FTR Now

Key Highlights of Federal Budget 2021

Date: April 23, 2021

On April 19, 2021, the federal government tabled its 2021 Budget "*A Recovery Plan For Jobs, Growth, And Resilience*" (Budget).

The Budget sets out a broad range of proposals stemming from the pandemic, such as an extension of the Canada Emergency Wage Subsidy (CEWS) and an increase to the length of Employment Insurance (EI) sickness and certain Canada Recovery benefits. Other initiatives include a federal minimum wage of $15.00 an hour, extension of the Mandatory Isolation Support for Temporary Foreign Workers Program, enhancements to numerous benefits and more.

In this *FTR Now*, we highlight certain aspects of the Budget that are of broad interest to employers, pension plan administrators and human resources professionals.

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Canada Labour Code (CLC) Amendments

The federal government has proposed a number of amendments to the CLC with respect to its Budget initiatives, which include:

- establishing a $15 federal minimum wage, with a provision that where the minimum wage is higher in a province or territory, the higher minimum wage will prevail
- amending the medical leave provisions under the CLC to align with the proposed change in the *Employment Insurance Act* that would extend EI sickness benefits from 15 weeks to 26 weeks
- extending equal remuneration protection to more employees in the air transportation sector, such as contract workers
- amending the CLC to provide for job protection for employees in the federally regulated private sector who access the Canadian Benefit for Parents of Young Victims of Crime. This benefit provides up to 104 weeks of income support to applicants who have been away from work to deal with the disappearance or death of a child as a probable result of a crime. The proposed amendment would likely increase the current 52-week leave under the CLC for parents of children who have disappeared as a probable result of a crime to 104 weeks (the leave for parents of children who have died as a probable result of a crime is currently 104 weeks).

The federal government has also reiterated its intention to make legislative changes to improve labour protection for those who do gig work (e.g. those who have short-term contracts with firms or individuals to complete specific and often one-off tasks), including those who work through digital platforms. The government is currently consulting on this issue (see our blog post of March 24, 2021).

Temporary Foreign Workers

The federal government proposes to extend the Mandatory Isolation Support for Temporary Foreign Workers Program until June 15, 2021. This program provides employers with financial support of $1,500 for each worker who is required to isolate for 14 days upon entry into Canada and who isolates at the employer's facilities. Where an employer lacks suitable facilities, workers must quarantine at a government-approved facility, in which case employers can receive up to $2,000 per worker for costs associated with the mandatory isolation requirements. After June 15, 2021, employers would receive $750 per worker until the program winds down on August 31, 2021, at which point the program will be phased out.

The Budget also sets out support for temporary foreign workers to be provided over the course of three years beginning in 2021-22. This proposal includes $54.9 million to increase workplace inspections of foreign workers' working conditions and wages.

Pandemic Relief

Canada Emergency Wage Subsidy (CEWS)

The Budget proposes to extend the CEWS until September 25, 2021, and to provide the government with the legislative authority to extend the CEWS until November 2021, if the circumstances warrant a further extension.

Declining CEWS Rates for Active Employees

The proposed CEWS base and top-up rates in respect of active employees for Periods 17 to 20 (June 6, 2021 to September 25, 2021) will both gradually decline and are summarized in the following table that has been adapted from the Budget:

	Period 17 June 6 – July 3	**Period 18 July 4 – July 31**	**Period 19 August 1 – August 28**	**Period 20 August 29 – September 25**
Maximum weekly benefit per employee*	$847	$677	$452	$226

