



Canada's COVID-19 Economic Response Guide

Current as of May 18, 2020

This is a summary of the Economic Response Plan set forth by the Federal Government in response to COVID-19. As support measures are constantly changing and evolving please feel free to contact us to discuss your unique situation and how you can best utilize the support available to you.

Business Support Programs

List of all Federal Programs from the Government of Canada: <https://www.canada.ca/en/department-finance/economic-response-plan.html#businesses>

Program	Details
<p>Canadian Emergency Wage Subsidy – 75% (CEWS)</p>	<p>Under the Canada Emergency Wage Subsidy (CEWS), the federal government will subsidize up to 75% of employee wages for up to 24 weeks, retroactive from March 15, 2020, to August 29, 2020.</p> <p>The CEWS is generally available at a rate of 75% of eligible remuneration paid to employees, up to a subsidy of \$847 per week, per employee</p> <p>The subsidy generally applies to all businesses (including taxable corporations, individuals and partnerships consisting of eligible employers), regardless of size, as well as registered charities and certain non-profits, but otherwise excluding tax exempts and public bodies</p> <p>To be eligible, employers must have had a drop of at least 15% of their revenue in March 2020 and 30% in April and May 2020, as compared to either the same month in 2019, or to an average of its monthly gross revenues in January and February 2020. In applying for the subsidy, employers will be required to attest to the decline in revenue</p> <p>Revenue for this purpose means revenue from a business in Canada earned from arm's-length sources, is calculated using the employer's normal accounting method (under the accrual method or the cash method, but not a combination of both), and excludes revenues from extraordinary items and amounts on account of capital</p> <p>Special rules exist to address issues relevant to corporate groups, non-arm's length entities and joint ventures</p> <p>Employers eligible for the CEWS are also entitled to receive a 100% refund for certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan for employees on paid leave</p> <p>The government launched a calculator on April 21 to help employers apply for the CEWS</p> <p>For employers that are eligible for both the Canada Emergency Wage Subsidy and the 10 per cent wage subsidy for a period, any benefit from the 10 per cent</p>



	<p>wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the Canada Emergency Wage Subsidy in that same period.</p> <p>Applications for the CEWS opened April 27</p> <p>Payment to be expected within 10 days of application</p>
<p>Small Business Temporary Wage Subsidy – 10%</p>	<p>The subsidy is equal to 10% of the remuneration paid from March 18 to June 19, 2020, up to \$1,375 for each eligible employee and to a maximum of \$25,000 total per employer</p> <p>The subsidy calculation is based on the total number of eligible employees employed at any time during the three-month period.</p> <p>The CRA will not calculate the allowable subsidy, it is the responsibility of the employer or whoever is in control of payroll remittances to determine the amount.</p> <p>If eligible employers do not reduce their payroll remittances during the year, the subsidy can still be calculated for the same period, and at the end of the year the CRA will pay the amount to the employer or transfer it to the next year's remittance.</p> <p>Eligible employers are Canadian-controlled private corporations (including cooperative corporations) eligible for the small business deduction, non-profit organizations, registered charities, individuals and partnerships</p> <p>Organizations that qualify for both the Canada Emergency Wage Subsidy and the Small Business Wage Subsidy will have any subsidy under the former reduced by the amount of any subsidy under the latter</p> <p>No application is needed for the subsidy.</p> <p>Once employers have calculated their allowable subsidy, they can reduce their current payroll remittance of federal, provincial, or territorial income tax that they send to the CRA by the amount of the subsidy</p> <p>Employers can start reducing payroll remittances of federal, provincial or territorial tax in the first remittance period that includes remuneration paid from March 18, 2020 to June 19, 2020</p>
<p>Work-sharing Program</p>	<p>The Work-Sharing program is offered to workers who agree to reduce their normal working hours because of developments beyond the control of their employers</p> <p><u>Eligible employers</u> be a year-round business in Canada for at least 1 year; be a private business or a publicly held company, have at least 2 employees in the WS unit; Government Business Enterprises (GBEs), also referred to as public corporations, and; or not-for-profit employers experiencing a shortage of work due to a reduction of business activity and/or a reduction in revenue levels due to COVID-19</p>



