

# Regulations Amending the Income Tax Regulations (COVID-19 – Relief for Deferred Salary Leave Plans and Pension Plans)

## **1 The *Income Tax Regulations* are amended by adding the following after section 6801:**

COVID-19 — Deferred salary leave plan

**6801.1 (1)** For the purposes of paragraph 6801(a), if an employee’s leave of absence is suspended on or after March 15, 2020 (referred to in this subsection as the “first period”) and the leave of absence resumes on or before April 30, 2022 (referred to in this subsection as the “second period”),

(a) the employee’s first period and second period are deemed to be one continuous leave of absence; and

(b) amounts held for the employee’s benefit under the arrangement shall be paid to the employee out of or under the arrangement no later than the end of the first taxation year that commences after the start of the second period.

(2) If the six-year period referred to in subparagraph 6801(a)(i) in respect of an arrangement would end during the period beginning on March 15, 2020 and ending on April 30, 2022, the reference in that subparagraph to “six years” is to be read as a reference to “eight years”.

## **2 (1) Section 8308 of the Regulations is amended by adding the following after subsection (4):**

### COVID-19 — Retroactive Benefits

(4.1) Paragraph (4)(c), in its application to a complete period of reduced services that ended in 2019, is to be read as follows:

(c) the past service event occurs on or before June 1, 2020 or such later date as is acceptable to the Minister,

## **(2) Section 8308 of the Regulations is amended by adding the following after subsection (5):**

### COVID-19 — Retroactive Contributions

(5.1) Paragraph (5)(b), in its application to a complete period of reduced services that ended in 2019, is to be read as follows:

(b) the retroactive contribution is made after 2019 and on or before June 1, 2020 or such later date as is acceptable to the Minister,

### Conditions — Retroactive Contributions

(5.2) Subsection (5.3) applies in respect of a contribution made with respect to an individual under a money purchase provision of a registered pension plan (in this subsection and in subsection (5.3) referred to as a “retroactive contribution”), if

(a) in the case of a contribution payable by an individual,

(i) the individual makes the retroactive contribution after 2020 and on or before April 30, 2022, or

(ii) the individual makes a written commitment, on or before April 30, 2022, to the plan administrator, or to a participating employer of the plan, to make the retroactive contribution;

(b) in the case of a contribution payable by a participating employer,

- (i) the employer makes the retroactive contribution after 2020 and on or before April 30, 2022, or
- (ii) it is conditional on the individual making the retroactive contribution that the individual has committed to pay under subparagraph (a)(ii); and
- (c) the retroactive contribution replaces, in whole or in part, a contribution that would have been required to be made to the plan in the calendar year 2020 or 2021 but for an amendment made to the plan under sections 8511 and 8512 that reduced the contributions required to be made.

## COVID-19 — Retroactive Contributions

**(5.3)** If this subsection applies in respect of a retroactive contribution,

- (a) each pension adjustment of the individual for the 2020 or 2021 calendar year with respect to an employer is deemed to be, and to always have been, the amount that it would have been had the retroactive contribution been made at the end of 2020 or 2021, as the case may be; and
- (b) the retroactive contribution is deemed, for the purpose of determining pension adjustments of the individual for any calendar year after the year referred to in paragraph (5.2)(c), to have been made at the end of that year and not to have been made at any subsequent time.

**3 Section 8500 of the Regulations is amended by adding the following after subsection (1.2):**

**(1.3)** For the purpose of determining under subsection 8507(3) whether a period in a calendar year is a qualifying period of an individual in the year with respect to an employer, the definition *eligible period of reduced pay* in subsection (1) is, in respect of the individual and the employer for the calendar year 2020 or 2021, modified as follows:

- (a) it is to be read without reference to its paragraph (a); and
- (b) its paragraph (c) is to be read as follows:
  - (c) throughout which the remuneration received by the employee from the employer is less than the remuneration so received before the period; (*période admissible de salaire réduit*)

**4 Section 8502 of the Regulations is amended by adding the following after paragraph (i):**

## COVID-19 — Borrowing

- (i.1) in their application to loans that are entered into after April 2020 and before February 2022, subparagraphs (i)(i) and (ii) are to be read as follows:
  - (i) the loan or, if the loan is part of a series of loans or repayments, the series of loans and repayments is repaid no later than April 30, 2022, and

## Coming into Force

**5 These Regulations come into force on the day on which they are made.**