

April 24, 2020

UPDATE ON RECENT GOVERNMENT ANNOUNCEMENTS ON COVID-19 SUBSIDIES AND RELATED ITEMS

The items listed here are those that effect our Ontario small/medium size business client base. Additional announcements have been made for other areas including Indigenous businesses, Agri-food sector, Agricultural sector, Cultural, heritage, and sport organizations and Journalism. If you want additional information on these sectors, please contact us.

CANADA EMERGENCY WAGE SUBSIDY (CEWS - 75% wage subsidy)

On April 21st, the Federal Government announced that applications to the CEWS (the 75% wage subsidy) will be accepted starting on April 27th, 2020.

CRA has set up a subsidy calculator which can be viewed here: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-calculate-subsidy-amount.html>

To make your online claim, ensure you are registered to access your CRA account. For details on how to apply, see here: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-how-apply.html>

There are a number of possible elections that can be made. We have not yet seen the format of these.

CANADA EMERGENCY BUSINESS ACCOUNT (CEBA - \$40,000 business loan)

The Federal Government announced changes in that eligibility for a loan from the CEBA program will be extended to businesses that have between \$20,000 and \$1.5 million of total payroll in 2019 (previously restricted to payroll between \$50,000 and \$1 million). Applications for these loans are made through your bank.

CANADA EMERGENCY RESPONSE BENEFIT (CERB - \$2000 PER MONTH FOR INDIVIDUALS)

The Federal Government announced that additional individuals will be eligible for the CERB subsidy effective March 15, 2020. Workers who have recently exhausted their regular employment insurance benefits and are unable to return to work or regular seasonal work as a result of COVID-19 are eligible. In addition, workers will now be allowed to earn up to \$1,000 per month without affecting their eligibility.

The Federal Government also clarified the types of income that count towards qualification. Many small business owners receive dividends instead of salaries from their companies. Non-eligible dividends (generally those received from small/medium size companies) now count towards the income limits. For additional details see: <https://www.canada.ca/en/services/benefits/ei/cerb-application/questions.html>

CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE (CECRA)

The Federal Government announced the following with details to follow:

“We intend to introduce the Canada Emergency Commercial Rent Assistance (CECRA) program for small businesses that, will seek to provide loans and/or forgivable loans to commercial property owners who in turn will lower or forgo the rent of small businesses”

SUPPORT FOR STUDENTS

On April 22nd, 2020, the Federal Government announced relief for post-secondary students and recent graduates. The proposals include:

1. Canada Emergency Student Benefit, which will provide \$1,250 per month (\$1,750 for students with dependents or disabilities), between May and August 2020, to eligible students who do not qualify for the Canada Emergency Response Benefit;
2. Canada Student Service Grant, which will provide up to \$5,000 to students who perform service work in their communities; and
3. For the 2000/2021 year additional funds will be available under the various student programs.

ADDITIONAL INFORMATION

For details on our previous client COVID-19 memos see our website at:

<https://hsmllpcas.com/important-covid-19-updates/>