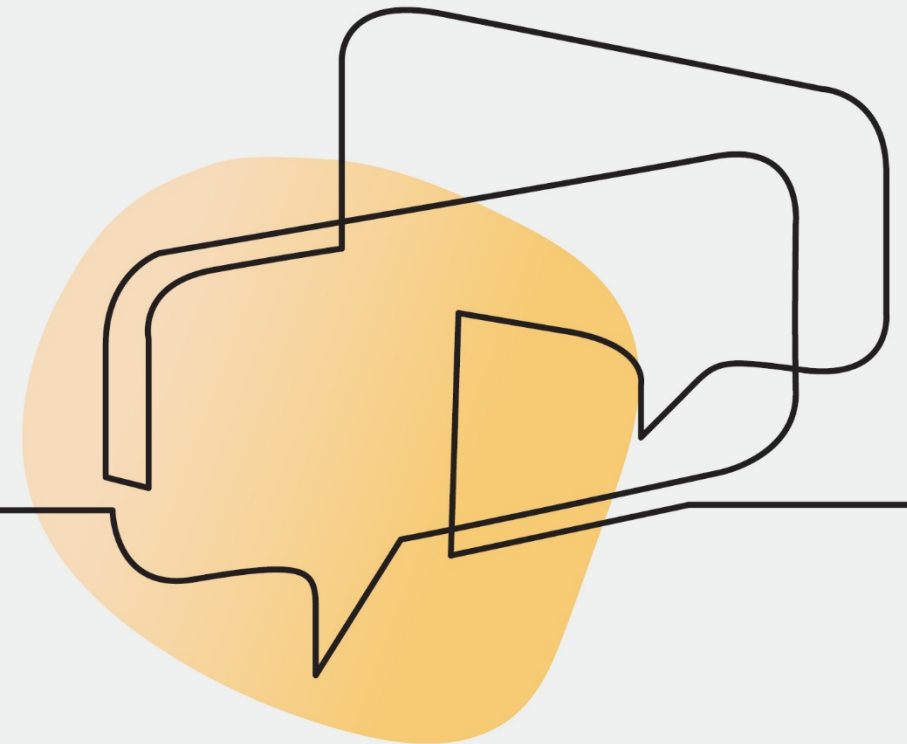




Reacting to COVID-19

ACCE – April 15, 2020

KPMG LLP



Today's presenters



Amaan Dato
Senior Manager, Tax
KPMG LLP

adato@kpmg.ca | 416 549 7838



Tyler Spicer
Manager, Tax
KPMG LLP

tspicer@kpmg.ca | 416 224 4104

Disclaimer

The information provided in this presentation is intended for educational purposes only. None of the information provided in this presentation is provided as legal advice and it shall not be relied upon as such. You should refrain from taking any action based on the content of this presentation. Any use or reliance of the information provided shall be at your sole risk. For advice pertaining to the information provided, please contact a lawyer from the KPMG Law Practice for details on how this may impact you.

This presentation may contain a discussion or analysis of decided cases. Any discussion or description of the facts of the cases or positions argued by the parties is based solely on publicly-available information. For greater certainty, no confidential client information is disclosed.

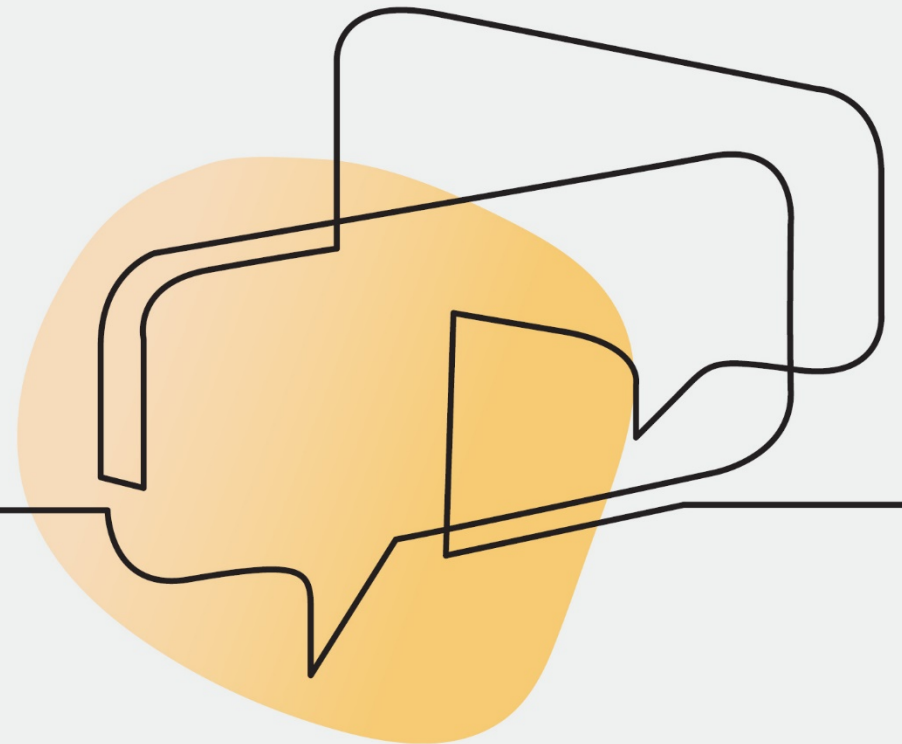
If you provide us with confidential information during the course of this presentation but do not retain us with respect to you matter, you are not our client. We may act for another client on any matter pertaining to the confidential information you provided during the course of this presentation.

