

The COVID-19 Response Measures Act

From: **Employment and Social Development Canada**

Backgrounder

On September 28, 2020, the Minister of Employment, Workforce Development and Disability Inclusion, Carla Qualtrough, introduced legislation to introduce three temporary recovery benefits to support Canadian workers who are unable to work due to COVID-19. Bill C-4, the *COVID-19 Response Measures Act* (the Act), received Royal Assent on October 2, 2020. The legislation allows the Government of Canada to support Canadian workers through the next phase of the recovery, and to avoid a gap in coverage after they have received their last Canada Emergency Response Benefit (CERB) payments.

The Act creates three new temporary Canada Recovery Benefits to provide income support to Canadian workers while promoting economic recovery with measures that encourage people to return to work. These include the:

Canada Recovery Sickness Benefit (CRSB)
Canada Recovery Caregiving Benefit (CRCB)
Canada Recovery Benefit (CRB)

Canada Recovery Sickness Benefit

The new Canada Recovery Sickness Benefit will provide \$500 per week, for up to two weeks (available in two one-week periods), effective September 27, 2020 until September 25, 2021 for workers who are unable to work because they contracted COVID-19, self-isolated for reasons related to COVID-19, or have underlying conditions, are undergoing treatments or have contracted other sicknesses that will make them more susceptible to COVID-19. This new benefit fulfils the Government's commitment as part of the Safe Restart Agreement with provinces and territories to provide up to two weeks of sick leave to all Canadian workers in the context of COVID-19. It also encourages Canadian workers to stay home if they are sick or may be sick in order to promote the health and safety of Canadians and workplaces during this ongoing pandemic.

The benefit will be available to residents in Canada who were present for the period in which they were unable to work and:

- Are at least 15 years of age on the first day of the period for which they are applying for the benefit;
- Have a valid Social Insurance Number (SIN);
- Are employed or self-employed at the time of the application;
- Earned at least \$5,000 in 2019 or 2020, or in the 12 months preceding the day of their application;

- Are not in receipt of paid leave during the period claimed; and
- Are unable to work for at least 50% of the time that they would have otherwise worked or devoted to their work in the week for which they claim the benefit, because:
 - They are sick with or may have contracted COVID-19; or,
 - They have isolated themselves on the advice of their employer, a medical practitioner, a nurse practitioner, a person in authority, a government or a public health authority for reasons related to COVID-19; or,
 - They have underlying conditions, are undergoing treatments or have contracted other sicknesses that, in the opinion of a medical practitioner, nurse practitioner, person in authority, government or public health authority, would make them more susceptible to COVID-19.

Workers will not be required to have a medical certificate to qualify for the benefit. Workers could not claim the Canada Recovery Sickness Benefit and receive other paid sick leave for the same benefit period.

Workers will apply after the one-week period in which they are seeking income support and attest that they meet the requirements. The benefit is taxable, with taxes removed at source to reduce the amount of tax owed at the end of the year.

Additional information on the Canada Recovery Sickness Benefit and its eligibility criteria can be found at Canada.ca.

Canada Recovery Caregiving Benefit

The new Canada Recovery Caregiver Benefit will be effective from September 27, 2020 to September 25, 2021, and will provide \$500 per week, for eligible workers. Households can apply for up to 26 weeks, available in one-week periods.

The closure of schools, daycare and day program facilities to prevent the spread of COVID-19 has meant that many Canadians have been unable to work because they needed to provide care to children or support to family members who require supervision.

The benefit will be available to residents in Canada who were present for the period in which they were unable to work and:

- Are at least 15 years of age on the first day of the period for which they are applying for the benefit;
- Have a valid Social Insurance Number (SIN);
- Are employed or self-employed at the time of the application;
- Earned at least \$5,000 in 2019 or 2020, or in the 12 months preceding the day of their application;
- Are not in receipt of paid leave during the 1-week period claimed; and

- Are unable to work for at least 50% of the time that they would have otherwise worked or devoted to their work in the week for which they claim the benefit, because they had to care for a child under the age of 12 or another family member who requires supervised care:
 - Because their school, daycare, day program, or facility that they normally attend is unavailable, closed or open only certain times or for certain individuals; or
 - Because the care services or the person that usually cares for the child or family member is not available due to COVID-19; or,
 - Because they are sick and/or have been directed to quarantine for reasons related to COVID-19; or,
 - Because they are at high risk of serious health complications if they contracted COVID-19.

A household is entitled to a maximum of 26 weeks of the Canada Recovery Caregiving Benefit. If two or more persons reside in the same household, the benefit can be shared among eligible workers but only one of them may be paid a Canada Recovery Caregiving Benefit for any particular week.

