

March, 25th 2020

Canada – CANADA’S RESPONSE TO ADDRESS THE ECONOMIC AND SOCIAL IMPACT OF THE COVID-19 PANDEMIC

Canada has introduced, over the past fourteen days, drastic measures to stem the propagation of the COVID-19 virus among its citizens. In recent weeks, a series of extraordinary measures have been introduced at both the Federal level as well as by the Provinces and several Municipalities in order to mitigate the economic effects of the health emergency crisis resulting from COVID-19, which the World Health Organization officially declared to be of pandemic scale on March 11, 2020.

The Provincial governments of Quebec and Ontario have declared emergency measures in the provinces, restricting the movement of citizens, banning congregations of more than three persons and enforcing a sanitary confinement of persons away from workplaces. All but priority economic activities have been restricted. The Federal government has closed curtailed air travel, restricted the use of airports and instructed airlines to limit their activities to essential services, as well as closed the US-Canada border to all but essential travelers.

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1. Response of the Federal (Canada) Government

As of March 21, 2020, a temporary 30-day restriction on all non-essential travel at the Canada-U.S. border has been implemented.

This restriction covers all travel of an optional or discretionary nature, including but not limited to tourism, entertainment and recreation

On March 18, 2020, Canada 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.



EMPLOYMENT INSURANCE ASSISTANCE

The Government of Canada is implementing the Employment Insurance (EI) Work Sharing Program (WSP), which provides EI benefits to workers who agree to reduce their normal working hour as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements, and streamlining the application process.

PROVIDING SMALL BUSINESS WITH WAGE SUBSIDIES

To support businesses that are facing revenue losses and to help prevent lay-offs, the government has introduced 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.

ESTABLISHING A BUSINESS CREDIT AVAILABILITY PROGRAM

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. BDC and EDC are cooperating with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation and tourism. The near-term credit available to farmers and the agri-food sector will also be increased through Farm Credit Canada.

LOWERING THE DOMESTIC STABILITY BUFFER

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 in to the economy.

CUTTING THE INTEREST RATE

The Bank of Canada took a series of actions to support the Canadian economy, including cutting the interest rate to 0.75% as a proactive measure in light of the negative shocks to Canada's economy arising from the COVID-19 pandemic and the recent sharp drop in oil prices.

CREATION OF AN INSURE MORTGAGE PURCHASE PROGRAM

The government announced on March 16 that it was 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) to provide long-term stable funding to banks and mortgage lenders, help facilitate continued lending to Canadian consumers and businesses, and add liquidity to Canada's mortgage market. 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.

EXTENSION OF ALL DEADLINES TO PAY INCOME TAXES

The Canada Revenue Agency (CRA) 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. Further, CRA will not initiate any new post assessment GST/HST or Income Tax audits until May, 2020.

SUSPENSION OF JUDICIARY ACTIVITIES

Courts and Tribunals of Federal jurisdiction have suspended their hearings but are allowing the filing of procedures, electronically where possible.

Supreme Court of Canada	Court remains open for case-related matters. However, the hearings scheduled for March 24, 25 and 26, 2020 are rescheduled, tentatively, to the month of June 2020. All other currently scheduled hearings remain on the agenda until further notice.
Federal Court of Appeal	Adjourning all hearings scheduled to be heard between now and April 17, 2020, with the exception of urgent matters that will be heard by teleconference
Federal Court of Canada	Hearings previously scheduled to be heard between now and April 17, 2020 are being adjourned sine die
Tax Court of Canada	Cancelled all its judicial activities for the weeks of March 16 and March 23, to and including March 27, 2020

2. Response of the Quebec Government

Quebec has introduced sweeping measures to ensure that its citizens do not contribute to the propagation of the COVID-19 virus. The measures essentially focus on self-containment and isolation. As part of this effort, the government of Quebec ordered, as of March 25, 2020, the minimization of all non-priority services and activities. Educational institutions and daycare services will be closed until May 1 save and except for childcare services for jobs and essential services. Business are encouraged to telework and transact business via e-commerce. All businesses that produce inputs or raw materials necessary for priority services and activities must maintain their activities accordingly, bearing in mind the directives from public health authorities. Businesses that provide non-essential services, excluding stores, can maintain minimal operations to ensure the resumption of their activities, bearing in mind the directives issued by public health authorities. The government has prioritized business and essential activities as follows:



PRIORITY HEALTH SERVICES AND SOCIAL SERVICES

- Institutions in the health and social services network, including 811 call centres
- Pre-hospital emergency services, including the Corporation d'Urgences santé, first responders, ambulance service operators and healthcare communication centres
- Private health consulting room of office, including dentists and optometrists (for emergency services only)
- Pharmacies
- Intermediate resources and family-type resources
- Private seniors' residences
- Individuals, enterprises and organizations providing services to the elderly, to the disabled and to the vulnerable, in particular as part of the direct allocation—service employment paycheque measure
- Specialized resources offering accommodation for vulnerable groups (domestic violence, vagrancy, cancer, addicts housed in community or private resources, palliative and end-of-life care, the underprivileged, immigrants, the elderly, the mentally ill, mother and child, prenatal and postnatal groups, young people in difficulty and their families, people with an intellectual or physical deficiency or an autism spectrum disorder, victims of crime)
- Héma-Québec
- Transplant-Québec
- Canadian Red Cross
- Institut national de santé publique du Québec
- Régie de l'assurance maladie du Québec
- Commission des normes, de l'équité, de santé et de la sécurité du travail
- Wholesalers and manufacturers of medication accredited by the Minister of Health and Social Services
- Medical and pharmaceutical laboratories and research centres
- Enterprises manufacturing vaccines or by-products to produce vaccines
- Suppliers, distributors and co-contractors in the health and social services network
- Independent placement agencies in the field of health services and social services
- Private IV clinics
- Joint procurement groups

PUBLIC SECURITY SERVICES

- Police departments and police forces, including emergency call dispatch centres (operated by a municipality or the Sûreté du Québec)
- Fire services
- Correctional services
- Special constables
- Highway controllers
- Wildlife protection officers
- Security agencies
- Ministère de la Sécurité publique (civil security and coroners)

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- Forest firefighters and all types of professionals providing support for civil security operations
 - Communication services
 - Enterprises involved in environmental emergencies

GOVERNMENT SERVICES AND OTHER PRIORITY ACTIVITIES

- Québec government departments and bodies
- Childcare workers and support staff for emergency childcare services
- Online higher education
- Suppliers of goods and services for underprivileged citizens
- Food inspection and food quality
- Waste collection and residual materials management
- Government air services
- Suicide prevention centres
- Assistance services for victims of domestic violence
- Services deemed essential by municipal organizations (administration, public works, etc.)
- Food banks
- Veterinarian clinics
- Animal shelters
- Courts of justice and administrative tribunals, for matters they deem urgent
- Legal services (lawyers, notaries, bailiffs, translators and other workers)
- Professional orders – public protection component
- Priority union activities

MAINTENANCE AND OPERATION OF STRATEGIC INFRASTRUCTURE

- Energy production, supply, transmission, transportation and distribution (hydroelectricity, fossil fuels, wind energy, biomass energy)
- Maintenance of essential public infrastructures in proper working order (bridges, municipal buildings, etc.)
- Construction, maintenance and upkeep of essential activities in connection, in particular, with public and private infrastructures that may create a risk for public health and safety (private dams, management of hazardous and radioactive waste, etc.)
- Sanitary services and supply chains (for example water treatment plants)
- Computer resources (security, maintenance, urgent needs in the current situation)
- Data centres

PRIORITY MANUFACTURING ACTIVITIES

- Food production (for example agricultural operations, food processing, drink production, slaughterhouses, market-garden vegetable production)
- Production of inputs necessary for priority sectors
- Pulp and paper sector
- Manufacture of medical instruments
- Manufacture of chemicals

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- Manufacture of sanitary products
 - Manufacture of micro-electronic components
 - Industrial facilities (in particular in the aluminum sector) and mining facilities, which must reduce their activities to a minimum
 - Manufacturing and maintenance in the defence sector

PRIORITY COMMERCIAL ENTERPRISES

- Grocery stores and other food retailers
- Pharmacies
- Convenience stores
- Stores not in a mall (offering grocery, pharmacy or hardware products)
- Businesses supplying agricultural operations (machinery, fertilizer, etc.)
- Société des alcools du Québec and Société québécoise du cannabis
- Furniture and household appliances (online or telephone sales only)
- Funeral services business and cemetery
- Restaurants (drive-through, take-out and delivery only)
- Hotels
- Cleaners, laundries and laundromats
- Medical and orthopaedic supply firms
- Suppliers of pet food and supplies
- Moving firms
- Work equipment (safety and protection)

MEDIA AND TELECOMMUNICATIONS SERVICES

- Telecommunications (network and equipment)
- Cable services
- Printing (newspaper printing only)
- National media
- Local media
- Communications agencies (advertising, production, feedback)

BANKING, FINANCIAL AND OTHER SERVICES

- Financial services (financial institutions, automatic teller machines and other payment methods)
- Insurance (telephone services)
- Payroll services
- Accounting services
- Financial market and stock exchange services
- Placement agencies