	<p><u>Eligible employees</u> 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"); be eligible to receive EI benefits, agree to reduce their normal working hours by the same percentage and to share the available work; and employees considered essential to the recovery and viability of the business can now be eligible to participate in Work-Sharing (such as technical employees engaged in product development, outside sales agents, marketing agents, etc.)</p> <p>A WS unit must reduce its hours of work by at least 10% to 60%. The reduction of hours can vary from week to week, as long as the average reduction over the course of the agreement is from 10% to 60% Agreement length and extension: A WS agreement has to be at least 6 consecutive weeks long and can last up to 26 consecutive weeks. Employers may be able to extend their agreements up to a total of 76 weeks</p> <p>Employers are now requested to submit their applications 10 calendar days prior to the requested start date. The streamlined measures undertaken by Service Canada will aim to reduce the processing time to 10 calendar days.</p> <p><u>To apply for the Work-Sharing program, employers must submit:</u> 1.Applications for a Work-Sharing Agreement form (EMP5100) 2. Attachment A: Work-Sharing Unit form (EMP5101)</p>
<p>Business Credit Availability Program (BCAP)</p>	<p>This program is targeted at small and medium-sized businesses.</p> <p>The program is a collaboration between EDC, the Business Development Bank of Canada (BDC), and private sector lenders. The goal is to provide credit solutions for individual businesses in sectors such as oil and gas, air transportation, and tourism.</p> <p>The program is expanded to include loans of up to \$60 million per company, and guarantees of up to \$80 million.</p> <p><u>For more information:</u> EDC - https://www.edc.ca/en/covid-19-business-resources.html BDC - https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19</p>
<p>Canadian Emergency Business Account (CEBA)</p>	<p>The federal government will provide interest-free credit facilities of up to \$40,000 to small businesses and not-for-profits to pay for immediate operating costs such as payroll, rent, utilities, insurance, property tax, or debt service</p> <p>The program is available to Canadian employers with \$20,000 to \$1.5 million in total payroll in 2019, and operating as of March 1, 2020</p> <p>If the loan is repaid by December 31, 2022, 25% (up to \$10,000) will be forgiven; however, if the loan is not repaid by December 31, 2022, the remaining balance will be converted to a three-year term loan at 5% interest</p> <p>This program is now available at various financial institutions and credit unions.</p>



Canada Emergency Commercial Rent Assistance (CECRA)

This Program is targeted to small businesses that have been affected by COVID-19 that will lower rent by 75%

The program will provide forgivable loans to qualifying commercial property owners to cover 50% of three-monthly rent payments that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June

The loans will be forgiven if the mortgaged property owner agrees to reduce the small business tenants' rent by at least 75% under a rent forgiveness agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25% of the rent

Impacted small business tenants are businesses paying less than \$50,000 per month in rent and who have temporarily ceased operations or have experienced at least a 70% drop in pre-COVID revenues. This support will also be available to non-profit and charitable organizations

It is expected that CECRA will be operational by mid-May, and further details will be announced soon

Corporate income tax return and payment deferral

Businesses are allowed to defer income tax until after August 31, 2020, without interest or penalties, the payment of any income tax amounts that become owing on or after March 18 but prior to September. This applies to tax balances and instalments due under Part I of the Income Tax Act, which would include tax balances and instalments related to "regular" business income.

The CRA has also announced that collections activities on new debts will be suspended until further notice, and flexible payment arrangements will be available.

GST, HST, duties and taxes on imports

Businesses are permitted, including self-employed individuals, to defer until June 30, 2020 payments of the GST/HST, as well as customs duty owing on their imports.

Any GST/HST payment that becomes owing from March 27 until the end of May can be deferred until the end of June.

These amounts were normally due to be submitted to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of March 2020.

