



Federal government announces fiscal measures in response to COVID-19

This morning, the federal government announced sweeping measures to help stabilize the economy as the country grapples with the effects of the response to the ongoing coronavirus response. The government is prepared to make up to \$27 billion in spending available directly to Canadians, workers and businesses and will offer \$55 billion in tax deferrals to boost financial liquidity. A specific breakdown of those measures is found below.

It should be understood, however, that the government remains focused on ensuring the operation of the country's critical infrastructure and the flow of trade and commerce continues, despite all travel restrictions and impediments. Monday, the government announced the closure of Canada's border to most travelers and today it was confirmed that the Canada-US border will now also be closed to non-essential traffic.

The government continues to explore solutions for responding to sectors and industries most acutely affected. Already, the Canadian Transportation Agency (CTA) has issued temporary exemptions to certain Air Passenger Protection Regulations, acknowledging the major impacts of COVID-19 on the airline industry and that the situation is out of a carrier's control. Similarly, the CTA is staying all ongoing dispute proceedings involving air carriers so their resources can be appropriately directed to helping bring Canadians abroad home and implementing the new screening measures previously announced by the government.

Additional announcements detailing sector specific support for airlines, restaurants, retail and tourism businesses and the energy industry – specifically oil and gas – are expected very soon.

Many of the announced measures require legislative implementation and Parliament is set to reconvene temporarily on Monday, March 22 to pass the required changes. Tax deferrals, however, are effective immediately.

Business Support

Last week, the government announced a series of financing measures for businesses to help with credit and liquidity flexibility. Additional support announced today includes:

- Introducing a temporary wage subsidy for three months to employers in order to prevent lay offs
- Increase credit support to farmers and the agri-food sector through Farm Credit Canada
- The Finance Minister will now have the authority to determine and increase limits for the Canada Account, an Export Development Canada (EDC) program that supports Canadian exporters

Tax Deferrals

- The Canada Revenue Agency (CRA) will defer the filing date for 2019 tax returns for individuals until June 1, 2020 and all income tax payment requirements until after August 31, 2020
- There will be a temporary suspension of CRA post-assessment and audit activity

Income Support

For those Canadians who are unable to work due to COVID-19 – whether they are ill, quarantined or required to stay home to care for children or someone who is sick – government will:

- Waive the waiting period and medical certificate requirements to claim EI benefits, effective March 15
- Introduce the Emergency Care Benefit which will provide payments on par with EI benefits for workers who do not qualify for EI sickness benefits such as those who are self-employed or taking care of a family member and children
- Establish a \$5 billion Emergency Support Benefit that will support Canadians who are not eligible for EI and who lose their jobs or face reduced work hours due to COVID-19's impact
- Roll-out the EI Work Sharing Program that expands eligibility for EI benefits to workers who voluntarily reduce their working hours
- Provide an additional one-time and then double maximum payments for those low-income families who receive the Goods and Services Tax credit
- Increase the maximum Canada Child Benefit payment by an extra \$300 per child
- Establishing a \$305 million Indigenous Community Support Fund for First Nations, Inuit and Métis Nation communities
- Apply a six-month freeze on Canada Student Loan repayments, interest free
- Reduce Registered Retirement Income Fund (RRIFs) minimums by 25%
- Provide a \$157.5 million top-up to the Reaching Home initiative which supports those experiencing homelessness and up to \$50 million to women's shelters

Credit and Mortgage Support

- Canada's large banks have confirmed that, in addition to other support measures, there will be up to a 6-month payment deferral for mortgages and relief on other credit products
- The Canada Mortgage and House Corporation (CMHC) will also offer tools that include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and special payment arrangements
- Insured Mortgage Purchase Program (IMPP) will allow the government the purchase \$50 billion of uninsured mortgage pools through CMHC