



**SUMMARY OF EMERGENCY GOVERNMENT PROGRAMS FOR COVID-19**  
**As of April 2, 2020**

**BUSINESS SUPPORT PROGRAMS**

**THREE PROGRAMS DESIGNED TO KEEP EMPLOYEES WORKING**

**Work Sharing Program:**

- This program is administered by Employment and Social Development Canada and is designed to keep employees employed that have a shortage of work due to Covid-19
- The main function of this program is to utilize the existing program in place but to enhance it thru an extension of the qualifying period from 38 to 76 weeks
- To be classified as an eligible employer the employer must:
  - Have been in business in Canada year-round for two years.
  - Be a private or public company or a not for profit organization
  - Demonstrate that the shortage of work is temporary and beyond their control
  - Demonstrate a recent decrease in business of at least 10%
  - Submit a recovery plan designed to show return to normal working hours by the end of the work share agreement.
- An eligible employee is defined as:
  - Be a core employee which means permanent full time or part time
  - Be eligible to receive Employment Insurance Benefits
  - Agree to a reduction of their normal working hours in order to share the available work
  - Employees laid off prior to this agreement are eligible to participate.
- Employees that are shareholders of the company do not qualify for this program.
- Work sharing agreements must include a reduction in work activity of the employees' regular work schedule between a minimum of 10% (one half day) and a maximum of 60% (three days)
- All employee benefits must be maintained in full during the duration of the agreement.



### **CEWS – Canada Emergency Wage Subsidy:**

- This program is administered by CRA and is designed to encourage employers to keep employees on payroll.
- Existing employees and new employees hired during this period qualify.
- It is retroactive from March 15, 2020 and ceases on June 20, 2020.
- This subsidy is for 75% of employees wages up to a maximum subsidy of \$847 per employee per week during this period. There is no maximum subsidy per employer.
- The total subsidy paid to the employer during this program must be included in the annual revenue reported the employer. As well, the subsidy received will reduce the amount of remuneration expenses for any federal tax credits that may apply to the employer.
- To register for this subsidy, go to [www.canada.ca](http://www.canada.ca) – My Business Account
- The claim submission periods are:
  - March 15 – April 11
  - April 12 – May 9
  - May 10 – June 6
- The qualifying points are the employer must be registered with a business number (BN) and for payroll with CRA by March 18, 2020 AND must be suffering from at least a 30% decline in revenue.
  - This can be strictly for the month of 2019 to 2020 or
  - It can be for the year to date 2019 vs 2020 timeframe.
  - Each claim period must qualify for the reduced revenue of 30%
  - Revenue must be from arms-length customers only. No intercorporate or connected corporation activity qualifies.
  - The reduction in revenue will need to be substantiated.
- The operating entities that qualify for this program are:
  - Individuals (sole proprietors) that run businesses
  - Taxable Corporations (includes large corporations and Canadian subsidiaries of foreign-controlled companies)
  - Partnerships
  - Non-Profit Corporations
  - Registered Charities



### **10 per cent Wage Subsidy and its' interaction with CEWS:**

On March 18, 2020, the Prime Minister announced a temporary 10 per cent wage subsidy. For employers that are eligible for both the Canada Emergency Wage Subsidy (CEWS) and the 10 per cent wage subsidy for a period, any benefit from the 10 per cent 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.

- The subsidy has a maximum of \$1,375 per employee and \$25,000 per employer.
- The qualifying period is March 18 thru to June 19<sup>th</sup>.
- A temporary wage subsidy for employers for three months that will allow the employer to reduce the amount of payroll deductions, excluding CPP and EI.
- Eligible employers are individuals, partnerships, non-profits, registered charities and CCPC's that qualify for the small business tax deduction (SBD).
- Must have an existing business number and payroll account prior to March 18<sup>th</sup>.
- Partnerships are only eligible for the subsidy if their members consist exclusively of individuals, charities, or CCPC's eligible for the SBD.
- Associated CCPC's will not be required to share the maximum subsidy of \$25,000 per employer.
- Payroll remittances are NOT subject to deferral like the income tax measures.
- If the incomes taxes deducted exceed the payroll remittances, you can reduce future payroll remittances even if that exceeds the June 19<sup>th</sup> final date.
- The wage subsidy is to be reported as taxable income to the claiming entity.

### **CEWS Interaction with the Canadian Emergency Response Benefit (CERB):**

An employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.

Employers who are not eligible for the Canada Emergency Wage Subsidy would still be able to furlough employees who will receive up to \$2,000 a month.