Individual Support Programs

List of all Federal Programs from the Government of Canada: <https://www.canada.ca/en/department-finance/economic-response-plan.html#individuals>

Program	Description
<p>Canadian Emergency Response Benefit (CERB)</p>	<p>CERB is a taxable benefit that allows those eligible to earn \$2,000 per 4-week application period to a maximum of 16 week or 4 applications within March 15, 2020 to October 3, 2020.</p> <p>The Benefit is available to employees and self-employed individuals who:</p> <ul style="list-style-type: none"> • Who reside in Canada • who are at least 15 years old; • who have stopped working or lost income as a result of COVID-19 • unable to work as a result of sickness, personal required self isolation or those caring for those under self isolation • unable to work due to child care limits as a result of COVID-19 • Have exhausted their EI benefits between December 29, 2019 and October 3, 2020 • Who have not earned greater than \$1,000 in income for 14 or more consecutive days during your FIRST application period • Who have not earned greater than \$1,000 in income for all subsequent application periods <p>If employees later are deemed ineligible for this program reimbursement of benefit will be requested by CRA.</p> <p>You can either apply for the Benefit through Service Canada or the Canada Revenue Agency, but not both.</p> <p>Workers will not be eligible for the CERB if they have quit their employment voluntarily.</p> <p>Canadians who have already applied for EI after March 18, 2020 due to COVID-19 and whose application has not yet been processed would not need to reapply under the new CERB</p>
<p>Employment Insurance (EI)</p>	<p>Employment Insurance (EI) provides regular benefits to individuals who lose their jobs through no fault of their own (for example, due to shortage of work, seasonal or mass lay-offs) and are available for and able to work, but can't find a job</p> <p>For most, the basic rate for calculating EI benefits is 55% of their average insurable weekly earnings, up to a maximum amount. As of January 1, 2020, the maximum amount is \$54,200 (\$573 per week)</p> <p>Those eligible can receive EI from 14 weeks up to a maximum of 45 weeks, depending on the unemployment rate in their region at the time of filing the claim and the amount of insurable hours accumulated in the last 52 weeks or since their last claim, whichever is shorter</p> <p>No one can be paid EI benefits and the CERB for the same period</p>



	<p>For those eligible for a new EI claim starting March 15, 2020 or after, the EI Regular and Sickness benefits will be delivered as part of the CERB</p> <p>The one-week waiting period for EI sickness benefits will be waived for new claimants who are quarantined so they can be paid for the first week of their claim. The requirement to provide a medical certificate is also waived</p>
Temporary salary top-up for low-income essential workers	<p>Low income essential workers not qualifying for CERB. A new transfer to cost-share a temporary top up to the salaries of low-income workers (those who earn less than \$2,500 per month on a full-time basis), that the provinces and territories have deemed essential in the fight against COVID-19.</p>
Personal income tax return and payment deferral	<p>The filing due date for 2019 income tax returns for individuals has been deferred until June 1, 2020. Any new income tax balances due, or instalments, are also being deferred until August 31, 2020 without incurring interest or penalties.</p> <p>If you expected to receive benefits under the good and service tax credit or the Canada child benefit, we encourage you to not to delay filing your 2019 income tax return to ensure that you entitlements are properly determined.</p>
Enhanced Canada Child Benefit (CCB)	<p>Anyone who already receives the CCB based on the 2018 taxation year. Eligible parents will receive \$300 more per child with their regular May CCB payment</p>
GST Credit (GSTC)	<p>This program is available for those already receiving a GSTC based on their 2018 tax year.</p> <p>This is a one-time payment is set to pay an additional amount of \$400 per person or \$600 per couple.</p> <p>There is no need to apply for this payment. Those who are eligible will automatically receive it</p>
CMHC Mortgage & Housing Support	<p>Program is offering tools to lenders that can assist homeowners who may be experiencing financial difficulty.</p> <p>Tools to include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.</p> <p>Please contact your bank and/or lender – it will be on a case-by-case basis.</p> <p>Canada’s large banks have confirmed that this support will include up to a 6-month payment deferral for mortgages, and the opportunity for relief on other credit products.</p> <p>Dealing with mortgage payment difficulties: https://www.cmhc-schl.gc.ca/en/finance-andinvesting/mortgage-loaninsurance/the-resource/dealing-with-mortgagepayment-difficulties</p> <p>Mortgage deferrals: https://www.cmhc-schl.gc.ca/en/finance-andinvesting/mortgage-loaninsurance/the-resource/covid19-understandingmortgage-payment-deferral</p>