

## YALE PGC LLP UPDATE COVID-19: SUMMARY OF ANNOUNCED RELIEF MEASURES

In an effort to provide our clients with a summary of the recently announced relief measures available to Canadians, Yale PGC LLP has prepared this document, current as of May 4, 2020. These measures are in addition to, and elaborate on, those previously communicated in our April 4 memorandum. We encourage you to review the information contained within to determine whether or not you or your business's circumstances place you as eligible for any of the following. As always, our offices are available to assist with any questions you may have. Please do not hesitate to reach out – we are all in this together.

### SUPPORT MEASURES FOR BUSINESSES

#### Canada Emergency Wage Subsidy (75% Wage Subsidy)

The previously announced Canada Emergency Wage Subsidy (“CEWS”) opened to applicants on April 27, 2020. Eligible entities can now apply for the 75% wage subsidy in one of three ways:

- Online directly through CRA's *My Business Account*
- Online by an entity's authorized representative through *Represent a Client* (the authorized representative must have either Level 2 or 3 authorization)
- Online via an application form

In order to apply using the online application form, businesses must have a web access code, which uses their existing payroll (RP) information. To receive this access code, the most recent T4 is required, as well as the payroll number. The CEWS will be processed through the payroll account of the eligible business. If multiple payroll accounts exist for an entity, an application must be made for each separate account.

#### **Before applying:**

Prior to applying for the subsidy, businesses must first determine how they will submit their application and ensure they are set-up to use one of the three methods. Additionally, the business will need to calculate the estimated wage subsidy amount they are to receive. This can be done manually, or via the Excel spreadsheet available for download on the CRA's website [here](#). The calculation can be done on a consolidated, or non-consolidated basis. The CRA has also published an application guide which can be found [here](#).

#### **Application processing and receipt of funds:**

Once an application has been submitted, businesses can expect to receive funds within 10 business days. It is anticipated that the first payments for CEWS will be made by May 7, 2020. In the event that the CRA looks to verify applications, businesses may be required to provide a list of all employees and their social insurance numbers (SIN). The funds received under CEWS are taxable to the business, and should be accounted for in a manner consistent with government grants.

#### **Attestation:**

In addition to the application itself, an attestation form must be signed by the individual applying for CEWS. There are two forms, one for the [owner/manager](#) and another for the authorized representative. If the application is being submitted by a representative, a signed copy of the owner/manager attestation form is still required and can be requested by the CRA at any time for verification. These attestation forms confirm that the preparer is bound to the contents within the CEWS application.

Businesses are cautioned that there will be significant penalties for fraudulent claims, or in the event that revenues were manipulated to comply with eligibility requirements. If an employer is found to have knowingly, or under circumstances related to gross negligence makes, or is involved in the making of a false statement or omission in its CEWS application for a claim period, the employer is liable to a penalty of up to 50% of the difference between the amount of CEWS that it claimed in its application and the amount of CEWS to which it is actually entitled.

## Canada Emergency Business Account

The Canada Emergency Business Account (CEBA) will provide small and medium-sized businesses and not-for-profits with financing by way of an interest-free loan of up to \$40,000. Loans are being offered by eligible financial institutions (the lender) in cooperation with Export Development Canada (EDC).

This loan is intended to help cover operating costs for periods where revenues have been reduced and cannot be used to pay non-deferrable operating expenses. Eligible expenses include: payroll, rent, utilities, insurance, property tax, debt service payments. Ineligible expenses include: prepayment or refinancing of existing debt, dividends, distributions, increases in management compensation.