Agenda

- Canada Emergency Wage Subsidy (“75% Subsidy”)
- Temporary Wage Subsidy (“10% Subsidy”)
- Canada Emergency Response Benefit (“CERB”)
- Revised tax filing and payments/remittances deadlines



Canada Emergency Wage Subsidy



Canada Emergency Wage Subsidy

What is it?

- A temporary 12-week subsidy provided to eligible employers to assist them in retaining or re-hiring employees.
- 75% of employees' remuneration paid, up to a maximum of \$847/week/employee.
- Eligible period from March 15, 2020 to June 6, 2020.
 - Period 1 – March 15 to April 11
 - Period 2 – April 12 to May 9
 - Period 3 – May 10 to June 6

Canada Emergency Wage Subsidy

Who is eligible?

- Individuals, taxable corporations, partnerships consisting of eligible employers, non-profit organizations and registered charities.
- Must show a decrease in their revenue of at least 15% in March 2020 and 30% for the following months.
- Remuneration paid to eligible employees.
- Must have had a business number on March 15, 2020.

Canada Emergency Wage Subsidy

Determining the reduction in revenue:

- Choice between year-over-year change or an average of revenue earned in January and February 2020.
- Required to use same approach for the duration of the program.
- Once employer is found eligible for a specific period, the employer automatically qualifies for the next period.

Canada Emergency Wage Subsidy

Computation of revenues:

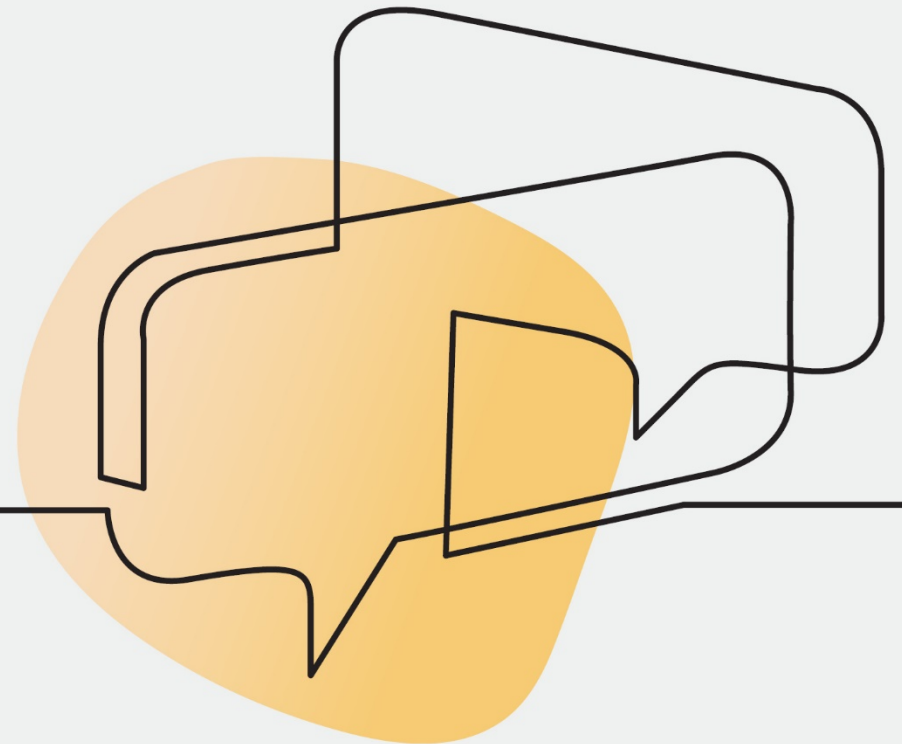
- Computed using the employer's normal accounting method.
- Excludes revenues from extraordinary items and amounts on account of capital.
- Allowed to calculate revenues on a cash basis.
- Generally, just revenues from arm's length sources.
- Special rules for the computation of revenue provided to consider certain non-arm's length transactions.

