

# TAXTALK

## NEW TARGETED COVID-19 SUPPORT MEASURES

On October 21, 2021 Deputy Prime Minister and Minister of Finance, Chrystia Freeland, announced that the government is taking targeted action to create jobs and spur economic growth. This includes moving from the very broad-based support that was appropriate at the height of lockdowns to more targeted measures that will provide help where it is needed.

The government is proposing the following changes to business support programs:

- Extend the **Canada Recovery Hiring Program** until May 7, 2022, for eligible employers with current revenue losses above 10 per cent and increase the subsidy rate to 50 per cent. The extension would help businesses continue to hire back workers and to create the additional jobs Canada needs for a full recovery.
- Deliver targeted support to businesses that are still facing significant pandemic-related challenges. Support would be available through two streams:
  - **Tourism and Hospitality Recovery Program** – aimed at providing support through the wage and rent subsidy programs, to hotels, tour operators, travel agencies, and restaurants, with subsidy rate of up to 75 per cent, based on the qualified wages.
  - **Hardest-Hit Business Recovery Program** – aimed at providing support through the wage and rent subsidy programs, would support other businesses that have faced deep losses, with a subsidy rate of up to 50 per cent, based on the qualified wages.

- Applicants for these programs will use a new “two-key” eligibility system whereby they will need to demonstrate significant revenue losses over the course of 12 months of the pandemic, as well as revenue losses in the current month.
- Businesses that face temporary new local lockdowns will be eligible for up to the maximum amount of the wage and rent subsidy programs, during the local lockdown, regardless of losses over the course of the pandemic.

These programs will be available until May 7, 2022, with the proposed subsidy rates available through to March 13, 2022. From March 13, 2022 to May 7, 2022, the subsidy rates will decrease by half.

To ensure that workers continue to have support and that no one is left behind, the government proposes to:

- Extend the **Canada Recovery Caregiving Benefit** and the **Canada Recovery Sickness Benefit** until May 7, 2022, and increase the maximum duration of benefits by 2 weeks. This would extend the caregiving benefit from 42 to 44 weeks and the sickness benefit from 4 to 6 weeks.

Establish the **Canada Worker Lockdown Benefit** which would provide \$300 a week in income support to eligible workers should they be unable to work due to a local lockdown anytime between October 24, 2021 and May 7, 2022.

With these changes, the government is trying to support the hardest-hit sectors and those who are affected by the virus while recognizing that broad-based assistance is no longer needed.

These updates were just announced by the Department of Finance. We will provide further commentary once these proposed changes are legislated and further details are clarified by the government.

Your MG advisor can help you review your personal or business tax situation and help you decide which steps you should take next.

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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