

# FYI<sup>®</sup>

## For Your Information<sup>®</sup>

### COVID-19: Federal government enacts response legislation

This *FYI* discusses recent federal legislation, which amends or introduces various statutes to help the Canadian government respond to the COVID-19 crisis.

#### Bill C-13 overview

Bill C-13, the *COVID-19 Emergency Response Act*, was introduced in the House of Commons on March 24, 2020, and received Royal Assent on March 25. Of particular note are portions of Bill C-13 that:

- Reduce the minimum withdrawals from RRIFs by 25% for 2020;
- Enact the *Canada Emergency Response Benefit Act* to provide income support payments to workers who lose income as a result of COVID-19;
- Temporarily enact the *Public Health Events of National Concern Payments Act* to allow payments out of the Consolidated Revenue Fund for public health events;
- Amend the *Canada Labour Code* to provide up to 16 weeks of COVID-19 leave to eligible employees, and to replace that leave with quarantine leave for future emergencies; and
- Amend the *Employment Insurance Act* to allow interim orders to mitigate the economic effects of COVID-19, and to suspend the requirement for a medical certificate to establish benefit entitlement in certain cases.

#### Changes to minimum RRIF withdrawals for 2020

Part 1 of the Bill amends the *Income Tax Act* (ITA) to provide that the minimum withdrawal from a registered retirement income fund (RRIF) for 2020 is 75% of the amount that would ordinarily be the minimum required withdrawal under the ITA. This adjusted minimum does not apply to the ITA provisions relating to the amount included in income in respect of a spousal RRIF, or for the withholding tax rules.

Volume 02

Issue 05

March 26, 2020

#### Authors

Karen DeBortoli, BA, LLB  
Lizann Reitmeier, Health  
Practice Leader, Canada

## *New Canada Emergency Response Benefit Act (CERBA)*

The CERBA will provide benefits to eligible workers who stop working because of COVID-19 for at least 14 consecutive days within the four-week period in respect of which they apply for benefits, and do not receive, for that period:

- Income from employment or self-employment;
- EI benefits;
- Provincial pregnancy, parental, or adoption benefits; or
- Other income prescribed by regulation.

To be eligible, a worker must be at least 15 years of age, employed or self-employed, and have total income of at least \$5,000 in 2019 or the 12-month period preceding their benefit application. Individuals who quit are not eligible for benefits. The income threshold can be changed in the future by regulation.

The weekly CERBA benefit payment will be fixed by regulation, although information from the Department of Finance indicates that benefits are \$2,000 a month for four months. Benefits are taxable. Eligible workers can apply for CERBA income support payments for the period March 15, 2020, and October 3, 2020. The deadline for making benefit applications is December 2, 2020.

## *New Public Health Events of National Concern Payments Act*

The Act, which will be repealed on September 30, 2020, applies in event of a “public health event of national concern.” The Act defines this term as an “extraordinary event that constitutes a public health risk to Canadians through the spread of infectious disease,” such as COVID-19, that requires a coordinated national response. The existence of such an event will be determined by the Minister of Health in consultation with the Chief Public Health Officer and such provincial/territorial health officers are appropriate. The government then can pay out of the Consolidated Revenue Fund “all money required to do anything in relation” to the event. Examples of things that can be done under the Act include the acquisition of medical supplies and providing income supports such as those under CERBA.

## *Canada Labour Code (CLC) amendments*

The CLC is amended to introduce a maximum of 16 weeks of COVID-19 leave for employees covered by the legislation who are unable to work due to the virus. Employees must advise their employer why they are taking leave, and how long the leave will be, as soon as possible. Any changes to the leave period must also be communicated as soon as possible.

An employee on COVID-19 leave cannot be dismissed, suspended, laid off, demoted, or disciplined because of the leave. The leave cannot factor into promotion or training decisions.

Pension, health, and disability benefits, as well as seniority, accumulate during the leave period. Where an employer offers a contributory pension or benefit plan, the employee is responsible for paying their contributions and must pay them within a reasonable time, unless they elect to discontinue contributions. Any such election must be made at the start of the leave or within a reasonable time after. Employer contributions must continue unless the employee elects not to pay any required employee contributions. If contributions are not made in respect of the leave period, employment before and after the leave is deemed continuous – the same is true for the calculation of other benefits (i.e., other than pension, health, or disability).

Effective October 1, 2020, COVID-19 leave will be replaced by a quarantine leave of 16 weeks for affected employees.

Other CLC amendments include the following:

- Until September 30, 2020, employees can take compassionate care, critical illness, or medical leave without providing a medical certificate.
- Employees can interrupt a vacation to take maternity, bereavement, medical, reservist, or COVID-19/quarantine leave. Employees can also postpone a vacation until after taking such leave, despite the CLC or any term or condition of employment.
- The circumstances in which many leaves can be extended or interrupted have been expanded to cover COVID-19/quarantine leave.

### *Employment Insurance Act (EI Act) amendments*

To mitigate the economic effects of COVID-19, Bill C-13 provides that, with some exceptions, interim orders can be made under the EI Act to add new provisions or benefits, adapt provisions of the legislation or regulations, or provide that any part of the legislation or regulations does not apply in whole or in part. Any such interim orders must be time limited, and the power to make such orders cannot be exercised after September 30, 2020.

The EI Act is also amended to temporarily provide that every reference to a medical certificate in the legislation or regulations is of no effect, and that any benefit ordinarily requiring such a certificate is to be paid if the Commission is satisfied that an individual is entitled to the benefit. This provision expires September 30, 2020.

## Next steps

While much of this legislation relates to financial matters that will support individuals impacted by COVID-19, employers should ensure all policies are updated to reflect the revised COVID-19-related leave provisions as applicable. In addition, leave administrators should be advised of any modifications to company leave policies, such as the elimination of the requirement for a medical certificate, where changes are required.

For more information on this legislation and its impact on your organization, talk to your Buck consultant or contact the Knowledge Resource Centre at [talktocanada@buck.com](mailto:talktocanada@buck.com) or +1 866 355 6647. For the latest from Buck about the COVID-19 crisis, please refer to: <https://buck.com/ca/expertise/covid-19-key-considerations-for-employers/>

### **Produced by the Knowledge Resource Centre**

The Knowledge Resource Centre is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive.

You are welcome to distribute *FYI*® publications in their entirety.

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.