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## INTRODUCTION

Since the Covid-19 crisis at the beginning of March, many programs and measures have been introduced by the **Federal** and **Provincial Governments**, designed to **support individuals and businesses**. Since then, these programs have been, and continue to be, **changed**, as new details are announced and clarified, and new programs are released. This newsletter summarizes the changes from August 10 to August 21, 2020.

If you have any questions about anything in this newsletter, or I can be of service in helping you with any of these programs, or in any other way, please contact me at (825) 993-5293 or [Chris@kayecpa.ca](mailto:Chris@kayecpa.ca)

## Individuals

With the prior programs nearing the previously announced end date, extensions, changes, and new programs have been announced.

### One-time benefits

#### Persons with disabilities

A one-time payment of **\$600** to persons with **disabilities** has been announced.

#### *Eligibility*

- persons who are **eligible** for the **Disability Tax Credit (DTC)** or who **apply** for it by September 25.
- beneficiaries as at July 1, 2020 of either:
  - Canada Pension Plan Disability
  - Quebec Pension Plan Disability Pension, or
  - one of a number of disability supports provided by Veterans Affairs Canada.

#### *Application*

**No application** is required for this payment, however, if an individual qualifies for the DTC, and has not previously applied, they **must apply** for the DTC by **September 25**.

#### *Tax treatment*

This payment is **tax free**.

## CERB transitioning to EI

**Most** individual receiving CERB through **Service Canada** will **automatically** be transitioned to EI.

**All** individuals receiving CERB through **CRA** will be **required to apply** for EI as normal.

## Changes to existing programs

### Canada Emergency Response Benefit (CERB)

The Canada Emergency Response Benefit of **\$2,000 per claim period** has been extended to **seven** periods, to **September 26** (28 weeks in total).

#### *Eligibility*

To be eligible, the applicant must:

- Be at least **15**,
- Be **resident** in Canada,
- Have **stopped working because of Covid-19**, or **be eligible for EI regular or sickness benefits**, or have exhausted their EI benefits between December 29 and October 3,
- **Not have quit their job voluntarily**,
- Have **employment or self-employment income** of at **least \$5,000** in 2019 or in the 12 months prior to the date of the application.

#### *Earnings while claiming CERB*

When submitting their first claim, they cannot have earned more than **\$1,000 in employment and/or self-employment income** for **14 or more consecutive days within the four-week claim period**.

On subsequent claims, they cannot have earned more than **\$1,000 in employment and/or self-employment income** for the entire four-week claim period.

#### *Application*

Application is made either through **Service Canada** or the **CRA**, depending on if the person was on EI prior to the claim.

More information and application is available at:

<https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

#### *Tax treatment*

The CERB is taxable, it will be included in the **taxpayer's income for 2020**, and that, unlike regular

employment or EI income, income taxes have **not been deducted at source**. Therefore, an individual who receives CERB may, depending on their gross income for 2020, have taxes **payable** by April 30, 2021. It would be prudent to plan for these taxes payable.

Information slips for this income will be provided by CRA in early 2021.

### Employment insurance (EI) changes

Commencing **September 27**, and effective for one year:

- Reduce the **insurable hour requirement** to **120 hours** in the 52 weeks prior to application.
- New rules for individuals transitioning from CERB to maternity, parental, compassionate care, family caregiver and sickness benefits.
- Increase the **weekly minimum benefit** to **\$400**. Previously, benefits were based on 55% of average weekly earnings.
- Increase the weeks eligible for EI to **26 weeks** (6 months). Previously, in some areas, this was 14 weeks.

There has been **no change** to rules regarding **working while on EI**. Therefore, an individual can earn income while receiving benefits, but benefits are **reduced by \$0.50 for every dollar of earnings**.

#### *Tax treatment*

EI benefits are **taxable**, and will be included in the taxpayer's income for 2020.

However, it is expected that, unlike CERB, tax will continue to be withheld on EI, minimizing the amount of tax due in April 2021.

## **Covid-19 – Financial Relief for Canadians**

## New benefit programs

Starting September 27, 2020, **three new programs will be introduced.**

### Canada Recovery Benefit.

Available to **self employed and other individuals who are not eligible for EI**, but still require support due to an inability to return to work.

#### *Benefit*

This is a benefit of **\$400/week**, for up to 26 weeks.

#### *Eligibility*

To be eligible, the applicant must:

- **Ceased working, or had their income reduced, due to Covid-19.**
- **Must be available and looking for work.**

#### *Earning income while claiming benefit.*

An individual may earn income when claim CRB, but is subject to a clawback of 50% of net income, up to the total benefit received in the calendar year.

Included in net income is CERB, CESB and investment income.

#### *Application*

To be announced.

#### *Tax treatment*

To be announced, but will likely be taxable.

### Canada Recovery Sickness Benefit

Available to workers who **are ill or must self isolate** for reasons related to Covid-19.

#### *Benefit*

A benefit of **\$500 per week** for up to two weeks.

#### *Exception*

The CRSB is **not available** with other paid sick leave or benefits (eg sick time, short term disability, etc).

#### *Eligibility*

Similar to CERB (earned income of \$5,000 in 2019, or 12 months prior to the claim).

#### *Tax treatment*

To be announced, but will likely be taxable.

### Canada Recovery Caregiver Benefit

Paid to workers who are **unable to work** because they must **care for a child under the age of 12, a dependent or family member**, due to **closure of schools, daycare or care facilities**, due to Covid-19.

#### *Benefit*

**\$500 per week**, for up to 26 weeks per household.

#### *Sharing*

The CRCB can be **shared** with other members of the household, but only one member may receive it at any one time.

#### *Eligibility*

It will **not be available** where schools are care facilities have **reopened**, but would be available where **medical advice** indicates a person would be **at risk** (e.g. immunocompromised) by returning to school or daycare.

#### *Application*

To be announced.

#### *Tax treatment*

To be announced, but will likely be taxable.

The preceding information is for educational purposes only. As it is impossible to include all situations, circumstances and exceptions in a newsletter such as this, a further review of your situations and specifics should be done by a qualified professional.

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## **Covid-19 – Financial Relief for Canadians**