



## **Federal Stimulus Package**

As you may know, on Wednesday, March 18<sup>th</sup>, the Prime Minister announced a new set of economic measures to help stabilize the economy during this challenging period. These measures, delivered as part of the Government of Canada's COVID-19 Economic Response Plan, will provide up to \$27 billion in direct support to Canadian workers and businesses.

There are several measures for businesses, including:

- **Ensuring Businesses Have Access to 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 to the economy.

- **Helping Businesses Keep Workers**

The government is proposing to provide eligible small employers a temporary wage subsidy for a period of three months. The 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. Businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration. Employers benefiting from this measure will include corporations eligible for the small business deduction, as well as non-profit organizations and charities.

- **Flexibility for Businesses Filing Taxes**

The Canada Revenue Agency will 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. This relief would apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act*. No interest or penalties will accumulate on these amounts during this period.

The Canada Revenue Agency will not contact any small or medium (SME) businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks. For the vast majority of businesses, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives.

- **The Canada Account**

The government is changing the Canada Account so that the Minister of Finance would now be able to determine the limit of the Canada Account in order to deal with exceptional circumstances. The Canada



Account is administered by Export Development Canada and is used by the government to support exporters when deemed to be in the national interest. This will allow the government to provide additional support to Canadian companies through loans, guarantees or insurance policies.

- **Supporting Financial Market Liquidity**

Government is launching an Insured Mortgage Purchase Program which will allow the government to purchase up to \$50 billion of insured mortgage pools through the CMHC.

The Bank of Canada also announced that it will 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.

The Bank also announced that it stands ready to provide support to the Canada Mortgage Bond market so that this funding market continues to function well. This would include, as required, purchases of CMBs in the secondary market.

For more information, please click [here](#).