

Summary of Government Support

The Federal government has enacted several measures to ease the impact Covid-19 has had and will continue to have on businesses and individuals. Below is a survey of some of the major measures Parliament has enacted in their latest legislative enactments.

Businesses

A. Tax Relief for Business

(1) Deferral of GST/HST Tax Remittances

To support businesses, the Federal government has deferred the due date for GST/HST remittances to June 30, 2020. This change will allow businesses to maintain some liquidity and flexibility with respect to their remittance obligations. For monthly and quarterly filers, it will have the following impact:

Instalment Frequency	Reporting Period	Due Date
Monthly Filers	February 1 to April 31 2020	June 30, 2020
Quarterly Filers	January 1 to March 31 2020	June 30, 2020
Annual Filers	*see note below	June 30, 2020

For annual filers, whose GST/HST return or instalment are due in March, April or May 2020, they will be given an extension to file until June 30, 2020.

(2) Deferral of Income Tax Liabilities

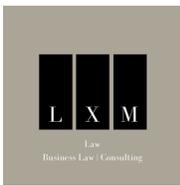
CRA will allow businesses to defer payment of income tax amounts until August 31, 2020 for those payments that are due or become owing between March 18, 2020 to August 31, 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act*. No interest or penalties will accumulate on these amounts during this period.

(3) Relief from CRA's Administration of Tax Regimes

The CRA has invoked a plenary of deferrals and suspensions of their regular deadlines and enforcement measures, the significant ones being:

- No small or medium businesses (**SME**) will be contacted to initiate any post assessment audits for the next 4 weeks (starting March 18);
- Deadlines for filing of an objection extended to June 30, 2020;
- No new audits will be initiated
- Suspending collection efforts on new debt

Important Note: Payroll deduction payment and all related activities are excluded from these deferrals and suspensions.



B. New Loan Programs for Businesses

(1) Canada Emergency Business Account

Small business and not-for-profits will now have access to interest free loans up to the \$40K to help cover operating costs during a period where their revenues have been temporarily reduced due to the economic impacts of the COVID-19 virus. The loans will be administered by financial institutions in cooperation with the Export Development Bank. In order to qualify, the organization must demonstrate they paid between \$50K to \$1M in total payroll in 2019.

Additionally, if the balance of loan repaid on or before December 31, 2022, the government will forgive of 25% of the loan.

(2) New Loan Guarantee for SMEs

The Federal government has also announced that through the Export Development Bank will guarantee new operating credit and cash flow term loans that financial institutions extend to SMEs related to the export sector and domestic companies. The guarantee will cover loans up to \$6.25 million. The program cap for this new loan program will be a total of \$20 billion for export sector and domestic companies.

(3) New Co-lending Program for SMEs

The Business Development Bank of Canada (BDC) together with financial institutions will co-lend term loans to SMEs for their operational cash flow requirements. Eligible SMEs may obtain loans of up to \$6.25M, where 80% of it will be funded through the BDC and remaining 20% through the financial institution.

C. Employers Wage Subsidy and other programs

(1) Canadian Emergency Wage Subsidy (CEWS)

The Federal government will subsidize up to 75% of the wages employers gives to its employees for up to 12 weeks. This program is applied retroactively from March 15, 2020 and up to June 6, 2020. To qualify, the employer must be a:

- Be a non-profit, registered charity, partnerships or Canadian-controlled private corporation (“CCPC”)
- For a CCPC to be eligible, their taxable capital employed in Canada for preceding tax year must be less than \$15M
- Have an existing business number and payroll program account with the CRA as of March 19, 2020
- Demonstrate that your revenue has fallen by at least 30 per cent due to COVID-19 during the reference period below:



	Claiming Period	Reference Period
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

Employers must apply for this subsidy through Canada Revenue Agency's online portal. If eligible, employers will receive the subsidy for up to a maximum of 75% of the first \$58,700 normally earned by employees, which amounts to \$847 per week. To note employers must continue to deduct all source deductions from employees pay. Deductions are only to federal and provincial taxes and does not include CPP or EI premium remittances. If approved, employers can benefit immediately by reducing payroll income tax remittances to the CRA by the amount of the subsidy.