	Period 17 June 6 – July 3	Period 18 July 4 – July 31	Period 19 August 1 – August 28	Period 20 August 29 – September 25
Revenue decline:				
70% and over	75% (i.e., Base: 40% + Top-up: 35%)	60% (i.e., Base: 35% + Top-up: 25%)	40% (i.e., Base: 25% + Top-up: 15%)	20% (i.e., Base: 10% + Top-up: 10%)
50-69%	Base: 40% + Top-up: (revenue decline – 50%) x 1.75 (e.g., 40% + (60% revenue decline – 50%) x 1.75 = 57.5% subsidy rate)	Base: 35% + Top-up: (revenue decline – 50%) x 1.25 (e.g., 35% + (60% revenue decline – 50%) x 1.25 = 47.5% subsidy rate)	Base: 25% + Top-up: (revenue decline – 50%) x 0.75 (e.g., 25% + (60% revenue decline – 50%) x 0.75 = 32.5% subsidy rate)	Base: 10% + Top-up: (revenue decline – 50%) x 0.5 (e.g., 10% + (60% revenue decline – 50%) x 0.5 = 15% subsidy rate)
>10-50%	Base: revenue decline x 0.8 (e.g., 30% revenue decline x 0.8 = 24% subsidy rate)	Base: (revenue decline – 10%) x 0.875 (e.g., (30% revenue decline – 10%) x 0.875 = 17.5% subsidy rate)	Base: (revenue decline – 10%) x 0.625 (e.g., (30% revenue decline – 10%) x 0.625 = 12.5% subsidy rate)	Base: (revenue decline – 10%) x 0.25 (e.g., (30% revenue decline – 10%) x 0.25 = 5% subsidy rate)
0-10%	Base: revenue decline x 0.8 (e.g., 5% revenue decline x 0.8 = 4% subsidy rate)	0%	0%	0%

*The maximum weekly benefit per employee is equal to the maximum combined base subsidy and top-up wage subsidy for the qualifying period applied to the amount of eligible remuneration paid to the employee for the qualifying period, on remuneration of up to $1,129 per week.

Starting with Period 18 (July 4, 2021 to July 31, 2021), an eligible employer will need to experience a revenue loss of at least 10% to be eligible for CEWS.

Maintaining CEWS Rates for Inactive Employees

The Budget confirms that the government intends to extend the existing maximum level of subsidy available under the CEWS in respect of employees on leave with pay (or “furloughed” employees) for Periods 17 to 19 (June 6, 2021 to August 28, 2021). According to the Budget, for Periods 17 to 19, the wage subsidy under the CEWS in respect of employees on “leave with pay” would continue to be the lesser of:

- the amount of eligible remuneration paid in respect of the week, and
- the greater of:
    - $500, and
    - 55% of pre-crisis or “baseline” remuneration for the employee, up to a maximum subsidy amount of $595 (which is the maximum EI benefit available to claimants in 2021).

No wage subsidy would be available for inactive employees for Period 20 (August 29, 2021 to September 25, 2021) or any subsequent period.

The employer portion of contributions in respect of the Canada Pension Plan/Quebec Pension Plan, EI, and the Quebec Parental Insurance Plan, as applicable, in respect of employees on leave with pay would continue to be refunded to employers.

Reference Periods

The proposed reference periods for the decline in revenue test for Periods 17 to 20 are summarized in the following table that has been adapted from the Budget:

	Period 17 June 6 – July 3	**Period 18 July 4 – July 31**	**Period 19 August 1 – August 28**	**Period 20 August 29 – September 25**
General approach	June 2021 over June 2019 **or** May 2021 over May 2019	July 2021 over July 2019 **or** June 2021 over June 2019	August 2021 over August 2019 **or** July 2021 over July 2019	September 2021 over September 2019 **or** August 2021 over August 2019
Alternative approach	June 2021 **or** May 2021 over average of January and February 2020	July 2021 **or** June 2021 over average of January and February 2020	August 2021 **or** July 2021 over average of January and February 2020	September 2021 **or** August 2021 over average of January and February 2020

Period 17 June 6 – July 3	**Period 18 July 4 – July 31**	**Period 19 August 1 – August 28**	**Period 20 August 29 – September 25**

Once again, employers that had elected the general approach for prior periods would continue to use that approach and employers that had elected the alternative approach would continue to use the alternative approach. There is no fresh opportunity to change that election.

Alternative Baseline Remuneration Periods

The wage subsidy calculation in respect of employees on leave with pay or active non-arm's length employees continues to take into account both the employee's current and baseline remuneration. By default, baseline remuneration is determined by averaging the weekly eligible remuneration paid to an eligible employee during the period beginning January 1, 2020 and ending March 15, 2020. Alternative baseline periods were introduced to address employees who did not work during the 2020 period specified above, and to address employees who were on leave and did not have baseline remuneration even during the alternative periods.