Workers will apply after the one-week period in which they are seeking income support and attest that they meet the requirements. The benefit is taxable, with taxes removed at source to reduce the amount of tax owed at the end of the year.

Canada Recovery Benefit

The new Canada Recovery Benefit will be effective from September 27, 2020 to September 25, 2021. It will provide a benefit amount of \$500 per week (available in two-week periods) for up to 26 weeks for those who have stopped working and who are not eligible for EI, or had their employment/self-employment income reduced by at least 50% due to COVID-19. These individuals may still require income support if they continue to be unable to return to work due to COVID-19 or had their income reduced relative to pre-COVID-19 pandemic (attestation-based).

The benefit will be available to residents in Canada who were present for the period in which they were unable to work and:

- Are at least 15 years of age on the first day of the period for which they are applying for the benefit;
- Have a valid Social Insurance Number (SIN);
- Have stopped working due to the COVID-19 pandemic and are not eligible for EI or are working and have had a reduction of at least 50% in their employment/self-employment income for reasons related to COVID-19;
- Are available and looking for work, and who must accept work where it is reasonable to do so;
- Had employment and/or self-employment income of at least \$5,000 in 2019 or in 2020, or in the 12-month period prior to their first application for the Canada Recovery Benefit;

- Have not quit their job voluntarily, unless it was reasonable to do so; and,
- Have not rejected a reasonable job offer, rejected a request to resume work or failed to resume work if self-employed where reasonable to do so.

To encourage claimants to return to work, they will be able to earn income from employment and/or self-employment while receiving the benefit, as long as they continue to meet the other requirements. However, to ensure that the benefit targets those who need it most, claimants will need to repay some or all of the benefit through their income tax return if their annual net income, excluding the Canada Recovery Benefit payment, is over \$38,000. In other words, claimants will need to repay \$0.50 of the benefit for each dollar of their annual net income above \$38,000 in the calendar year up to a maximum of the amount of benefit they received.

This means that for a worker who received 10 weeks of the Canada Recovery Benefit in 2020 for a total of \$5,000, they will have to repay all of the benefit if their net income exceeded the threshold by \$10,000 (twice the benefit payment amount). In this example, the worker will have to repay the full benefit amount if their net income was greater than \$48,000 (not including the Canada Recovery Benefit) in 2020.

How to apply for Recovery Benefits

As announced on September 25, 2020, the new Canada Recovery Benefits will be delivered by the Canada Revenue Agency (CRA). The CRA will open applications for the Canada Recovery Sickness Benefit and the Canada Recovery Caregiving Benefit on October 5 and for the Canada Recovery Benefit on October 12. Eligible individuals will be able to apply for recovery benefits online through the CRA's My Account portal or by phone through its automated phone line. Eligible individuals can get ready to apply by signing up for CRA's My Account portal, ensuring that their personal information with the CRA is up-to-date, and registering for direct deposit.

The attestation-based application process for the new temporary benefits will have more robust verification measures upfront than the Canada Emergency Response Benefit (CERB). Applicants will also experience different validation checkpoints to ensure they only receive the benefits to which they are entitled. For more details on how and when Canadian workers can get ready to apply, visit: www.canada.ca/coronavirus.

Payments will be delivered within the CRA's usual service standard of 3 to 5 business days by direct deposit and within 10 to 12 business days by cheque.

Unlike the CERB, clients will only be able to apply after the two-week period for which they are seeking benefits has concluded. This will help ensure that people are getting the benefits for a period for which they are entitled, and avoid the need to repay benefits.

EI Flexibility

Of the almost 9 million people who have received the CERB since March, we anticipate close to 4 million people will still require some income support.

A set of temporary measures were put in place on September 27, 2020 to facilitate access to EI; these measures are complementary to, but not included in, the Act. Approximately 2.8 million CERB recipients will be transitioned to EI regular benefits, including over 400,000 workers who would not have qualified for EI without these measures. These measures include:

- An hours credits;
- A minimum benefit rate of \$500 per week, or \$300 per week for extended parental benefits;
- At least 26 weeks of regular benefits;
- A minimum unemployment rate of 13.1% applies to all regions across Canada; and,
- An EI premium rate frozen at the 2020 premium rate for two years.

