

COVID-19: Ontario Government response

March 25, 2020

On March 25, 2020, Ontario's Minister of Finance tabled several measures to assist residents of Ontario impacted by the COVID-19 pandemic. The measures were quickly enacted by the Legislature.

Temporary Increase in Employer Health Tax Exemption

The Employer Health Tax Act was amended to increase the eligible exemption amount from the tax. Businesses with less than \$5M in total Ontario remuneration are eligible for the exemption from the tax. The exemption amount is being increased to \$1,000,000, from \$490,000, for 2020. In 2021, the exemption amount will revert to the old exemption amount.

Increase in Ontario Guaranteed Annual Income Amount

The Ontario Guaranteed Annual Income Act was amended to double the amount payable to eligible recipients for the period April 1, 2020 to September 30, 2020.

Helping Families Impacted by School and Daycare Closures

To assist with the extra costs associated with school and daycare closures during the COVID-19 outbreak, Ontario is providing a one-time payment of \$200 per child up to 12 years of age, and \$250 for those with special needs. Children enrolled in private schools will also be eligible for this payment.

Deferral of Taxes and Workers Safety Insurance Board (WSIB) Premiums

Beginning on April 1, 2020 and through August 31, 2020, businesses will not incur any interest and penalties on missed filings or payment obligations under the Employer Health Tax, Tobacco Tax, Fuel Tax, Gas Tax, Beer Tax, Wine and Spirits Taxes, Mining Tax, Insurance Premium Tax, International Fuel Tax Agreement, Retail Sales Tax on Insurance Contracts and Benefit Plans and Race Track Tax.

Businesses will be able to defer remitting premiums to the WSIB for the period starting March 25, 2020 and ending on August 31, 2020. No interest and penalties will apply to these deferred payments. During this relief period, interest on any outstanding premiums will also cease to accrue.

New Regional Opportunities Investment Tax Credit

Ontario introduced the Regional Opportunities Investment Tax Credit. The credit will be a 10 per cent refundable tax credit for Canadian-controlled Private Corporations (CCPCs) who make qualifying expenditures in Ontario, but outside Ottawa, the Greater Toronto Area and many of the regions near the Greater Toronto Area.

Qualifying expenditures are between \$50,000 and \$500,000 on properties classified as Class 1 or Class 6 for purposes of the capital cost allowance rules in the Income Tax Act. The credit can only be claimed on investments that become “available for use” on or after March 25, 2020 as that term is defined for purposes of the capital cost allowance ruled.

Postponed Property Tax Reassessments

The Municipal Property Assessment Corporation values Ontario properties every four years for purposes of determining property taxes. Ontario is postponing this process until 2021 so that property taxes in 2021 will be calculated on the same as the valuations in place for 2020.

Additional Measures

The government also announced the following measures:

- Providing approximately \$5.6 billion for electricity cost relief programs to support eligible residential, farm and small business consumers;
- Setting electricity prices for residential, farm and small business time-of-use customers at the lowest rate (known as the off-peak price), 24 hours a day for 45 days to support the increased daytime use due to the COVID-19 outbreak;
- Expanding access to the emergency assistance program administered by Ontario Works to provide financial support to people facing economic hardship;
- Providing six months of Ontario Student Assistance Program loan and interest accrual relief for students; and
- Providing additional support of \$26 million to Indigenous peoples and communities, including emergency assistance for urban Indigenous people in financial need, and costs for health care professional and critical supplies to reach remote First Nations.

Please contact your Fuller Landau engagement partner or manager for any questions.

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