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Canadian government announces COVID-19 related support for employers and employees – *updated March 30, 2020*

Over the last few weeks, as part of the government's COVID-19 Economic Response Plan, the Prime Minister announced wide-ranging targeted measures aimed at stabilizing the economy by addressing the immediate challenges and financial hardships due to the outbreak. The government proposed special legislation to implement the announced measures.

Support measures for businesses

In light of economic uncertainties and tightening credit conditions, the government is introducing a number of labour market support measures to help businesses. These include:

- Ability to postpone until after August 31, 2020 any income tax payments (including interest and penalties) pertaining to the period of March 18, 2020 through August 31, 2020. This measure would apply to amounts due, as well as instalments, under Part I of the Income Tax Act.
- Increase of loans available to all Canadian businesses experiencing cash flow problems, through the new Business Credit Availability Program, announced on March 13, 2020, and to farmers and the agri-food sector through Farm Credit Canada.
- Support export credits by further expanding Export Development Canada's ability to provide insurance and financial services, bonding products and small business solutions to Canadian exporters and investors.
- [Extending the Work-Sharing program from 38 weeks to 76 weeks. This program is offered to workers who agree to reduce their normal working hours because of developments beyond the control of their employers. The plan must be submitted for approval 30 days prior to implementing.](#)
- [The government has announced the expansion of the Canada Emergency Wage Subsidy benefit for all Canadian businesses, including not for profits, who have experienced a 30% loss in revenue. This benefit will provide a wage subsidy of 75% of earnings on the first \\$58,750 of annual salary or a maximum benefit of \\$847 per week. This subsidy is backdated to March 15th, 2020 with the objective of providing job protection to Canadians. Employers who have already laid-off can rehire employees and utilize this subsidy.](#)

Measures supporting workers and their families

Government measures supporting workers and their families are:

- Temporarily scale up child benefit payments by \$2 billion.
- The new Canada Emergency Response Benefit will provide support for people facing unemployment, those who are unable to work as well as those who are sick, quarantined, or in directed self-isolation.

- This benefit is replacing the previously announced Emergency Care Benefit and the Emergency Support Benefit.
- This benefit will provide for a taxable benefit of \$2,000 a month for up to 4 months to:
 - Workers who must stop working due to COVID19 and do not have access to paid leave or other income support.
 - Workers who are sick, quarantined, or taking care of someone who is sick with COVID-19.
 - Working parents who must stay home without pay to care for children that are sick or need additional care because of school and daycare closures.
 - Workers who still have their employment but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work.
 - Wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.
- The Canada Emergency Response Benefit will be accessible through a secure web portal starting in early April. Applicants will also be able to apply via an automated telephone line or via a toll-free number.
- For individuals, the return filing due date will be deferred until June 1, 2020. Any payments of income tax amounts owing will be extended until August 31, 2020, without interest or penalties. The relief applies to tax balances due as well as to tax installments due under Part I of the Income Tax Act.
- Provide eligible small businesses a 10% wage subsidy up to a maximum of \$1,375 per employee and \$25,000 per employer for 90 days, effective immediately following the Prime Minister's announcement. Eligible small businesses would include companies eligible for the small business deduction, and not-for-profit organizations and charities.
- Allow lenders more flexibility in postponing mortgage payments on government-insured homeowner mortgage loans to borrowers experiencing COVID-19 related financial difficulties. As of March 18, 2020 insurers will permit lenders to allow payment deferral "beginning immediately." Separately, the six largest Canadian financial institutions have committed to work with small business bank clients to provide flexible solutions tailored to their individual challenges, such as COVID-19 related pay disruptions, childcare disruption, or those afflicted by COVID-19. As a first step, this support will include up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products.

Many more benefits and support measures are outlined for Canadians, for more details please visit <https://www.canada.ca/en/department-finance/economic-response-plan.html>

Other measures supporting the economy

Other measures supporting the economy will include the introduction of an Insured Mortgage Purchase Program to purchase up to \$50 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation to support banks and mortgage lenders and ensure continued lending to Canadian businesses and individuals.

To manage extraordinary circumstances the government's proposed legislation will include flexibility on the Canada Account limit, which would allow it to provide additional support to businesses, when such support is deemed to be in the national interest.

About GVISOR™

GVISOR™ tracks changes in local employee benefits regulations and trends. All Compliance Alerts include suggestions of next steps a company should consider taking in order to comply with reported changes. GVISOR™ also includes Country Manuals, which are comprehensive guides to employee benefits in various countries. Covered topics include retirement, death, disability, workers' compensation, unemployment, maternity, medical, leave, holidays, employment conditions, termination, and incentives and perquisites.

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