## TWO PROGRAMS DESIGNED TO INCREASE ACCESS TO CREDIT FOR BUSINESSES

### **CEBA - Canadian Emergency Business Account:**

- This program allows qualifying small business and not for profit customers to borrow up to \$40,000 from a government approved financial institution. This loan is guaranteed to the institution by the federal government.
- This loan is interest free until December 31, 2022
- No minimum monthly principal payments are required until December 31, 2022
- If the outstanding balance is paid in full prior to December 31, 2022 a \$10,000 loan forgiveness is available.
- The eligible criteria to qualify for this program are:
  - The person applying has the power to bind the organization
  - The business is an operating business and not a holding company
  - The payroll expense for the organization in calendar 2019 was between \$50,000 and \$1 million. The T4 summary will be required as proof.
  - Funds must be used for operating costs that cannot be deferred such as payroll, utilities, property tax, rent etc.
  - There is an active business operating bank account open at the lending financial institution and it has been open prior to March 1, 2020.
  - Only one CEBA application is permitted regardless of the number of financial institutions your business may utilize.

### **BCAP – Business Credit Availability Program:**

- Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) have been provided \$65 Billion by the government of Canada to qualifying SME's to borrow.
- BDC is offering working capital loans of \$2 million with flexible repayment terms.
- With existing BDC loans under \$1 million postponement of principal payments for up to six months.
- The Bank of Canada has lowered the interest rate and has also lowered all banks Domestic Stability Buffer by 1.25%. This will allow the banks to free up an additional \$300 Billion to lend.

## BUSINESS TAX PAYMENT SUPPORTS

### **Income, HST and Import Tax Payments:**

- Income tax payments, including tax instalment payments, are deferred and not due now until September 1.
- All post HST assessments and income tax audits will be stopped for the next four weeks, possibly mid to late April.
- Businesses, including self-employed individuals, to defer until June 30, 2020 payments of the Goods and Services Tax / Harmonized Sales Tax (GST/HST), as well as customs duties owing on their imports.

### **Ontario Specific Items:**

- Any premium payments for WSIB are deferred to August 31<sup>st</sup>.
- The provincial EHT exemption limit will be increased from \$490,000 to \$1 million for the 2020 calendar year.



## INDIVIDUALS SUPPORT PROGRAMS

### CERB - Canada Emergency Response Benefit:

- Applies to a qualifying individual that lost their job or cannot work due to Covid-19. That includes those that are not eligible for employment insurance as well as those that do qualify. You cannot receive EI benefits and CERB at the same time however if you qualify for any provincial programs you may also receive CERB benefits.
- The qualifying person is a wage or salaried earner, contract worker or a self- employed individual.
- To be eligible you must:
  - be at least 15 years old and a resident of Canada
  - Had employment income, self-employment income, maternity or parental benefits of at least \$5,000 in 2019 or in the 12 months prior to the date of application. Very important for those individuals compensating themselves through dividends if they work for their own corporation.
  - Who are or expect to be without employment income for at least 14 consecutive days in the initial 4 weeks? For subsequent benefit periods they expect to have no employment income.
- This program provides a benefit of \$500 per week for sixteen weeks and is considered as taxable income to the recipient.
- The eligibility period runs from March 15, 2020 to October 3, 2020
- You apply online via [www.canada.ca](http://www.canada.ca) - My Account. Cheques will be received approximately 10 days after you apply. Consider setting up direct deposit.
- Your individual application date is based on your birth month:
  - January to March apply on April 6th
  - April to June apply on April 7th
  - July to September apply on April 8th
  - October to December apply on April 9<sup>th</sup>
  - Any month from April 10<sup>th</sup> on
- It includes employees, contract workers and self-employed entrepreneurs, including sole proprietors.



### **Individual Benefits and Income Tax:**

- Those individuals that are currently receiving payments under the GSTC program will receive double that amount in the month of May. This is a one-time payment.
- If you are receiving the Canada Child Benefit (CCB) the payment will be increased by \$300 per child starting in May and will continue for the 2019/2020 qualifying period.
- For those currently paying any Canada Student Loan there is a six-month interest free moratorium on payments.
- Seniors that are required to withdraw funds from their Registered Retirement Income Funds (RRIF's) annually the minimum withdrawal for 2020 is now reduced by 25%.
- The income tax filing deadline has been extended from April 30 to June 1 however the government strongly advises that if you qualify for the GSTC or CCB programs you should still file by April 30.
- If any income tax or HST is payable there is an extension to August 31<sup>st</sup> without any interest or penalties.
- CRA has announced that they will recognize and accept electronic signatures for your personal income tax returns and authorizations. This will allow the taxpayer to fully utilize electronic services from their accounting firm.

*Everyone here at DSK is available to help you thru this pandemic and the constant changes being announced. Primarily we are working virtually with a limited staff at each office to ensure your documents physically dropped off are being logged in and secured. If you require any support, please contact us and we can arrange a phone or an online meeting. We check our secure portal a couple times a day to ensure your business activities are addressed. As future changes are announced we will bring them to your attention.*

***BTW: It is income tax season and we have our staff here ready to serve you. If you have time, we would really appreciate you dropping off your information or uploading it thru our secure portal so that we may keep our staff employed. Thank you.***



**DROUILLARD SAMBROOK KINGSTON**  
CHARTERED PROFESSIONAL ACCOUNTANTS  
CERTIFIED GENERAL ACCOUNTANTS

***Please be safe out there.***