The government had previously announced that, for Periods 14 to 16, an eligible employer would be able to elect to use the period of March 1, 2019 to June 30, 2019 **or** July 1, 2019 to December 31, 2019, to calculate baseline remuneration. The Budget contains amendments to the *Income Tax Act* (*ITA*) to make those alternative baseline remuneration periods available for Periods 14 to 16 and also for Period 17 (i.e. March 14, 2021 to July 3, 2021).

For Period 18 (July 4, 2021 to July 31, 2021) and any subsequent Periods, an eligible employer would be able to elect to use the period of July 1, 2019 to December 31, 2019 to calculate baseline remuneration.

Executive Compensation: Requirement to Repay CEWS

The Budget proposes to require a publicly-listed corporation, or an entity controlled by a publicly-listed corporation, to repay CEWS amounts that it received for a qualifying period that begins after June 5, 2021 (Period 17 and subsequent Periods) if the aggregate compensation paid to specified executives during the 2021 calendar year exceeds the aggregate compensation paid to specified executives during the 2019 calendar year. The corporation would be required to repay the lesser of:

- the total of all CEWS amounts received in respect of active employees for Period 17 and subsequent Periods, and
- the amount by which the corporation's aggregate specified executives' compensation for 2021 exceeds its aggregate specified executives' compensation for 2019.

For the purpose of this proposed repayment obligation, "specified executives" of a publicly-listed corporation will be officers whose compensation is required to be disclosed under Canadian securities laws, or similar executives in the case of a corporation listed in another jurisdiction. Typically, this will be the Chief Executive Officer, Chief Financial Officer, and the three other most highly compensated executives.

The compensation to be used in the determination of the overpayment is the total amount of compensation reported in the employer's "Statement of Executive Compensation for Named Executive Officers pursuant to National Instrument 51-102 Continuous Disclosure Obligations" in respect of its "Named Executive Officers" or similar rules of the shareholder disclosure laws of another jurisdiction, but limited to the five most highly compensated executives. If the employer's taxation year is not the calendar year, the compensation for a calendar year will be calculated by prorating the total amount of compensation of the employer's specified executives for each of its taxation years that overlap with the calendar year.

Implementation of Changes to CEWS

The Notice of Ways and Means Motion appended to the Budget contains amendments to the *ITA* incorporating the previous CEWS extensions for active employees for Periods 11 to 16 and other changes that had been announced but not enacted, as well as the new rules for Periods 17 to 20. Our previous *FTR Nows* on CEWS summarize the rules for Periods 11 to 13 and Periods 14 to 16. The Notice of Ways and Means Motion must be passed by Parliament in order for the amendments to the *ITA* to take effect.

Canada Recovery Hiring Program (CRHP)

The Budget proposes to introduce the new CRHP to provide eligible employers with a subsidy of up to 50% on the incremental remuneration paid to eligible employees during qualifying periods between June 6, 2021 and November 20, 2021. The stated purpose of the CRHP is to offset some of an employer's increased compensation costs, such as through increased wages or hours worked or hiring additional staff, as it reopens.

It is expected that the CRHP will be claimed through the Canada Revenue Agency (CRA) portal in a process similar to that in place for the CEWS. An application for the CRHP for a qualifying period would have to be made no later than 180 days after the end of the qualifying period.

Draft legislation to implement the CRHP by amending the *ITA* is included in the Budget and, like the changes to the CEWS, must be passed by Parliament to take effect.

Eligible Employers

Most, but not all, of the employers who qualify for the CEWS would also be eligible for the CRHP.

The key exception is that a for-profit corporation can only claim the CRHP if it is a Canadian-controlled private corporation (CCPC). Publicly-traded corporations will not be eligible. As with CEWS, eligible employers (or their payroll provider if the employer was using a third party to remit source deductions under its payroll account) would be required to have had a payroll account with the CRA on March 15, 2020. Eligible employers would be able to claim either the CEWS amount **or** the proposed CRHP amount in respect of a qualifying period, but not both. As a result, it will be necessary for employers to prepare calculations under both programs to determine which program provides the greater benefit.

As with the CEWS, corporations and trusts that are “public institutions” (such as municipalities, colleges, hospitals, and publicly-funded universities) would not be eligible for the CRHP.

