



Personal tax measures: Canada's COVID-19 response plan

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The Government of Canada has introduced a variety of measures to help individual Canadians and businesses facing hardship as a result of COVID-19. Here's a summary of some of the many relief measures that may be available to you.

Canada Emergency Response Benefit

If you have lost your job, are working reduced hours due to the COVID-19 pandemic, or are sick, quarantined or forced to stay home to care for children or other relatives, the Canada Emergency Response Benefit¹ ("CERB") provides income support of \$500 per week (about \$2,000 per month) for up to 16 weeks.

The CERB is available if you are a worker who has lost your job, or are still employed but either are not being paid because of disruptions to your workplace or, in some cases, have had your working hours reduced. It is also available if you are sick, quarantined, or taking care of someone who is sick with COVID-19. If you are a working parent who must stay home without pay to care for children, either because children are sick or are at home due to school and daycare closures, you are also eligible for the CERB. It does not, however, apply if you are a worker who has voluntarily quit your job.

To be eligible for the CERB, you must be at least 15 years old, reside in Canada and have a Social Insurance Number. You must also have had a minimum of \$5,000 of (self-)employment income or maternity or parental benefits under the Employment Insurance ("EI") program² in either 2019 or in the 12 months prior to your date of application. In the initial four-week claim period, you cannot have earned more than \$1,000 of income from (self-)employment for at least 14 consecutive days. For claims in subsequent periods, you cannot have earned more than \$1,000 during the four-week benefit period of that claim. You are also eligible for the CERB if you are eligible for EI benefits.

You can apply for the CERB for any four-week period between March 15, 2020 and October 3, 2020. The four-week periods do not need to be consecutive but you can only receive benefits for a total of 16 weeks. You must apply separately for each four-week period and the last date to apply for the benefit (retroactively) is December 2, 2020.

¹ Further information on the CERB can be found in the CRA's Questions and Answers, which can be found online at canada.ca/en/services/benefits/ei/cerb-application/questions.html.

² For Quebec residents, benefits under the Quebec Parental Insurance Plan qualify.

The CERB is administered by the Canada Revenue Agency (“CRA”) and you can apply online through either Service Canada and the Employment Insurance program, or through the CRA using the CRA My Account system – but not both. If you were a full-time employee (i.e. someone who worked 30 hours or more per week) for at least four months in 2019 or a part-time employee for at least eight months in 2019, you should apply through Service Canada; otherwise, you should apply through the CRA My Account system. You can also apply over the telephone using an automated phone service.³

To help manage the volume of applications, the government has designated specific days of the week for you to apply for the CERB, depending on your month of birth.⁴

The CERB is linked to the EI benefit system so that you cannot be paid both EI benefits and the CERB for the same period.

If you were eligible to receive EI benefits before March 15, 2020, you will continue to receive those benefits until the end of your benefit period. If those benefits end before October 3, 2020, you may then apply for the CERB so long as you are eligible at that time.

If you became eligible for EI on March 15th or later, your claim will automatically be processed through the CERB even if you originally applied for EI, and even if you started to receive EI. If your EI entitlement exceeds the CERB benefit, you retain your eligibility to receive EI after you stop receiving the CERB and your EI entitlement won't be impacted. You can still access regular EI if you continue to be unemployed after the 16-week period of receiving the CERB.

The government will issue a T4A tax slip for 2020 showing the total amount of CERB you received, and you must report this amount as income when filing your 2020 income tax return. No tax will be deducted at source from your CERB payments. The amount of tax that you will owe on your CERB will depend on your 2020 marginal tax rate, so you may need to pay tax on the CERB amounts you received when you file your 2020 income tax return.

If you receive a CERB payment to which you are not entitled, you will need to either return the payment or make a repayment. This could happen if you applied for the CERB twice through both the CRA and Service Canada. You could also be required to repay the CERB if you discover you are not eligible after receiving benefits. For instance, you may be rehired, possibly because your employer is participating in the Canada Emergency Wage Subsidy Program.⁵ For your first eligibility period, you will need to return or repay the CERB if you earned (or will earn) more than \$1,000 from (self-) employment income within a 14-day interval during the initial 4-week period. For subsequent periods, you will need to return or make a repayment if you earned (or will earn) more than \$1,000 at any time during that 4-week period.⁶

As of May 18, 2020, over 8 million people have applied for CERB benefits, with over \$40 billion in CERB benefits paid out.⁷

³ Further information on the application process can be found on the CRA website at canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html.

⁴ You are encouraged to apply on the following days based on your month of birth: January, February or March (Mondays), April, May or June (Tuesdays), July, August or September (Wednesdays), and October, November or December (Thursdays). Anyone can apply on Fridays, Saturdays and Sundays.

⁵ Further information on the Canada Emergency Wage Subsidy can be found in our report titled "Wage subsidy programs for employers: Canada's COVID-19 response plan," which can be found online at cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-wage-subsidy-en.pdf.