### ***In order to qualify for CEBA, entities must:***

- Be Canadian operating businesses, in operation as of March 1, 2020;
- Be registered for Federal tax – i.e. Have a Federal Business Number (BN);
- Have spent between \$20,000 to \$1,500,000 in payroll for 2019;
- Have a current business chequing or operating account with the lender, which is its primary financial institution. This account must have existed on or prior to March 1, 2020 and must not be in arrears on existing borrowing facilities by 90 days or more as of this date;
- Not have previously applied for CEBA loan through another institution;
- Acknowledge their intention to continue operating its business or resume operations;
- Agree to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

### ***Excluded entities include:***

- Government bodies or entities owned by a government body or organization;
- Unions, charitable organizations, and religious or fraternal organization or an entity owned by such an organization, where such organizations do not earn revenues from at least 30% from the sales of goods or services;
- Entities owned by individual(s) holding political office;
- Entities promoting violence, inciting hatred or discrimination on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.

### ***How to apply:***

Eligible entities should reach out to their primary financial institution or credit union to submit an application for the loan and should be able to provide:

- Business legal and operating name(s);
- Total employment income paid for 2019
- Canada Revenue Agency 15-digit business number (BN) or employer account number;
- Authority to attest and bind the business to the CEBA terms on behalf of the entity.

Additional information from the Government of Canada can be found on the CEBA's general information site [here](#).

## Ontario-Canada Emergency Commercial Rent Assistance

The Ontario-Canada Emergency Commercial Rent Assistance (CECRA) program was announced on April 24, 2020. This joint program between Federal and Provincial governments, aims to provide relief to small businesses and their landlords through the issuance of forgivable loans to qualifying commercial property owners. The CECRA program will be administered by Canada Mortgage and Housing Corporation (CMHC) and is expected to be operational by mid-May.

### ***Overview:***

For property owners who may have otherwise lost rental revenue from small businesses unable to pay their rent due to financial hardships resulting from COVID-19, this program aims to share the cost of maintaining the associated rental properties for April, May and June 2020, and help sustain existing tenants through a period of lost revenue. The deadline for applications is August 31, 2020.

## Ontario-Canada Emergency Commercial Rent Assistance - continued

Provided that rent is reduced by the owner by at least 75%, and only covers the fixed costs of the maintaining the commercial property, CECRA will be provided for 50% of the reduced monthly rent. The remaining 50% of the fixed costs will be shared by the tenant and the property owner, with the property owner paying no less than half of the remaining amount. It should be noted that for CECRA to be received, property owners are expected to forgo all profits derived from rental income for the three month period.

### ***In order to qualify for CECRA for small businesses, property owners must:***

- Own the property that generates rental revenue from commercial real property in Canada
- Have a mortgage loan\* secured by the commercial real property, occupied by one or more *small business* tenants.
- Enter a rent reduction agreement for the period of April, May, and June 2020 that reduces tenant rent by at least 75%. This agreement must be in effect for the stated period and include a moratorium on eviction for same period.
- Have declared rental income on your tax return (personal or corporate) for 2018 and/or 2019

*\* For property owners without current mortgages on their rental properties, an alternative mechanism will be implemented where funding maybe received for other existing debts / be used to cover fixed rental costs.*

### ***What tenants qualify?***

To have CECRA apply, tenants must:

- Pay no more than \$50,000 in monthly gross rent per location (as defined by a valid and enforceable lease agreement);
- Generate no more than \$20,000,000 in gross annual revenues, calculated on a consolidated basis (at the ultimate parent level);
- Have temporarily ceased operations or have experienced at least a 70% decline in pre-COVID-19 revenues, when compared to the same period of 2019, or to the average of January and February 2020;
- Not be entities owned by individuals holding political office, or entities that promote violence, incite hatred or discriminate on the basis of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability

While we await further details, preliminary information about this initiative can be found online on the Canada Mortgage and Housing Corporation's website [here](#) and on the Provincial website [here](#).

## Business Credit Availability Program

The Business Credit Availability Program (BCAP) is providing additional support for small and medium-sized enterprises through a Loan Guarantee in conjunction with Export Development Canada (EDC) and a Co-Lending Program in conjunction with Business Development Canada (BDC).

The Loan Guarantee program is working with financial institutions to guarantee 80% of new operating credit and cash flow term loans for use in operational expenses and for exporting and non-exporting companies. The Co-lending program will assist eligible entities with obtaining term loans for operational cash flow, with financing amounts differing based on business revenues.