Revenue Decline Threshold

To qualify for the CRHP, an eligible employer’s decline in revenues would need to be greater than:

- 0%, for Period 17 (June 6, 2021 to July 3, 2021), and
- 10% for Periods 18 to 22 (July 4, 2021 to November 20, 2021).

These revenue decline thresholds are intended to align with the decline in revenues required to qualify for the CEWS, although the 10% revenue decline threshold would continue to apply after the scheduled end date for CEWS of September 25, 2021.

The manner for determining an employer’s decline in revenues under the CEWS would also apply under the CRHP. The proposed revenue decline reference periods are summarized in the following table that has been adapted from the Budget:

Timing	**Period 17 June 6 – July 3**	**Period 18 July 4 – July 31**	**Period 19 August 1 – August 28**	**Period 20 August 29 – September 25**	**Period 21 September – October 2**
General approach	June 2021 over June 2019 **or** May 2021 over May 2019	July 2021 over July 2019 **or** June 2021 over June 2019	August 2021 over August 2019 **or** July 2021 over July 2019	September 2021 over September 2019 **or** August 2021 over August 2019	October 202 over Octobe 2019 **or** September 2021 over September 2019
Alternative approach	June 2021 **or** May 2021 over average of	July 2021 **or** June 2021 over average of	August 2021 **or** July 2021 over average of	September 2021 **or** August 2021 over	October 202 **or** Septemb 2021 over

Timing	Period 17 June 6 – July 3	Period 18 July 4 – July 31	Period 19 August 1 – August 28	Period 20 August 29 – September 25	Period 21 September – October 2
	January and February 2020	January and February 2020	January and February 2020	average of January and February 2020	average of January anc February 20

*Period 17 of the CEWS would be the first period of the CRHP.

Employers that had elected the general approach for prior periods under the CEWS would continue to use that approach and employers that had elected the alternative approach under the CEWS would continue to use the alternative approach. There would be no opportunity to make a different election for the CRHP.

Eligible Employees

The CRHP can be claimed with respect to employees who are employed primarily in Canada by the eligible employer. The CRHP would not be available in respect of employees on leave with pay (or “furloughed” employees).

Eligible Remuneration and Incremental Remuneration

Consistent with the CEWS, eligible remuneration for the CRHP would generally include salary, wages, and other remuneration for which employers are required to withhold or deduct amounts on account of income tax, but would exclude items such as severance pay and stock option benefits.

The CRHP will be calculated as a percentage of the difference between the amount paid to the employee in the qualifying period compared to the remuneration paid to the employee in the baseline period of March 14 to April 10, 2021.

This incremental remuneration will be calculated for an eligible employee in respect of a week in the qualifying period as A – B, where:

(A) is the least of:

eligible remuneration paid to the eligible employee in respect of the week, up to $1,129, and
if the eligible employee does not deal at arm’s length with the employer, the baseline remuneration in respect of the eligible employee for that week, and

(B) in respect of a week in the baseline period (March 14, 2021 to April 10, 2021), the least of:

the eligible remuneration paid to the eligible employee in respect of that week, up to $1,129, and
if the eligible employee does not deal at arm's length with the employer, the baseline remuneration of the eligible employee determined for that week.

This formula effectively prevents an employer from increasing a non-arm's-length employee's remuneration and claiming the subsidy on the difference.

The proposed dates for the calculation of incremental remuneration are summarized in the following table that has been adapted from the Budget:

Qualifying period	**Period 17**	**Period 18**	**Period 19**	**Period 20**	**Period 21**	**Period 22**
Qualifying period dates	June 6 to July 3, 2021	July 4 to July 31, 2021	August 1 to August 28, 2021	August 29 to September 25, 2021	September 26 to October 23, 2021	October 24 to November 20, 2021
Baseline period	March 14 to April 10, 2021					

*Period 17 of the CEWS would be the first period of the CRHP.

