 2019 tax returns of individuals to June 1, 2020
Flexible mortgages and loans: Flexible mortgages and loans	Banks in Canada have affirmed their commitment to working with customers to provide flexible solutions, on a case-by-case basis, for managing through hardship CMHC to offer payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements

BANKING SECTOR SUPPORT

RESOURCES	DESCRIPTION	WEBPAGE
Press Release	<p>March 17: Canada’s six largest banks announced immediate plans to provide financial relief to Canadians impacted by the economic consequences of COVID-19.</p> <ul style="list-style-type: none">• On a case-by-case basis, providing flexible solutions to help them manage through challenges such as pay disruption due to COVID-19; childcare disruption due to school closures; or those facing illness from COVID-19.• This support will include up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products <p>Jamati members are encouraged to contact their bank directly to discuss options that could be available to them</p>	Link

INDIVIDUALS, FAMILIES AND STUDENTS SUPPORT

Category	Description
Canada Child Benefits	<p>A temporary boost to Canada Child Benefit payments, delivering about \$2 billion in extra support through an increase the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child</p> <p>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</p>
Student Loans	<p>A six-month, interest-free reprieve on student loan payments.</p>
Mortgages	<p>Canada Mortgage and Housing Corporation (CMHC) and other mortgage insurers are offering support including payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.</p> <p>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</p>
Taxes	<p>For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020.</p> <p>*Note: Individuals who expect to receive benefits under the GSTC or the Canada Child Benefit <u>should not delay</u> the filing of their return to ensure their entitlements for the 2020-21 benefit year are properly determined.</p> <p>Allowing taxpayers to defer until after Aug. 31 tax payments that are due after today and before September.</p>
Trusts	<p>For trusts having a taxation year ending on December 31, 2019, the return filing due date will be deferred until May 1, 2020</p>
RRSPs	<p>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</p>

HIGH PRIORITY SUPPORT

SUMMARY OF INITIATIVES	
Category	Description
Homeless Care	Doubling the homeless care program with funding to 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.
GST Credit	<p>Low and modest-income families to receive a one-time special payment by early May 2020 through the Goods and Services Tax credit (GSTC).</p> <p>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.</p>

PLEASE NOTE

The Economic Planning Board aims to capture information as it becomes available related to the economic impacts of COVID-19 to small business, employees and to individuals and families. Best efforts are being taken to ensure timely and relevant information is made available on a daily basis.

The information on this website is provided for general information purposes only and is not meant as legal or other professional advice. If you require specific legal advice on any issue, please consult a lawyer or an appropriate professional. The accuracy and timeliness of information contained in linked websites is not guaranteed, and is provided for convenience only.

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