

Government of Canada's COVID-19 Economic Response Plan

The Government of Canada is taking immediate action to help Canadians during the COVID-19 outbreak. This morning, the Prime Minister announced a new set of economic measures to help stabilize the economy during this time with Government of Canada's COVID-19 Economic Response Plan. This plan will provide up to **\$27B to Canadian workers and businesses.**

What the Government of Canada's COVID Economic Response Plan can do for Canadian Businesses:

1. Help Retain Workers

- To support businesses that are facing revenue losses and to help prevent layoffs, the government is proposing to provide eligible small employers a **temporary wage subsidy for a period of three months.**
 - This subsidy will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.
- What does this look like for businesses?
 - It means businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration.

2. Provide Flexibility for Filing Taxes

- The Prime Minister announced this morning that instead of the usual April 30 filing deadline for filing taxes, Canadians will have until June 1 to submit their income tax return to Canada Revenue Agency – and the deadline to pay off any outstanding balances interest-free will also be extended, this year to July 31.
 - With that announcement, businesses will also have more time to pay their taxes without paying any interest or penalties. The **new deadline for businesses will be July 31 to pay any corporate taxes or make any scheduled instalment payments.**
 - The Canada Revenue Agency will also allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020.
- Also announced today, the Canada Revenue Agency will not contact any small or medium sized businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks. **For most businesses, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives.**

3. Help Accessing Credit

- The Business Credit Availability Program (BCAP) will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to **provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses.**
- The Office of the Superintendent of Financial Institutions (OSFI) announced it is **lowering the Domestic Stability Buffer by 1.25% of risk-weighted assets, effective immediately.** This action will allow Canada's large banks to inject \$300 billion of additional lending into the economy.
 - Note: The Bank of Canada also took a series of actions including cutting the interest rate to 0.75% as a proactive measure.

4. Support through Changes to [Canada Account](#)

- The Canada Account is administered by Export Development Canada (EDC) and is used by the government to support exporters and allows the government to provide support to Canadian businesses through loans, guarantees or insurance policies during challenging times.
- **Today, the Finance Minister announced that his team can change the limit within Canadian Account to reflect the difficulty that Canadian businesses are experiencing during this time.** However, specifics on what these changes look like are not yet known, but may be available in the coming days.

5. Providing Mortgage Management Tools and Support

- The Bank of Canada has announced that it will adjust its market liquidity operations to maintain market functioning and credit availability at this time. They will also **broaden eligible collateral for its term repo facility to include the full range of collateral eligible under the Standing Liquidity Facility – with the exception of the non-mortgage loan portfolio.**
 - Note: The Bank of Canada has also stated that they can be on standby to provide support to the Canada Mortgage Bond (CMB) if needed.
- Earlier this week, the government also announced that it is launching an Insured Mortgage Purchase Program (IMPP). Under this program, **the government will purchase up to \$50 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation (CMHC).**
 - Additionally, the Canada Mortgage and Housing Corporation (CMHC) will work with the government to offer support. The government committed, through CMHC, to provide increased flexibility for homeowners facing financial difficulties – and allow payment deferrals to begin immediately.
 - Note: Further details of the terms of the purchase operations will be provided to lenders by CMHC later this week.