CRHP Amount

If an eligible employer experiences the required decline in revenues, its subsidy in a qualifying period would be equal to its incremental renumeration multiplied by the applicable CRHP rate for that qualifying period. The proposed rates are summarized in the following table that has been adapted from the Budget:

	Period 17 June 6 – July 3	**Period 18 July 4 – July 31**	**Period 19 August 1 – August 28**	**Period 20 August 29 – September 25**	**Period 21 September 26 – October 23**	**Period 22 October 24 – November 20**
CRHP rate	50%	50%	50%	40%	30%	20%

	Period 17 June 6 – July 3	Period 18 July 4 – July 31	Period 19 August 1 – August 28	Period 20 August 29 – September 25	Period 21 September 26 – October 23	Period 22 October 24 – November 20

*Period 17 of the CEWS would be the first period of the CRHP.

Anti-Avoidance and Penalty for Misuse

There is a proposed anti-avoidance provision similar to the CEWS anti-avoidance provision, which prevents arrangements to artificially increase the employer’s incremental remuneration in order to increase the amount of the subsidy claimed.

Employers who attempt to artificially increase their incremental remuneration in order to increase the amount of subsidy claimed will have to repay 125% of the value of the improperly claimed subsidy.

Proposed Changes to EI Benefits and Recovery Benefits

Increase to Number of Weeks of Recovery Benefits

In our *FTR Now* of March 12, 2021, we reported on the government’s proposal to increase the number of weeks of payments available under the Canada Recovery Benefit (CRB) and Canada Recovery Caregiving Benefit (CRCB) by 12 weeks, extending the maximum duration of the benefits from 26 weeks to 38 weeks. It also proposed to increase the Canada Recovery Sickness Benefit (CRSB) from two weeks to four weeks. The Budget outlines additional extensions to the CRB and the CRCB.

Claimants would be able to receive up to 12 additional weeks of the CRB, to a maximum of 50 weeks. The first four of the additional weeks will be paid at $500 per week while the remaining 8 weeks (i.e. those paid after July 17, 2021) will be paid at $300 per week. All new CRB claimants after July 17, 2021 would receive the lower rate of $300 per week.

The government also proposes to extend the CRCB by 4 additional weeks, for a maximum of 42 weeks. The rate of $500 per week remains unchanged.

The CRB, CRCB and CRSB are scheduled to expire on September 25, 2021. However, if passed, the legislative amendments would permit the government to extend the expiry date to November 20, 2021, if needed.

Changes to Access to EI Benefits

The Budget outlines the government's intent to make additional changes to EI to continue to facilitate access to EI "over the coming year while the job market begins to improve." These changes include:

- maintaining the 420 insurable hours requirement for regular and special benefits and the 14-week minimum entitlement for regular benefits, and introducing a new common earnings threshold for fishing benefits. These modifications are intended to maintain uniform access to benefits across all economic regions.
- for claimants who switch jobs or have more than one job, recognizing all insurable hours and employment for EI eligibility, as long as the last job separation is valid
- simplifying the allocation rules governing severance, vacation pay and other monies paid on layoff or termination of employment to allow claimants to receive EI benefits sooner, and
- extending the temporary enhancements to the Work-Sharing program, including the simplified application process and longer period an agreement can be in place.

The Budget provides funding for these changes over three years, so it would appear they are intended to be in effect for more than just the next year.

Starting in 2021-2022, the government will consult over two years with employers and other stakeholders on possible long term reforms to the EI program, including changes to support gig workers and the self-employed, life events such as adoption, and providing consistent and reliable benefits to workers in seasonal industries.

Extending EI Sickness Benefits

Other proposed changes to EI include an increase to EI sickness benefits from 15 to 26 weeks starting in summer 2022.

The government did not specify whether the extension of EI sickness benefits by 11 weeks will result in changes to the eligibility conditions for the EI Premium Reduction Program. However, the Budget did state that the government intends to consult with employers, unions and insurers on "improvements" that may be required to the EI Premium Reduction Program. Under this program, employers who provide qualifying short-term disability plans to their employees pay a reduced EI premiums rate.

The Budget would also apply temporary eligibility rules for self-employed fishers to their entire benefit period, and extend, by one year, the seasonal worker pilot project in certain provinces.

Tax and Pension Initiatives

DC Pension Plan Contribution Errors

Contribution errors can arise in defined contribution (DC) registered pension plans (DCPPs) for a variety of reasons, including late enrolments and contributions in excess of tax limits. To date, undercontributions could only be fixed within the current year's contribution tax limit and overcontributions had to be corrected via refunds and amended tax reporting, which was cumbersome.

