



Employer Health Tax (EHT) Exemption Increase for 2020 – Tax Bulletin

On March 25, 2020, the Ontario government announced it is increasing the Employer Health Tax (EHT) exemption for 2020 from \$490,000 to \$1 million due to the special circumstances caused by the coronavirus (COVID-19) in Ontario.

This exemption increase will provide tax relief for businesses around the province so that they can focus on supporting the well-being of their employees and their continued operations during this time of uncertainty.

EHT Exemption Increase Overview

Retroactive to January 1, 2020, the EHT exemption is increasing from \$490,000 to \$1 million for the 2020 tax year. The EHT exemption will return to \$490,000 on January 1, 2021.

This change will provide quick relief to employers that pay the EHT.

Only the Exemption is Changing

Only the exemption amount is changing; eligibility for the tax exemption, tax rates and everything else remains the same. For more information on the EHT exemption, visit <https://www.fin.gov.on.ca/en/guides/eh/foremployers.html>

Applying the New Exemption

If a registered charity already has two or more qualifying charity campuses, it can claim the \$1 million exemption for each qualifying charity campus for the 2020 tax year.

Employers, including associated groups of employers, with total Ontario remuneration over \$5 million are not eligible for the increase exemption, just as they are not eligible for the exemption currently.

Changes to Instalments

You will begin making your instalment payments after your payroll has exceeded the new \$1 million exemption level.

If your business no longer needs to make instalment payments as a result of the increased exemption amount, you do not need to contact or notify the Ministry of Finance.

If your business is still required to make EHT instalment payments, you can also benefit from **additional new relief measures** announced in the March 2020 Economic and Fiscal Update.

Filing Requirements for 2020 Tax Year

The annual return form is not changing. Only the amount for the exemption claimed will change.

If you have already filed a final or special return for 2020, the Ministry will be reviewing all 2020 EHT returns that have already been filed and correcting the returns for the new exemption level.

If you have not paid any EHT yet for 2020 and you will not owe any EHT for 2020 because of the new exemption amount (and you are not an associated employer), you do not need to file an EHT return for 2020.

If your business no longer needs to file an [EHT](#) return as a result of the increased exemption amount, you do not need to contact or notify the Ministry of Finance.

If your business is still required to file an [EHT](#) return, you can also benefit from [additional new relief measures](#) announced in the March 2020 Economic and Fiscal Update.

Making Changes to your [EHT](#) Payments

If you overpay your [EHT](#) during the 2020 tax year because of the increased [EHT](#) exemption level, you will be able to make adjustments by decreasing an instalment prior to December 2020 or by making a refund claim.

You may also carry forward your payments to the next year. This will be done automatically unless you request a refund by contacting the ministry.

Additional New Relief Measures

Beginning April 1, 2020, penalties and interest will not apply to Ontario businesses that miss any filing or remittance deadline under select provincial taxes, including [EHT](#). [Learn more](#).

Audit Activity

The government is also temporarily suspending audit interactions with most Ontario business and representatives for the month of April 2020.

Contact Us

By phone: 1 866 ONT-TAXS (1 866 668-8297)

By fax: 1 866 888-3850

TTY: 1 800 263-7776

In writing:

Ministry of Finance
33 King Street West
Oshawa, Ontario, Canada
L1H 8H5

[Back to Top](#)

To obtain the most current version of this document, visit ontario.ca/finance and enter 3436 in the find page field at the bottom of the webpage or contact the ministry at 1 866 668-8297 (1 800 263-7776 for teletypewriter).