Businesses are encouraged to reach out to their financial institution to apply. Additional information can be found on the government's website [here](#).

## Work-Sharing Program

The Work-Sharing program has been extended from 38 weeks to 76 weeks for employers affected by COVID-19. This measure will provide income support to employees eligible for EI who agree to reduce their normal working hours because of conditions outside an employer's control and helps to avoid layoffs. Details on the extended program are available [here](#).

## SUPPORT MEASURES FOR INDIVIDUALS

### Canada Emergency Response Benefit

Since opening for applicants on April 6, 2020, the definition of eligible workers for the Canada Emergency Response Benefit (CERB) has been amended to allow individuals to earn up to \$1,000 per month while receiving the benefit. It has also been extended to seasonal workers who have exhausted their regular EI benefits and are unable to undertake regular seasonal work due to COVID-19, as well as to workers who have recently exhausted their EI regular benefits and are unable to find a job. Clarification has also been provided as to the type of income that must have been earned in 2019 or the previous 12 months – employment and/or self-employment income of at least \$5,000 must have been earned to qualify.

If you are now eligible to receive this benefit, click [here](#) to apply.

### Canada Emergency Student Benefit

Announced on April 22, 2020, the Canada Emergency Student Benefit (CESB) will assist students and new graduates who are not eligible for CERB or EI or are unable to work due to COVID-19. Eligible students will receive \$1,250 per month (\$1,750 per month for students with dependents or disabilities) from May to August 2020. Individuals eligible for the CESB will be able to earn up to \$1,000 while receiving the benefit.

Additional details on the application process and eligibility are expected to be released soon, once benefit has passed legislation.

### Temporary Salary Top-Up for Low-Income Essential Workers

Individuals working in essential roles, earning less than \$2,500 per month on a full-time basis, are eligible for a temporary top-up of wages. This initiative, recently announced, will be administered provincially. Details are expected in the upcoming weeks – individuals should check the provincial website [here](#) if they believe they are eligible.

### Canada Child Benefit

The Canada Child Benefit (CCB) is available to primary caregivers of children under 18. Benefits are phased out after a certain net income threshold, depending on the number of children under care and their respective ages. Starting in May 2020, those receiving the CCB will see payments increased by \$300 per child for the 2019 / 2020 benefit year (July 2019 through June 2020), which is paid in May 2020. If you have already applied for, or receive this benefit, no further action is required.

If you have recently given birth and have not yet applied for the CCB, you can register the birth of the child on the Government of Canada's website [here](#) and sign-up for a CRA account, My Account for Individuals, [here](#). Once registered, you can download the paper application [here](#) and mail the completed form for processing.

### Special GST Credit

Low and modest income individuals currently receiving the GST credit (GSTC) will receive an additional \$400 (\$600 for couples) for the 2019 / 2020 benefit year (July 2019 through June 2020). No application is necessary, however your 2019 tax return must be filed in order to receive the credit.

### Support for Seniors

To reduce net income for 2020, and the resulting tax burden for the year, minimum withdrawals from RRIF's have been reduced by 25% for 2020.

## Ontario Support for Families

The Provincial government is offering a one-time payment per child to assist in offsetting the cost of buying materials to support learning activities at home. Eligible parents will receive a payment of \$200 for children aged 0 – 12 (\$250 for children with special needs). To apply, visit the [application page](#) and have handy the name of the child's school and school board (if applicable), the child's date of birth, your banking information (if you would like the payment via direct deposit), and a valid email address. If your child is younger than elementary-school aged and currently enrolled in a day-care or nursery program, you can indicate this in the application.

More information is available on Ontario's website [here](#).

## Additional Resources

For additional resources, Canada's full COVID-19 Economic Response Plan can be found on the Government's website [here](#).

Ontario has also provided support resources on their website for both [businesses](#), as well as [individuals](#) and [students / families](#).