The Budget proposes to allow corrections of errors made within the preceding five years, up to a dollar limit, within a more simplified reporting framework. Amending T4 slips (and presumably the incorrect Pension Adjustments reported on them) for prior years would not be required and the plan administrator would file a prescribed form with the CRA instead.

Catch-up contributions will no longer be limited by the current year's money purchase limit. Instead, when made, they will reduce the employee's registered retirement savings plan (RRSP) contribution room in the year following the year in which the contribution is made. If the member does not have enough RRSP contribution room for the contribution, causing the member's RRSP contribution room to be negative, it will only impact the employee's RRSP contributions in future years. The Budget did not specify whether the RRSP overcontribution penalty tax would be waived in this situation.

Refunds of overcontributions would restore the employee's RRSP contribution room for the taxation year the refund is paid.

The new correction method will apply to catch-up contributions made and overcontributions refunded starting in 2021.

This is welcome news for DCPP administrators and is expected to facilitate the correction of contribution errors.

Tax Treatment of COVID-19 Benefit Amounts

Currently, when a benefit amount is repaid (including because the individual has determined that they were not eligible for the benefit they received), this amount can only be deducted from the employee's income taxes in the year of repayment.

The Budget proposes to amend the *ITA* to provide the option for individuals to claim a deduction in respect of the repayment of a COVID-19 benefit amount for the year in which the amount was received rather than the year of repayment, provided that the amount is repaid before 2023. For the purpose of this proposed option, COVID-19 benefits would include the following:

- Canada Emergency Response Benefit/EI Emergency Response Benefit

- Canada Emergency Student Benefit
- Canada Recovery Benefit
- Canada Recovery Sickness Benefit, and
- Canada Recovery Caregiving Benefit.

The Budget also proposes to amend the *ITA* to ensure that the COVID-19 benefits noted above, and similar provincial or territorial benefit amounts, are included in the taxable income of employees who reside in Canada but are considered non-resident in Canada for tax purposes.

Draft legislation to implement these changes is also included in the Budget. These changes will be deemed to have come into force on January 1, 2020.

Post-doctorate Fellowship Income – Additional RRSP Deduction Room

Currently, postdoctoral fellowship income does not qualify for the scholarship exemption and is fully included in taxable income. It does not, however, currently qualify as earned income for RRSP purposes. The Budget proposes to include postdoctoral fellowship income in earned income, which will provide postdoctoral fellows with additional RRSP contribution room. This change will apply with respect to postdoctoral fellowship income earned in 2021 and beyond.

In addition, postdoctoral fellows will be permitted to make written requests to the CRA to adjust their RRSP room in respect of postdoctoral fellowship income received in the 2011 to 2020 taxation years.

Taxation Relief For Registered Investments

Trusts or corporations that satisfy certain requirements under the *ITA* can apply to the CRA to be registered investments for RRSPs, registered retirement income funds or deferred profit sharing plans. Certain categories of registered investments (such as mutual fund trusts and mutual fund corporations) must have a minimum number of investors and, if not, it may only hold investments that are qualified investment for the specific types of registered plans for which the trust or corporation is a registered investment (e.g., a trust that is a registered investment for RRSPs may only hold investments that are qualified investments for RRSPs under the *ITA*).

Currently, if a registered investment subject to these restrictions holds property that is not a qualified investment for the applicable type of registered plan, then the registered investment is subject to tax equal to 1% of the property's fair market value at the time of acquisition, for each month that the property is held. The Budget proposes that the 1% tax be pro-rated based on the proportion of shares or units of the registered investment that are held by investors through a registered plan that is subject to the qualified investment rules (e.g., if RRSPs hold 20% of the units of a registered investment and non-registered accounts hold the remaining 80% of units, the monthly tax will only be 20% of 1% of the fair market value of the non-qualified investment at the time of acquisition). This relief will apply to tax imposed in respect of months after 2020 and in respect of investments whose tax liability in respect of months prior to 2021 has not been fully determined as of April 19, 2021.