Canada Emergency Wage Subsidy

How will the subsidy be received?

- Apply through the CRA's *My Business Account* portal before October.
- Apply through a dedicated online portal.

Temporary Wage Subsidy



Temporary Wage Subsidy

What is it?

- Three-month measure that will allow eligible employers to reduce payroll deductions required to be remitted to the CRA.
- Subsidy equal to 10% of the remuneration paid from March 18 to June 19, up to \$1,375 for each eligible employee.
- Maximum subsidy of \$25,000/employer.

Temporary Wage Subsidy

Who is eligible?

- Individuals, partnerships, non-profit organizations, registered charities, Canadian-controlled private corporations eligible for the small business deduction
- Have an existing business number and payroll program account with the CRA on March 18, 2020; and
- Pay salary, wages, bonuses, or other remuneration to an eligible employee.

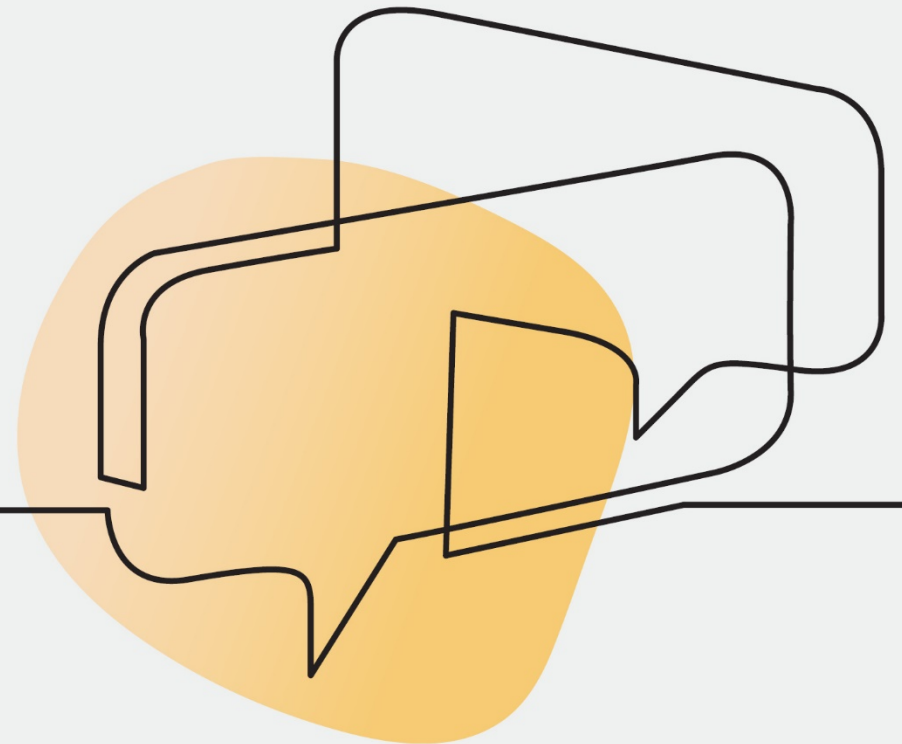
Temporary Wage Subsidy

How will the subsidy be received?

- No application is required.
- You must calculate the subsidy yourself, and then reduce the current payroll remittance of federal, provincial or territorial income tax.
- Cannot reduce remittances of CPP contributions or EI premiums



Canada Emergency Response Benefit



Canada Emergency Response Benefit (CERB)

What is it?

- An income support payment provided to eligible workers who have lost their income due to COVID-19.
- CERB provides \$500 per week for up to 16 weeks.
- The benefit is available for the period of March 15, 2020 to October 3, 2020
- It is a taxable benefit and will have to reported when you file your income tax for the 2020 tax year.

Canada Emergency Response Benefit

Who is eligible?