CONSTRUCTION SECTOR SERVICES

- Construction firms, for emergency repairs or to ensure safety

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- Electricians, plumbers and other trades (emergency services only)
 - Equipment rental firms

BUILDING MAINTENANCE AND UPKEEP SERVICES

- Cleaning, upkeep and pest management
- Building maintenance (elevators, ventilation, alarm systems, etc.)
- Household appliance maintenance and repair

PRIORITY SERVICES IN THE FIELD OF TRANSPORTATION AND LOGISTICS

- Public transit services and passenger services
- Ports and airports
- Maintenance of locomotives, aircraft and boats and essential air operations (air transportation)
- Supply and distribution of foodstuffs, grocery stores and convenience stores
- Transportation, storage and distribution of goods
- Snow removal and road maintenance
- Service stations and mechanical repair of cars, tow truck and trucking services and specialized equipment for essential industries and roadside assistance
- Remunerated passenger transportation and paratransit services
- Postal, courier and parcel delivery services

The stores and services covered by this list must ensure that the people in their establishments comply as far as possible with the principles of social distancing. The government further introduced the following measures:

TEMPORARY AID FOR WORKERS PROGRAM (PATT COVID-19)

- Announced on March 17, 2020, this program grants a lump sum of \$573 per week to an eligible person, for a period of 14 days of isolation. If justified, the coverage period could be extended to a maximum of 28 days.
- Beginning on March 19, 2020, workers could apply to PATT COVID-19 if they were (or are) in isolation because they had contracted the virus or are showing symptoms, had been in contact with an infected person or had returned from abroad.
- Workers are not eligible if:
 - they are being compensated by their employer;
 - they have private insurance;
 - they are covered by another government program, including federal employment insurance.

FLEXIBILITY MEASURES FOR INDIVIDUALS AND BUSINESSES

- The deadline for individuals for producing and filing provincial income tax returns for the 2019 taxation year is postponed to June 1, 2020, from April 30, 2020.

- For individuals and individuals in business, the deadline for applying balances due related to income tax returns for the 2019 taxation year is postponed to September 1, 2020.
- The deadline to make instalment payments for the 2020 taxation year is postponed to September 1, 2020.
- The deadline to pay any Québec Pension Plan, Québec Parental Insurance Plan, Health Service Fund, and Québec drug insurance plan contributions for the 2019 taxation year is postponed to September 1, 2020.
- The deadline for businesses to pay tax instalments and taxes due between March 18, 2020, and September 1, 2020, is suspended until September 1, 2020.
- The deadline to file a trust return will be postponed to May 1, 2020, for trusts (other than Specified Investment Flow-Through Trusts (SIFT)) whose tax return filing-due date, for the 2019 taxation year, is March 30, 2020.
- The deadline for a trust (other than a SIFT) to pay any balance of tax due no later than March 30, 2020, for the 2019 taxation year will be postponed to September 1, 2020 (Note that the March 19 press release applies the September 1 deadline to “individuals”, which we interpret to include trusts; in the alternative, the due date is August 31, 2020).
- The payment of tax instalments and the balance of tax otherwise due by specified investment flow-through trusts between March 17, 2020, and September 1, 2020, will be postponed to September 1, 2020
- Partnerships that had to file a Partnership Information Return for 2019 by March 31, 2020, now have until May 1, 2020, to file the return.
- The payment of tax instalments and the balance of tax otherwise due by specified investment flow-through partnerships between March 17, 2020, and September 1, 2020, will be postponed to September 1, 2020

INJECTION OF FUNDS TO HELP BUSINESSES

- The Government of Québec announced the *Programme d'action concertée temporaire pour les entreprises (PACTE)*. The government is committing at least \$2.5 billion to help companies overcome liquidity issues connected to the pandemic. This program is intended to support business' working capital to help them continue operations. All industries will be eligible for this emergency program. Businesses will have to demonstrate that they are likely to be profitable after the crisis. The financial assistance is a minimum amount of \$50,000, provided in the form of a loan guarantee, but may also take the form of a loan.

LOANS AND LOAN GUARANTEES

- In order to support businesses affected by the impacts of COVID-19, flexibility for outstanding loans and loan guarantees are being put in place by the *Fonds local d'investissement (“FLI”)*.
- A three-month moratorium has been put in place for the repayment (principal and interest) of loans already granted through the FLI. Interest accrued during this period will be added to the loan balance. This measure is in addition to the moratorium already in place under most investment policies in effect, which can be as long as twelve months.

This document is for general guidance only and does not constitute definitive advice.

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SUSPENSION OF JUDICIARY ACTIVITIES

Courts and Tribunals of Provincial jurisdiction in Quebec have suspended their hearings but are allowing the filing of procedures, electronically where possible.