⁶ Information on the process to make a repayment of the CERB can be found online at canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra/return-payment.html.

⁷ See Canada Emergency Response Benefit statistics at canada.ca/en/services/benefits/ei/claims-report.html.

Special Goods and Services Tax Credit payment

If you were eligible for the Goods and Services Tax Credit ("GSTC") for the 2019-20 benefit year, in April 2020 you should have received a one-time special Goods and Services Tax Credit ("GSTC") payment, doubling your GSTC amount. The government has estimated an average boost to income for those benefitting from this measure will be approximately \$400 for single individuals and nearly \$600 for couples. This is estimated to benefit over 12 million low- and modest-income Canadian families.

Increased Canada Child Benefit payments

If you were eligible for the Canada Child Benefit ("CCB") for the 2019-20 benefit year, your May 2020 payment is increased by \$300 per child. The government estimates that the average increase for families receiving the CCB will be approximately \$550 on average and that over 3.5 million families with children will benefit.

Students

If you are a post-secondary school student, or recent high school graduate, the government has announced a number of measures that may be available to you.

Canada Emergency Student Benefit

You may be eligible for the Canada Emergency Student Benefit ("CESB") if you are a current post-secondary student, if you graduated in December 2019 or later, or if you have completed (or will complete) high school in 2020 and have applied for a post-secondary educational program that begins before February 1, 2021. If you receive payments from either the CERB or EI, you are not eligible for the CESB.

The CESB provides \$1,250 for each four-week period in which you earned no more than \$1,000 from (self-) employment. If you are living with a disability, or care for another person, you will be eligible to receive a higher amount of \$2,000 per four-week period. If you are able to work, you must be actively looking for work in order to be eligible for this benefit. The first four-week period runs from May 10 to June 6, 2020, and the last period ends on August 29, 2020.

If you will be completing high school after June 7, 2020, you will only be permitted to apply for two eligibility periods, starting with the July 5 to August 1, 2020 eligibility period.

You can apply online for the CESB, using the CRA My Account and you must submit your application no later than September 30, 2020. You will only be permitted to apply for one eligibility period at a time, and if you remain eligible, you will be required to re-apply for the next four week period. Application dates for subsequent periods will be staggered, so the weekday on which you should apply depends on your month of birth.⁸

CESB payments will be administered through the CRA. Amounts you receive are taxable and you must report these amounts as income when filing your 2020 income tax return. To this end, the government will issue a T4A tax slip indicating the total amount of CESB paid to you. The amount of tax that you owe on the CESB will depend on your 2020 marginal tax rate, so you may need to pay tax on the CERB amounts you received when you file their 2020 income tax return.

If you received a CESB payment to which you were not entitled, you will need to either return the payment or make a repayment. This could happen, for instance, if you apply for the CESB and then find work and earn more than \$1,000 during that period.⁹

⁸ Details about eligibility for the CESB and the application process can be found online at: canada.ca/en/revenue-agency/services/benefits/emergency-student-benefit.html

⁹ Instructions on how to return or repay the CESB can be found online at canada.ca/en/revenue-agency/services/benefits/emergency-student-benefit/cesb-return-payment.html.

Student and Apprentice Loans

If you are currently in the process of repaying your Canada Student Loans and Apprentice Loans, during the period beginning March 30, 2020 and ending on September 30, 2020, you will not need to make any repayments and no interest will be added to your loan.

For the 2020-2021 school year, the government will increase the maximum monthly amount that you may receive under these loan programs to \$350 per month, up from \$210.

Canada Summer Jobs Program

The Canada Summer Jobs program helps create summer jobs for those ages 15 to 30 years old. If you are an employer in this program, you can receive a wage subsidy of up to 100% (up from 50%) of the provincial or territorial minimum hourly wage for your eligible employees. This will apply to staff that you hire on either a full-time or part-time basis. Job placements can begin on May 11, 2020 and the program will be extended to placements running until February 28, 2021.

If you would like to find a job through this program, you can search through the [Job Bank](#) website.¹⁰ For students applying for the CESB, the CRA has indicated that registering with the Job Bank is an easy way to demonstrate that you are looking for work.

Student Grants

If you are a student who volunteers in positions that assist communities during the COVID-19 pandemic, you may be eligible for the new Canada Student Service Grant. This grant will provide amounts ranging from \$1,000 to \$5,000 (depending on the number of hours you spent volunteering) that you can use towards your education in the fall of 2020.

In addition, the existing Canada Student Grants program will be doubled, so you may receive up to \$6,000 if you are a full-time student or up to \$3,000 if you are a part-time student.

Seniors

One-time OAS pension and GIS payments

If you are at least 65 years of age and meet certain requirements, you may receive benefits under the Old Age Security (OAS) program. If you are eligible for an OAS pension, you will receive a one-time additional payment of \$300. If you are a low-income senior who is eligible for the Guaranteed Income Supplement (GIS), you will receive an additional \$200. These one-time payments are tax-free.