- Available to workers:
 - Residing in Canada who are at least 15 years old;
 - Who have stopped working because of COVID-19 or are eligible for employment insurance regular or sick benefits;
 - Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application and;
 - Who are expected to be without employment or self-employment income for at least 14 consecutive days in the initial four weekend period. For subsequent benefit periods, they expect to have no employment or self employment income.

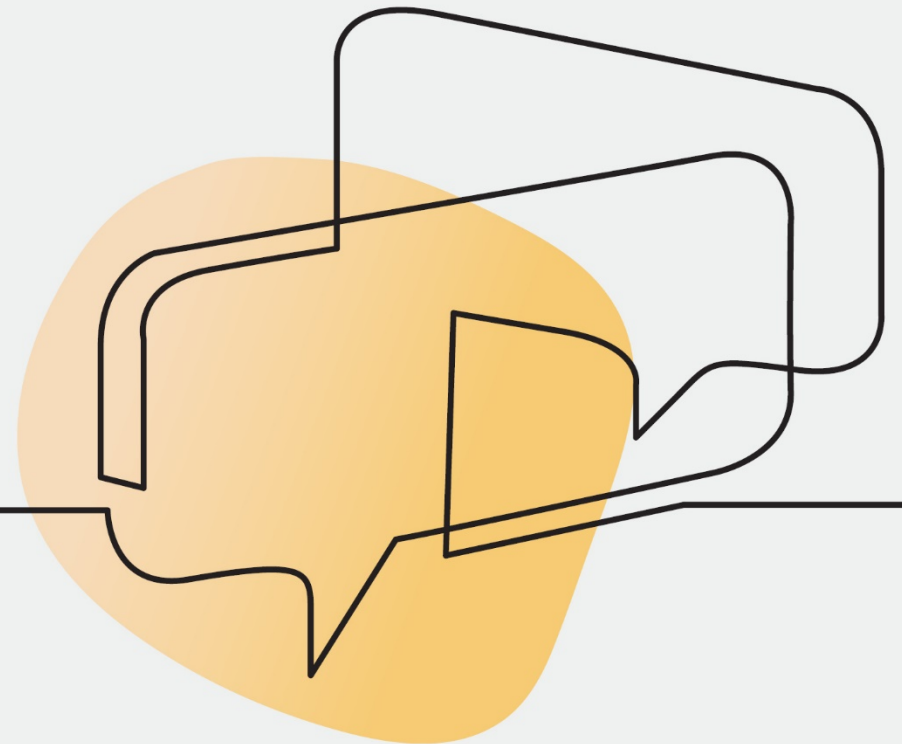
Canada Emergency Response Benefit

How will the benefit be received?

- Apply through the CRA's *My Account* portal.
- Apply over the phone with an automated phone service through the CRA.
- Apply online via a Service Canada portal.
- After applying the benefit should be received within 3 business days if you are signed up for direct deposit otherwise it should be received within 10 business days



Revised tax filing deadlines



Revised tax filing deadlines

What's changed?

Individuals

- Filing date for 2019 tax year -> **June 1, 2020**
- Payment date for 2019 tax year -> **September 1, 2020**

Self-employed and their spouse or common law part

- Filing date for 2019 tax year -> **June 15, 2020**
- Payment date for 2019 tax year -> **September 1, 2020**

Corporations

- Filing date for current tax year for corporations that would otherwise have a filing due date after March 18 and before June 1 2020 -> **June 1, 2020**
- Payment for balances and instalments under Part 1 of the Income Tax Act due on or after March 18 and before September 1, 2020 -> **September 1, 2020**

Revised tax filing deadlines

What's changed?

Trusts

- Filing date, applies to trust with a tax year end of December 31 2019 -> **May 1, 2020**
- Filing date, applies to trust that would otherwise have a filing due date in April or May -> **June 1, 2020**
- Payment of income tax balances and instalments due on or after March 18 and before September 1, 2020 -> **September 1, 2020**

Charities

- Filing date, applies to charity returns due March 18, 2020 to December 31, 2020 -> **December 31, 2020**

Revised tax filing deadlines

What's changed?

NR4 Information Returns

- Filing date -> **May 1, 2020**

Partnership Returns

- Filing date -> **May 1, 2020**

Other information returns, elections, designations and information requests

- That were due after March 18, 2020 and before June 2020 -> **June 1, 2020**

Thank you





kpmg.ca



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.