Ministry of Justice	Suspended their activities, while maintaining essential services
Court of Quebec	
Superior Court of Quebec	
Court of Appeal of Quebec	Rescheduled all of the hearings that were to be held between March 17 and April 3, 2020
<i>Tribunal administratif du Quebec</i>	Postponed the scheduled hearings until April 17, inclusively. Until then, only the proceedings that are deemed urgent by law will be heard

3. Response of the Government of Ontario

Ontario declared a provincial state of emergency under the province's *Emergency Management and Civil Protection Act*. To further contain the spread of COVID-19, the Ontario Government ordered the mandatory closure of all non-essential workplaces effective as of Tuesday, March 24th at 11:59 p.m. The closure will be in effect for 14 days with the possibility of extending this order as the situation evolves. The Ontario Government ordered the following establishments to be closed until March 31, 2020:

- All facilities providing indoor recreational programs,
- All public libraries,
- All private schools as defined in the Education Act,
- All licensed child care centres,
- All bars and restaurants, except to the extent that such facilities provide takeout food and delivery,
- All theatres including those offering live performances of music, dance, and other art forms, as well as cinemas that show movies, and
- Concert venues

NEW LEGISLATION PROTECTING WORKERS

- Ontario recalled its provincial legislature on March 19, 2020. The legislature unanimously passed the *Employment Standards Amendment Act (Infectious Disease Emergencies)*, 2020 to provide "job-protected leave" to workers during the COVID-19 crisis.
- The legislation provides job-protected leave for employees who are in isolation or quarantine due to COVID-19, or employees that need to be away from work to care for children or relatives.

\$200 MILLION SOCIAL SERVICES RELIEF FUNDING

- The province will be providing municipalities and organizations that administer social services with \$200 million in relief funding to support them in their response to COVID-19. The funding will help municipalities and social service providers continue to deliver critical services and promote social distancing and self-isolation.

SUSPENSION OF JUDICIARY ACTIVITIES

Courts and Tribunals of Provincial jurisdiction in Ontario have suspended their hearings but are allowing the filing of procedures, electronically where possible.

Superior Court of Justice – Civil and Family	Suspending all regular operations, effective Tuesday, March 17, 2020, and until further notice
Superior Court of Justice – Criminal	
Superior Court of Justice – Small Claims Court	Suspending all regular operations, effective Monday, March 16, 2020, and until further notice
Ontario Court of Justice	Except urgent criminal or family court appearance in the Ontario Court of Justice between Friday, March 20, 2020 and Friday, May 29, 2020, court is suspended
Ontario Court of Appeal	Suspended all scheduled appeals for a period of 3 weeks (until April 3, 2020). During this period, urgent appeals will be heard based on either the written materials or remotely
Tribunals Ontario	As of March 13, 2020, postponed in-person hearings and rescheduled to a later date. Where feasible, alternative hearing options such as written and telephone hearings will be considered to minimize disruption to hearings across the organization

4. Response of the Government of British Columbia

British Columbia declared a provincial state of emergency under the *Emergency Program Act* on March 18, 2020. Effective March 17, bars, pubs and night clubs must close if they are unable to adequately meet the requirements of social distancing. Restaurants and cafes that cannot maintain social distancing will need to move to takeout and delivery. British Columbia Provincial Health Officer's ordered self-isolation due to contact with a case of Covid-19 or travel. British Columbia Provincial Health Officer's prohibits the gathering of people in excess of 50 people. All schools (K-12 and post-secondary learning) are suspended in-class instruction until further notice. British Columbia Provincial Health Officer's has ordered the closure of all personal services establishments, including salons, spas, massage parlours and tattoo shops

CHANGES TO THE *EMPLOYMENT STANDARDS ACT*

- On March 17, 2020, the Premier of British Columbia announced that the government is looking to amend B.C.'s employment standards act to enable greater worker support.

SPECIFIC RELIEF TO AGRICULTURAL SECTOR

- On March 22, 2020, the Minister of Agriculture announced that they are working with the Federal Government to ensure seasonal labour can still enter Canada to support the agriculture industry.
- In addition, the Minister of Agriculture stated that it will be providing financial support to develop an operating model for a farmer's market better suited to times of a pandemic.

SUSPENSION OF JUDICIARY ACTIVITIES

Courts and Tribunals of Provincial jurisdiction in British Columbia have suspended their hearings but are allowing the filing of procedures, electronically where possible

BC Supreme Court	Effective March 19, 2020 and until further notice, suspended regular operations
BC Provincial Court	Effective March 25, 2020 and until further notice, suspended regular operations
BC Court of Appeal	Strictly limiting its operations to urgent matters only

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