

# Federal Government Relief Programs During COVID-19

A Summary of Benefits by Kurt Rosentreter, CPA, CA  
As of April 9, 2020



The Canadian government is in the midst of launching a variety of programs to help employers, employees and the self-employed survive the almost complete shutdown of the global economy.

The information has been coming out fast with clarifications and adjustments to programs on an ongoing basis. Even now I am far from having all the answers. But I feel there is enough finalized content now that it is a reasonable time to send this newsletter out to you.

Please know that I will stay on top of the information as it comes out and please lean on me if you have any questions. Last week I put on two two-hour ZOOM webinars to hundreds of dentists across Canada on all the details for the programs below. Consider me and the team your personal go-to resource if you are wondering what you qualify for. Call or email us.

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*Kurt's Opinion:*

*As an employer, work with your accountant to sort out the best route for you - Air Canada just brought back thousands of employees to payroll thanks to CEWS. Basically, with CEWS an employer can put employees back on payroll while having them sit at home because the business is closed or operating at a much lower level. Perhaps get your employees to do some marketing, office organization or other longer overdue tasks they can complete from home.*

*As a laid off employee you could apply for CERB last week – did you? And note that any part time work could disqualify you.*

**10% Wage Subsidy (TWS)**

- Covers March 18<sup>th</sup> to June 19 so far
- A program for employers, not employees
- Reimburses employers 10% of payroll, capped at \$1375 per employee or \$25,000 per employer
- Calculated by your payroll provider – credit applied against source withholdings on payroll
- Benefits are taxable
- To qualify you need to be anyone who employs others; have a business number and have a payroll program in place before March 18<sup>th</sup>
- Any employer who has kept employees working and paid should be applying for this
- It will reduce CEWS (see below) which came out later

**Canada Emergency Bank Account (CEBA)**

- To qualify for this money, you need to be any employer with a payroll of \$50,000 to \$1 million a year
- \$40,000 loan of which \$30,000 has to be paid back by December 2022; 1/4 forgiven
- One year interest free. Apply through the lender at your bank.

**Employment Insurance (EI)**

- Need your Record of Employment (ROE) to apply
- Max is \$573 per week
- EI is reduced by any part time work you take on while you claim EI
- The new CERB program (see below) is an extension of EI and both will be integrated if you applied for both. You don't need to apply for both.

### **Canada Emergency Response Benefit (CERB)**

- Applies to the worker – anyone self-employed, employed, full time or part time should apply
- Must have lost income due to COVID-19 and must be stopped working completely
- Must have earned at least \$5,000 over the last year to qualify
- You have to apply monthly
- Pays \$500 per week for four months to October 2020 and is taxable
- Money will be backdated to the start of your eligible period
- Already getting EI? Don't apply again – the government will convert it to CERB.
- You can qualify for this if your income was received as dividends (not salary) and if your employees include family members (non-arm's length)

### **Canada Emergency Wage Subsidy (CEWS)**

- Applies to the employer – whether a corporation, partnership or self-employed and has experienced a 15% revenue decline in March 2020 measured against the previous March 2019
- Payment is taxable to the employer; employer applies through “my business portal” on CRA website
- Government will reimburse up to 75% of employee compensation to \$847/week. This means if you bring back your employees and pay them at this level your payroll cost appears to be fully reimbursed – even if you pay them to sit at home because your business is closed.
- Government expects “best efforts” by the employer to pay the employee the remaining 25% of their pre-virus full income.
- If the employer qualifies for CEWS they can also get a 100% refund of EI, CPP premiums paid for employees through payroll
- Family members on payroll can be included as part of reimbursement if certain conditions are met.

### **Income Taxes**

Two weeks ago, I sent you a newsletter outlining how CRA was deferring your income tax payments for several months. Your personal tax return is not due April 30<sup>th</sup>. It is now due June 1, 2020. As well, your personal quarterly income tax installments, corporate tax returns and corporate tax installments and trust tax returns and trust tax installments have also been deferred into the future. Check with your accountant (if you have one) to understand when you will file and pay.

## **Expense Deferrals**

When you review the various bills you have to pay each month, a number of these providers are offering deferral opportunities (phone companies, utilities companies, property taxes charged by your local government and more). Contact each one directly following the customer service number shown on a copy of your last invoice.

## **Loans and Mortgages**

Banks and trust companies are offering deferrals on mortgage payments and other loan payments. I had one client tell me that he enrolled on a website for CIBC and to set up the deferral only took a few minutes. Some banks are continuing to charge you interest during the deferral period. Other banks are waiving the cost of interest during the deferral period.

## **Personal Insurance Premiums**

Insurance companies are giving policy holders options to defer their premiums for life insurance, disability insurance and more into the future. Contact your insurance company directly to discuss how they can help you push payments into the future. Contact us if you need a summary of your insurance policies that we are the agent for.

## **Students**

University students and graduates with educational loans through the Canada Student Loans Program can defer their payments into the future. There will be no accrued interest charged during this period of deferral.

## **Seniors / Retirees**

Retirees have been largely left out of the government programs launched to date. The only perk has been a reduction in the amount of money that must be withdrawn from a RRIF this year. RRIFers can choose to reduce their withdrawals by up to 25% in 2020 which will result in less taxable income.

## What Should You Do?



With lightning speed, the government and industry in Canada have provided Canadians with options to cut costs to get through this period with less or no income if you are an employed Canadian.

Take advantage of the expense deferrals if you need to. Do it now. Call or email us if you have any questions.



With that said if you have emergency funds or extra savings you don't mind dipping into to pay the bills and you will still have ample cash flow left, then try to pay some or all of your invoices as you regularly would. Don't defer them. The fact is these costs are merely deferred and not forgiven and waived. That means you will have more to pay later – in some cases with interest charged on top. So, if you can stay on track it is better to pay what you can now.



If you are an employer wondering how to apply for the government programs speak to your accountant about what programs are right for you or call/email us to help you sort it out.

If you are an employee or a self-employed professional wondering how to apply for the government programs also speak to your accountant or call/email us about what programs are right for you.

Time matters – don't delay getting organized or reaching out to us.



I hope you find this a useful concise summary among a lot of information coming out. I will always try to keep it basic but meaningful – I can't stress enough that the team is here to help you and we have spent a lot of time learning about your options.

Warm regards,

- Kurt.

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***Kurt's Comments:***

*Our team and the Manulife Securities team are working throughout this crisis.*

*Contact the office by our emails or by phone if you have any questions.*

*If you happen to reach voicemail, please call or email again and also know we will contact you as well!*

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Be **SAFE** from coronavirus infection  
Be **SMART** & inform yourself about it  
Be **KIND** & support one another

## KURT ROSENTRER

Senior Financial Advisor  
And Portfolio Manager  
Manulife Securities Incorporated  
President, Life Insurance Advisor  
Upper Canada Capital

Manulife Securities Incorporated  
302 – 3 Church Street  
Toronto, Ontario M5E 1M2  
Phone 416-628-5761 EXT 230  
Fax: 416-225-8650  
Kurt.rosentreter@manulifesecurities.ca

Find us on the Web:

[www.kurtismycfo.com](http://www.kurtismycfo.com)

[www.uppercanadacapital.com](http://www.uppercanadacapital.com)

## How Kurt and Team Can Help You with Taxes

- Oversee annual tax return preparation
- Thorough personal and business tax planning opportunity reviews
- Implementing life insurance to cover taxes at death
- Tax smart portfolio investment strategies
- Small business advanced tax planning
- Tax effective design of retirement cash flows
- Tax wise Will design
- Personal tax deductions and tax credits



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