Employers are required to reapply each month and must pay the employee the wage first, then apply through CRA's My Business Account portal. It is estimated that the funds will be able available in 3-6 weeks. Employers will be required to attest they are doing everything can to pay the other 25 per cent of the employee's wage, though it is not required to do so.

The CEWS will be taxable and will be treated as government assistance for income tax purposes.

(2) Temporary Wage Subsidy

For those employers who do not qualify for the Canada Emergency Wage Subsidy may continue to qualify for the previously announced Temporary Wage Subsidy of 10 per cent of remuneration paid from March 18 to before June 20, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.

(2) Work Share Program

The Federal Government expanded the current work-share program temporarily to assist with the downturn in business due to COVID-19. This program is available March 15, 2020 to March 12, 2021. The minimum duration is 6 weeks and maximum duration is 26 weeks with extension possible up to 76 weeks. The government has waived mandatory waiting period between agreements. Reduced hours must be minimum of 10% to max of 60%. Reduction can vary from week to week as long as the average reduction over the course of the agreement is from 10-60%. The proposed reduction in work hours should correspond with the number of anticipated temporary layoffs. For example, if an employer submits a request for a 40% reduction in the hours of work, the employer must indicate there is a need to layoff approximately 40% of the workforce.

To be eligible, an Employer must:

- be experiencing a decline in business activity of at least 10% directly or indirectly related to the impact of COVID-19;
- demonstrate that the shortage of work is temporary, beyond your control and not a cyclical/recurring slowdown;
- be a year-round business in Canada for at least two years;



- have at least two employees in a “work-share” unit
- be willing to implement a recovery plan to support the on-going operations and viability of the business

Employees also must be eligible on the follow criteria:

- must be year-round, permanent, full-time or part-time employees needed to carry out the day-to-day functions of the business (your "core staff")
- must be eligible to receive EI benefits
- must agree to reduce their normal working hours by the same percentage and to share the available work
- Employees will be expected to apply for EI via Appli-Web and must use the reference code provided to them on the “Important Notice for Work-Sharing Employees” form. There is no waiting period for these benefits however it may take up to 28 days to process.

Employees that are not eligible include:

- seasonal employees and students, employees hired on a casual or on-call basis, or through a temporary help agency
- employees who are needed to help generate work and/or who are essential to the recovery of the business (for example, senior management, executive-level marketing/sales agents, outside sales representatives, technical employees engaged in product development, etc.) Concept is they should be working full time in efforts to recover the business.
- employees who hold more than 40% of the voting shares in the business



Individuals

Below is some information for individuals to help the financial impact of COVID-19:

A. Deferral of Personal Income Tax Filing

For individuals the tax filing is delayed until June 1, 2020. Taxpayers owing from 2019 are deferred until September 1, 2020 without accruing any penalties or interest.

B. Mortgages and Loans

Large banks have confirmed offering support to individuals such as various payment and deferral options including up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products.

The Canada Mortgage and Housing Corporation and other mortgage insurers offer tools to lenders that can assist homeowners who may be experiencing financial difficulty. These include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.

C. Canada Emergency Response Benefit (“CERB”)

The CERB replaces the previously announced Canada Revenue Agency Emergency Care Benefit and the Emergency Support Benefit. The new plan allows workers who have lost income as a result of the pandemic to earn up to \$2,000 per month for up to 4 months. The CERB covers Canadians who have lost their job, are sick, quarantined, or taking care of someone who is sick with COVID-19. The CERB also covers working parents who must stay home without pay to care for children who are sick or at home because of school and daycare closures.

It applies to wage earners, as well as contract workers and self-employed individuals who would not otherwise be eligible for EI benefits. Workers who are still employed by are not receiving income because of disruptions to their work situation due to COVID-19 also qualify

The CERB will be available from March 15, 2020 to October 3, 2020.