Examining Employee Ownership Trusts

The Budget identifies employee ownership trusts as vehicles that encourage employee ownership of businesses and facilitate the transition of privately owned businesses to employees. Employee ownership trusts are used in both the United States and United Kingdom. The Budget states that the government will consult regarding employee ownership trusts, including an examination of the barriers to the creation of such trusts in Canada and the potential benefits to employees and owners of private businesses.

Electronic Filing and Certification of Tax and Information Returns

The government proposes amendments to various statutes that would improve the ability of the CRA to operate digitally.

Electronic T4A and T5 Slips

The Budget proposes to allow issuers of T4A (Statement of Pension, Retirement, Annuity and Other Income) and T5 (Statement of Investment Income) slips to issue such forms electronically, without the consent of the recipient and without requiring a hard copy to also be issued. This measure would apply to information returns sent after 2021 (such as slips produced for the 2020 tax year).

Electronic Payments

The government proposes clarifying that payments required to be made at a financial institution under the *ITA*, the GST/HST portion of the *Excise Tax Act*, the *Excise Act, 2001*, the *Air Travellers Security Charge Act* and Part 1 of the *Greenhouse Gas Pollution Pricing Act*, include online payments made through the institution.

The government also proposes requiring electronic payments for remittances over $10,000 under the *ITA* and that the threshold for mandatory remittances to be made at a financial institution under the GST/HST portion of the *Excise Tax Act*, the *Excise Act, 2001*, the *Air Travellers Security Charge Act* and Part 1 of the *Greenhouse Gas Pollution Pricing Act* be lowered from $50,000 to $10,000.

This measure would apply to payments made on or after January 1, 2022.

Handwritten Signatures

The requirement for handwritten signatures on several prescribed forms under the *ITA* would be eliminated, including for the T2200, Declaration of Conditions of Employment. This measure would come into force upon Royal Assent of the enacting legislation.

Increases to Old Age Security (OAS) for Canadians 75 and Over

The government plans to increase OAS benefits for seniors age 75 and over.

First, the government will provide a one-time payment of $500 in August 2021 to OAS pensioners who will be 75 or over as of June 2022. The government will amend the *Old Age Security Act* to exempt this payment from the definition of income for the Guaranteed Income Supplement.

Second, the government proposes increasing regular OAS payments for pensioners 75 and over by 10% on an ongoing basis starting in July 2022.

Pharmacare

The government maintains that it is committed to working toward the goal of a national universal pharmacare program and is proceeding with its announced plan to provide ongoing funding of $500 million for the program for high-cost drugs for rare diseases.

Miscellaneous Initiatives

Set out below are a number of additional Budget proposals:

- proposals relating to youth employment and skills, which include funding for an increase to the wage subsidy available for employers to 75%, up to $7,500, per student in the Student Work Placement Program for 2021-2022 (this Program supports work-integrated learning opportunities for post-secondary students)
- skills, training and trades initiatives, such as the creation of a new Sectoral Workforce Solutions Program which will work primarily with sector associations and employers to "help design and deliver training that is relevant to the needs of businesses, especially small and medium-sized businesses, and to their employees … [and] help businesses recruit and retain a diverse and inclusive workforce"

- launch of a Canada Digital Adoption Program, which will create training and job opportunities for young Canadians and help small and medium-sized businesses adopt new digital technologies
- creation of a Data Commissioner to inform "government and business approaches to data-driven issues to help protect people's personal data and to encourage innovation in the digital marketplace"
- funding of up to $30 billion over the next five years (and an ongoing $8.3 billion) for Early Learning and Child Care and Indigenous Early Learning and Child Care, with a target of an average of $10 a day for all regulated child care spaces in Canada by 2025-26
- proposed changes to the *Public Service Employment Act* with respect to the importance of a workforce that is diverse and inclusive and to address potential bias and barriers in the staffing processes
- healthcare-related initiatives, including providing assistance to certain public health entities to assist in the development of national mental health service standards, in collaboration with governments, key stakeholders and racialized and Black Canadians
- changes to corporate governance in the federal sector regarding gender and diversity reporting for Crown corporations and a consultation on applying the diversity requirements in the *Canada Business Corporations Act* to federally regulated financial institutions.

Should you require further information about the initiatives contained in the Budget, please contact your regular Hicks Morley lawyer.