

TAXTALK

COVID-19 Tax Measures – March 30, 2020

On March 30, 2020, the federal government announced updates to their response plan.

Canada Emergency Wage Subsidy

Prime Minister Justin Trudeau provided a bit more insight on the emergency wage subsidy that was announced on Friday March 27th.

There are still many unanswered technical questions, but it was confirmed today that businesses may be eligible for the Canada Emergency Wage Subsidy if their revenues have decreased by at least 30 percent as a result of COVID-19.

The government is saying that it will cover up to 75 percent on the first \$58,700 that an employee earns, up to a maximum of \$847 a week, backdated to March 15th. The size of the business will not impact whether it qualifies for the subsidy.

Further clarification is expected tomorrow with regards to how they expect the 30 percent decrease in revenue to be quantified.

Canada Emergency Business Account

The Prime Minister also announced that banks will provide interest-free loans of up to \$40,000 to employers with \$50,000 to \$1,000,000 in total payroll for 2019.

Repayment of the balance of the loan on, or before, December 31, 2022 will result in a loan forgiveness of 25 percent of the loan amount.

Small businesses and not-for-profits should contact their lending institution to initiate the application for these loans.

A memorandum of this nature cannot be all-encompassing and is not intended to replace professional advice. Its purpose is to highlight tax planning possibilities and identify areas of possible concern. Anyone wishing to discuss the contents or to make any comments or suggestions about this TaxTalk is invited to contact one of our offices.

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