

# 2020 Ontario Economic and Fiscal Update

On March 25, 2020, Ontario's Minister of Finance Rod Phillips presented the Province's Economic and Fiscal Update (Action Plan to COVID-19). A full budget is expected in the fall of 2020.

## TAX HIGHLIGHTS

- The economic statement does not change personal or corporate income tax rates.
- It introduces the regional opportunity tax credit which is a 10% refundable tax credit for Canadian Controlled Private Corporations investing in specific regions of Ontario.
- The Employer Health Tax Exemption will be increased to \$1 million (from \$490,000) for 2020 for eligible employers with annual payrolls up to \$5 million.
- Implementation of a five month penalty-free period for many provincial taxes commencing April 1, 2020.

## ONTARIO'S ACTION PLAN: INCLUDES \$17 BILLION IN NEW SUPPORT IN 2020-21

### \$3.3 billion of additional resources for health care, including:

- \$2.1 billion in new measures to support the COVID-19 response including:
- A dedicated \$1.0 billion COVID-19 contingency fund;
- \$341 million for hospital capacity to increase assessments and treatment;
- \$243 million for long-term care home emergency capacity and new virus containment measures;
- \$100 million more for public health;
- \$170 million for community capacity, homecare and Telehealth Ontario;

- \$62 million for health care workers in assessment centres, hospitals and the community;
- \$75 million for new personal protective equipment and critical medical supplies;
- \$80 million for ambulance and paramedic services; and
- \$70 million for new infection control measures in retirement homes, residential facilities and emergency shelters.
- An additional \$1.2 billion to improve services in the health and long-term care sector.

### \$3.7 billion to support people and jobs, including:

- \$75 million in urgent additional support for 194,000 low-income seniors by proposing to double the Guaranteed Annual Income System (GAINS) maximum payment to \$166 per month for individuals and \$332 per month for couples, for six months starting in April 2020;
- Helping families pay for extra costs associated with school and daycare closures during the COVID-19 outbreak by providing a one-time \$200 payment per child up to 12 years of age, and \$250 for those with special needs including kids enrolled in private schools;
- Providing six months of Ontario Student Assistance Program (OSAP) loan and interest accrual relief, in coordination with the federal government's measures;
- Providing new, additional support of \$26 million to Indigenous peoples and communities;

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- \$200 million in new funding to provide temporary emergency supports for people in financial need as well as funding to municipalities and other service providers to respond to local needs; for example, food banks, homeless shelters, churches and emergency services;
- Making electricity bills more affordable for eligible residential, farm and small business consumers through a \$1.5 billion increase in electricity cost relief compared to the 2019 Budget. The government is also setting electricity prices for time-of-use customers at the lowest rate, known as the off-peak price, 24 hours a day for 45 days;
- \$9 million in direct support to families for their energy bills by expanding eligibility for the Low-income Energy Assistance Program (LEAP) and ensuring that their electricity and natural gas services are not disconnected for nonpayment during the COVID-19 outbreak;
- Cutting taxes by \$355 million for about 57,000 employers through a proposed temporary increase to the Employer Health Tax (EHT) exemption;
- Helping to support regions lagging in employment growth with a proposed new 10% refundable Corporate Income Tax credit — the Regional Opportunities Investment Tax Credit; and
- Supporting the timely delivery of critical food and supplies by amending a regulation that restricted delivery trucks from operating during off-peak hours.

## **\$10 billion in support for people and businesses to improve cash flows by:**

- Providing a five-month interest- and penalty-free period to make payments for the majority of provincially administered taxes, providing \$6 billion in relief to help support Ontario businesses;
- Deferring the upcoming quarterly (June 30) remittance of education property tax to school boards by 90 days. This will provide municipalities with the flexibility to, in turn, provide property tax deferrals of over \$1.8 billion to local residents and businesses; and
- Providing \$1.9 billion in new financial relief by the Workplace Safety and Insurance Board (WSIB) allowing employers to defer payments for a period of six months.

## **Fiscal prudence at historical levels, including:**

- A dedicated \$1.0 billion COVID-19 contingency fund as part of the additional health care investments;
- An increased contingency fund of \$1.3 billion; and
- A reserve of \$2.5 billion to provide continued flexibility to respond to changing global circumstances.

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