Eligibility for the GIS and other income-tested government benefits depends on the income you reported on your previous year's tax return.¹¹ Since the 2019 tax filing deadline was extended to June 1, 2020, the government may not be able to determine eligibility for the GIS for the upcoming 2020-2021 benefit year (which begins July 1, 2020) if you have not yet have filed your 2019 tax return. The government has stated that GIS payments will continue to be made even if your 2019 tax return has not yet been assessed. This will be a temporary measure and the government encourages you to file your 2019 tax return as soon as possible, even though filing deadlines have been extended, as discussed in the section called "Tax payment and filing deadlines" below.

¹⁰ The Job Bank website can be accessed online at jobbank.gc.ca/home.

¹¹ If you have a spouse or common-law partner, eligibility for the GIS depends on the income that both of you reported on your previous year's tax returns.

RRIF minimum amounts

There is no minimum annual withdrawal required from your Registered Retirement Savings Plan ("RRSP"). By the end of the year you reach 71, you must either convert your RRSP to a Registered Retirement Income Fund ("RRIF") to continue the tax deferral, de-register the RRSP and pay the resulting taxes, or purchase a registered annuity.

You must start taking minimum withdrawals from your RRIF in the year after the RRIF is established. Minimum withdrawals are calculated as a percentage of the fair market value of your RRIF assets at the beginning of the year, and the percentage is based on your age. Withdrawals from your RRSP or RRIF are taxable.

The government announced that for 2020, it has reduced required minimum withdrawals from RRIFs by 25% "in recognition of volatile market conditions and their impact on many seniors' retirement savings." This will provide needed flexibility if you are concerned that you may be required to liquidate more of your RRIF assets than you need to meet the current legislated minimum withdrawal requirements. Further information on the changes to RRIF minimum amounts may be found in our report, "[Lower RRIF minimum withdrawals for 2020: Canada's COVID-19 response plan](#)."¹²

Tax payment and filing deadlines

The government announced extensions of the deadlines for filing personal and trust tax returns and paying balances owing.

Individuals

You now have until June 1, 2020 to file your personal 2019 T1 Income Tax and Benefit Return, which is one month later than the usual April 30th deadline. If you are self-employed, you and your spouse or common-law partner still have until June 15, 2020 to file your tax returns. In May 2020, however, the CRA clarified that so long as you pay any balance owing for your 2019 tax return by September 1, 2020, you will not be assessed any penalties or arrears interest.

If you expect to receive income-tested benefits, such as the GSTC or the CCB, the government has indicated that benefits will continue to be paid for the third quarter of 2020, which ends on September 30, 2020; however, it is recommended that you still file your tax return by June 1 (or June 15 if you or your spouse or common-law partner are self-employed) to help ensure your benefits can be properly calculated in time for 2020-21 program payments that begin in July 2020.

If you are expecting a tax refund, it's also a good idea to file your tax return as soon as possible since the CRA will continue to process refunds throughout tax season.

Under the tax rules, quarterly tax instalments (due March 16, June 15, Sept. 15 and Dec. 15) are required for 2020 if your "net tax owing" this year will be more than \$3,000 (\$1,800 for Quebec tax filers) and was also greater than \$3,000 in either 2019 or 2018. The definition of net tax owing is effectively your net federal and provincial taxes, less income tax withheld at source. If you are self-employed, your instalments must include any Canada Pension Plan ("CPP") contributions and voluntary EI premiums.

You now have until September 1, 2020 to pay your June 2020 quarterly personal tax instalments, and other instalments that would normally be due between March 18 and August 31, 2020. No interest or penalties will accumulate on these amounts during this period.

¹² The report titled "Lower RRIF minimum withdrawals for 2020: Canada's COVID-19 response plan" can be found online at [cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-rrif-en.pdf](https://www.cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-rrif-en.pdf).

Trusts

The government extended the deadline to file T3 Trust Income Tax Returns, along with T3 Information Slips, to May 1, 2020 for trusts with taxation years ending on December 31, 2019. This included personal trusts and many mutual fund and other trusts that report investment income on T3 slips.

For trusts with year-ends other than December 31, and who would have had a filing due date in April or May, the tax filing deadline has been extended to June 1, 2020, and for trusts with a filing due date in June, July or August, the deadline is now September 1, 2020. As above, no penalties or interest will be applied if returns are filed and any payments made by September 1, 2020.

In addition, for trusts that have income tax instalments due on or after March 18, 2020 and before September 1, 2020, the payment deadline is deferred to September 1, 2020.

Business owners

The government also announced a variety of measures to support your business and further information on these initiatives can be found in our report, "[Relief measures for businesses: Canada's COVID-19 response plan](#)."¹³

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¹³ The report titled "Relief measures for businesses: Canada's COVID-19 response plan" is available online at [cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-business-tax-en.pdf](https://www.cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-business-tax-en.pdf).

As with all planning strategies, you should seek the advice of a qualified tax advisor.

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