

What the government is offering you in coronavirus-related benefits and how to get them

Jamie Golombek: Here's a quick summary of the major tax changes affecting individuals



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The federal government this past week announced a variety of tax measures to help Canadians facing hardship as a result of the COVID-19 outbreak. Here's a quick summary of the major tax changes affecting individuals.

TAX PAYMENT AND FILING DEADLINES

The government is extending the deadlines for filing personal tax returns and paying balances owing. You now have until June 1, 2020, to file your personal tax return, which is one month later than the usual April 30 deadline. Self-employed taxpayers (and their spouses or partners) still have until June 15, 2020, to file.

You also now have until Aug. 31, 2020, to pay any balance owing on your 2019 tax returns, which is four months later than the usual April 30 deadline. You may have to pay interest on any balance owing after Aug. 31 for your 2019 tax return.

But if you expect to receive income-tested benefits, such as the Goods and Services Tax credit (GSTC) or Canada child benefit (CCB), it is recommended

that you still file your tax return by April 30 to help ensure your benefits can be properly calculated in time to receive the 2020-21 program payments that begin in July 2020.

If you are expecting a tax refund, it's also a good idea to file your tax return as soon as possible since the Canada Revenue Agency will continue to process refunds throughout tax season.

TAX INSTALMENTS

Under the tax rules, quarterly tax instalments (due March 16, June 15, Sept. 15 and Dec. 15) are required for 2020 if your "net tax owing" this year will be more than \$3,000 (\$1,800 for Quebec tax filers) and was also over \$3,000 in either 2019 or 2018. Effectively, the definition of net tax owing is your net federal and provincial taxes, less income tax withheld at source. If you are self-employed, your instalments must include any Canada Pension Plan (CPP) contributions and voluntary Employment Insurance (EI) premiums.

You now have until Aug. 31, 2020, to pay your March 2020 and June 2020 quarterly personal tax instalments, and any other instalments that would normally be due between March 18 and Aug. 31. The government has confirmed that neither interest nor penalties will accumulate on these amounts during this period.

TEMPORARY INCOME SUPPORT FOR WORKERS AND PARENTS

The government introduced a variety of new measures for Canadians without paid sick leave who are sick, quarantined or forced to stay home to care for children. The first is waiving the one-week waiting period for those individuals in imposed quarantine who claim EI sickness benefits, and waiving the requirement for a medical certificate to qualify for those benefits

Secondly, the government is introducing the Emergency Care Benefit (ECB), which will provide up to \$900 bi-weekly for up to 15 weeks. This flat-payment benefit will be administered through the CRA and provide income support to workers (including those who are self-employed) who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits.

The ECB will also be paid to workers (including self-employed) who may be taking care of a family member, such as an elderly parent, who is sick with COVID-19 but does not qualify for EI sickness benefits, and to parents with children who require care or supervision due to school closures and are unable to earn employment income, regardless of whether they qualify for EI or not. ECB applications will be available in April and require applicants to attest that they meet eligibility requirements. They will need to re-attest every two weeks to reconfirm their eligibility. You can apply for the ECB either using the secure [CRA MyAccount](#) portal or [My Service Canada Account](#) website, or by calling a toll-free number that will be equipped with an automated application process.

SPECIAL ONE-TIME PAYMENT

The government announced a one-time special payment to be given out by early May 2020 through the GSTC, thereby doubling the maximum annual GSTC payment amounts for the 2019-20 benefit year. The government has estimated the average boost to income for those who qualify for this measure will be approximately \$400 for single individuals and nearly \$600 for couples. The government estimates this will help more than 12 million low- and modest-income families.

INCREASED CANADA CHILD BENEFIT

The government is also increasing the maximum annual CCB amounts for the 2019-20 benefit year by \$300 per child. It estimates the average increase for families receiving the CCB will be approximately \$550. These families will receive

the extra benefit as part of their May 2020 payment. It is estimated that more than 3.5 million families will benefit.

RRIF MINIMUMS

You must start making minimum withdrawals from your RRIF in the year after it is established. Minimum withdrawals are calculated as a percentage of the fair market value of your RRIF assets at the beginning of the year, and the percentage is based on your age at the beginning of the year. Withdrawals from your RRIF, including the minimum amount, are taxable as ordinary income at your marginal tax rate. The federal and provincial pension income credits are available for RRIF withdrawals once you are at least 65 years old.

The government announced it is reducing the minimum withdrawal from RRIFs in 2020 by 25 per cent “in recognition of volatile market conditions and their impact on many seniors’ retirement savings.” For example, a taxpayer who was 71 on Jan. 1, 2020, now only has to withdraw 3.96 per cent of the fair market value of their RRIF (as of Jan. 1), down from the normal rate of 5.28 per cent.

This decrease will provide needed flexibility to seniors who are concerned they may be required to liquidate more of their RRIF assets than they need for living expenses to meet the current legislated minimum withdrawal requirements.

For those who already withdrew the higher RRIF minimum for 2020, it remains to be seen whether the government will permit them to re-contribute all or a portion of their excess withdrawals into their RRIF, as was permitted in 2015 when the RRIF minimums were last revised.

STUDENT LOANS

Finally, the government announced a six-month interest-free moratorium on repaying Canada Student Loans for all individuals currently in the process of repaying these loans. No interest will be added on these loans for six months.

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