Hours Credits to Enhance Access to EI Regular Benefit and EI Special Benefits

Access to EI benefits is normally based on the number of insurable hours an individual has worked in the year prior to their application, or since their last claim. This is known as their qualifying period. However, the Government recognizes that the pandemic has prevented many Canadian workers from accumulating the number of insurable hours that is normally required, and is taking action to address this. To help individuals qualify with a minimum of 120 hours of work, EI claimants will receive a one-time insurable hours credit of:

- 300 insurable hours for claims for regular and work sharing benefits (job loss); and,
- 480 insurable hours for claims for special benefits (sickness, maternity/parental, compassionate care or family caregiver).

The hours credit will also be made retroactive to March 15, 2020 for claimants who were looking to transition early from the CERB to EI maternity, parental, compassionate care, family caregiver or work-sharing benefits, but could not establish their EI claim due to insufficient hours. For these claimants, the qualifying period will also be extended.

The hours credit will be available for new EI claims for one year, in recognition that labour market conditions remain uncertain and will take time to stabilize.

Minimum EI Unemployment Rate Across Canada

As a first step to help eligible Canadian workers transition from CERB back to the EI system and into the labour force, a minimum unemployment rate of 13.1% is being used for all EI economic regions in order to lower the hours required to qualify for EI regular benefits. This measure is effective for one year starting on August 9, 2020. Individuals in EI regions with an unemployment rate lower than 13.1% will have their EI benefits calculated on the basis of the

13.1% rate, while those in regions with a higher rate will have their benefits calculated using the actual higher rate.

Normally, the unemployment rate in the region in which a claimant resides at the time they file their claim determines:

- The number of hours of insurable employment a claimant needs to have accumulated in their qualifying period to be eligible for EI regular benefits – ranging from 420 to 700;
- The number of weeks of EI regular benefits a claimant may be entitled to – ranging from 14 to 45; and,
- The number of best weeks of earnings that will be used to establish their weekly benefit rate – ranging from 14 to 22.

The EI system uses regional unemployment rates to determine access to EI regular benefits, given that it is generally more difficult for individuals to find new work when unemployment is higher.

In recognition that the pandemic has negatively impacted labour markets in ways that extend beyond traditional measures of unemployment, this measure will set a uniform eligibility requirement for EI regular benefits at 420 hours of insurable employment (before the hours credit is applied), provide a minimum entitlement of 26 weeks of regular benefits, and set 14 as the number of best weeks of earnings used in the calculation of the weekly benefit rate. Combined with the hours credits noted above, individuals can qualify for EI with 120 hours of work.

Minimum Benefit Rate

To further support clients and in addition to the above measures that will increase access to the program, new EI claimants as of September 27, 2020 will receive a minimum benefit rate of \$500 per week (or \$300 for extended parental benefits), if this is higher than what their benefits would otherwise be. The minimum benefit rate was increased since the August 20, 2020 announcement to align with the weekly benefit rate for the new Canada Recovery Benefit.

The EI benefit rate is typically based on a worker's average weekly earnings before their EI claim. However, the COVID-19 pandemic may have had a negative impact on a worker's weekly earnings either because they lost their job or saw their hours of work reduced. The minimum benefit rate of \$500 will reduce the negative impact on EI benefit rates for these workers.

EI Fishing Benefits

The Government is also implementing temporary measures to support self-employed fish harvesters who rely on EI fishing benefits in the off-season. This will allow these workers to establish a fishing benefits claim for the summer season based on their earnings in their current qualifying period or the earnings used to establish a summer fishing claim in 2018 or 2019, whichever is highest. The same approach will apply to the coming winter season.

EI Premium Rate Freeze

To support Canadian businesses and workers through the unprecedented challenges posed by the COVID-19 pandemic, the Government used its authority under the

Employment Insurance Act

to temporarily freeze the EI premium rate for employees at the 2020 level of \$1.58 per \$100 of insurable earnings for two years. The rate for employers, who pay 1.4 times the employee rate, will also remain unchanged at \$2.21 per \$100 of insurable earnings.

Freezing the premium rate ensures that employees and employers do not have to pay increased EI premiums in a time of economic uncertainty, and help support job creation as the economy recovers.

How to apply for EI benefits

Canadian workers already receiving benefits through Service Canada will be transitioned to the EI program once they have received the maximum CERB benefits or on October 3, whichever comes first, if they are EI eligible and continue to need income support.

Canadians who are currently receiving the CERB from the CRA and who believe they are entitled to EI will need to apply through Service Canada after September 26.

Canadians who will need to apply to Service Canada to access EI benefits include:

- 900-series Social Insurance Numbers holders;
- self-employed workers who received benefits through Service Canada; and,
- Canadian workers who received the CERB from the CRA but could have 120 hours of insurable and meet the other eligibility criteria.