



Justin Trudeau Pumps \$82 Billion Into the Canadian Economy to Fight COVID-19

Description

Last week, the Government of Canada announced a set of economic measures to help stabilize the economy, which is reeling under the impact of the COVID-19 pandemic. Equity markets are down 30% from record highs, as consumer spending has declined at a record pace.

Prime Minister Justin Trudeau unveiled an economic response plan to provide \$27 billion in direct support to Canadian workers and businesses and \$55 billion [via tax deferrals](#) to meet liquidity needs of households and businesses.

This \$82 billion relief package accounts for over 3% of the country's GDP and is aimed to help Canadians pay for rent and groceries, while businesses will be able to pay their employees and bills during these uncertain times.

Justin Trudeau maintained that the first step is to stabilize the economy through targeted measures and address immediate challenges that are faced by businesses and workers.

How will these measures support workers?

In order to support individual workers and families, Trudeau has boosted Canada Child Benefit payments, and this measure will deliver close to \$2 billion in extra support. Workers who are unwell and have no access to paid sick leave can avail emergency care benefits of \$900 on a bi-weekly basis for up to 15 weeks and will cost the government \$10 billion.

Justin Trudeau introduced an Emergency Support Benefit, which will be delivered through the Canada Revenue Agency and provide up to \$5 billion in support to workers who are facing unemployment. Individuals and families in the low- and modest-income group will be provided additional assistance under the Goods and Services Tax credit, which will inject another \$5.5 billion in the economy.

The tax filing date for individuals has been extended to June 1 “and [will] allow all taxpayers to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020.”

Support for businesses

Justin Trudeau’s government will provide eligible small businesses a 10% wage subsidy for the next 90 days, up to a maximum of \$25,000 per employer and \$1,375 per employee. Businesses will also be allowed to defer the payment of any income tax amounts, while there will be an increase in the credit available to small, medium and large businesses.

The Business Credit Availability program was announced on March 13. The Business Development Bank of Canada and Export Development Canada will provide over \$10 billion in additional support to businesses grappling with cash flow challenges.

Farm Credit Canada will enhance the credit available to farmers and the agri-food sector. In order to support banks and mortgage lenders, the government will launch an insured mortgage purchase program to purchase close to \$50 billion of insured mortgage pools through Canada Mortgage and Housing Corp.

Canada’s six largest financial institutions have committed to work with personal and small business customers and provide flexible solutions to help them navigate cash flow, pay disruption, and similar challenges.

Justin Trudeau has confirmed that the government will continue to monitor the economic conditions and provide further relief measures if necessary.

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