



The below is a summary of Canada's COVID-19 Economic Response Plan, reflecting key measures announced as of August 31, 2020. All attempts have been made to include the most relevant information impacting individuals and businesses. However, for further announcements, please refer to the federal government website at: <https://www.canada.ca/en/department-finance/economic-response-plan.html>.

## COVID-19 Economic Response Plan

The federal government has enacted the following legislation aimed at stabilizing the economy during the COVID-19 outbreak:

- Bill C-13, the COVID-19 Emergency Response Act, enacted March 25, 2020
- Bill C-14, the COVID-19 Emergency Response Act No. 2, enacted April 11, 2020
- Bill C-15, the Canada Emergency Student Benefit Act, enacted May 1, 2020
- Bill C-20, an Act respecting further COVID-19 measures.

Below is a summary of key measures that impact our industry.

## Support for Individuals

---

### Employment Insurance

For Canadians who have a new regular or sickness Employment Insurance (EI) claim starting March 15, 2020 or after, benefits will be delivered as part of the Government of Canada's Canada Emergency Response Benefit (CERB). Service Canada and the Canada Revenue Agency (CRA) deliver this benefit jointly. Canadians can apply through one or the other, but not both. A medical certificate is no longer required for EI claims beginning March 15, 2020 or later and applications can be made without a record of employment.

In July, the federal government announced that CERB recipients will transition to EI in the fall. On August 20, 2020, expanded eligibility for EI benefits was announced. Individuals may claim a one-time credit of 300 insurable hours for regular benefits and 480 hours for special benefits (sickness, parental, compassionate, or caregiver leave). This credit can be claimed retroactive to March 15, 2020 and will be available for one year. As such, individuals may qualify for EI benefits with only 120 hours of work in the year. Those receiving regular EI benefits will be eligible for at least \$400 of taxable benefits per week for a minimum of 26 weeks. EI insurance premium rates will be frozen for two years.

Transitioning to EI will look different depending on whether individuals are receiving CERB benefits from Service Canada or CRA. The government has confirmed that eligible individuals receiving benefits through Service Canada will be transitioned to the EI program once they have received their maximum CERB benefits. However, eligible individuals currently receiving the CERB from the CRA must apply for EI through Service Canada after September 26, 2020.



More information is available here:

<https://www.canada.ca/en/employment-social-development/news/2020/08/government-of-canada-announces-plan-to-help-support-canadians-through-the-next-phase-of-the-recovery.html>.

## New benefits proposed

On August 20, 2020, the federal government announced three proposed benefits that would be effective from September 27, 2020:

- **The Canada Recovery Benefit (CRB)**

\$400 per week for up to 26 weeks for workers who are self-employed or are not eligible for EI and who still require income support and who are available and looking for work. This benefit will support Canadians whose income has dropped or not returned due to COVID-19.

- **The Canada Recovery Sickness Benefit (CRSB)**

\$500 per week for up to two weeks for workers who are sick or must self-isolate due to COVID-19.

- **Canada Recovery Caregiving Benefit (CRCB)**

\$500 per week for up to 26 weeks per household, for Canadians unable to work because they are caring for children under 12, a family member with a disability or a dependent, due to closures of schools, daycares, day programs or care facilities because of COVID-19 or where a child, family member with a disability or a dependent is deemed by a medical professional to be at high-risk if he or she contracts the virus and so cannot access care outside the home.

The government intends to introduce new legislation to support the implementation of these new benefits when parliament resumes later in September.

## Canada Emergency Response Benefit

The CERB provides a payment of \$2,000 for a four-week period (equivalent to \$500 a week) for up to 28 weeks for workers who have stopped working or whose hours have been reduced due to COVID-19, including seasonal or regular workers who have exhausted their EI benefits and are unable to find a job because of COVID-19.

The designated online portal started accepting applications on April 6, 2020. According to the CRA website, the benefit is available to workers:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working, have reduced hours, or are unable to work because of reasons related to COVID-19 or have exhausted their EI regular benefits or EI fishing benefits between December 29, 2019 and October 3, 2020 where at least one week of benefits were received;
- Who had earnings of at least \$5,000 in the last 12 months, or in 2019, from employment income, self-employment income, and/or provincial benefit payments related to maternity or parental leave;
- Who have not quit their job voluntarily.



In addition, according to the CRA website, when submitting the applicant's:

- First claim, the applicant cannot have earned more than \$1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of the claim.
- Subsequent claims, the applicant cannot have earned more than \$1,000 in employment and/or self-employment income for the entire four-week benefit period of the new claim.

The following conditions also exist:

- The CERB will be available for employees, contract workers and self-employed workers (i.e., sole proprietorships) regardless of whether they are normally eligible for EI or not
- The CERB will be available for each four-week period starting from March 15, 2020 to October 3, 2020, to a maximum of 28 weeks
- The CERB received will be taxable to the recipient for 2020
- Where the government determines that an individual has received the CERB in error, or received more than what they were entitled to, the erroneous or excess amount will need to be repaid.

More information is available here:

<https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

<https://www.canada.ca/en/services/benefits/ei/cerb-application/questions.html>

In July, the federal government announced that CERB recipients will transition to EI in the fall.

## **Goods and Services Tax Credit**

The government is providing a one-time special payment which began April 9 through the Goods and Services Tax Credit (GSTC). This measure will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. For qualifying taxpayers, the maximum one-time payment will be \$443 for a single individual and \$580 for couples.

On May 15, 2020, the CRA announced that eligible Canadians who are presently receiving the GSTC will continue to receive these payments until the end of September 2020. If the 2019 tax return is not assessed, and to allow time to calculate benefits and/or credits for the July to September 2020 payments, payment amounts will be based on information from 2018 tax returns. If 2019 tax returns are not received and assessed by early September 2020, estimated benefits and/or credits will stop in October 2020 and the taxpayer will have to repay the estimated amounts that were issued as of July 2020.

## **Canada Child Benefit**

For families with children, the government is increasing the maximum annual Canada Child Benefit (CCB) amounts up to \$300 per child for the 2019-20 benefit year with the regular May 2020 payment. In addition to this one-time special CCB payment, the government announced on May 16, 2020 that the CCB will be increased in July for the 2020-21 benefit year and will raise the maximum benefit to \$6,765 per child under age 6, and \$5,708 per child aged 6 through 17.

On May 15, 2020, the CRA announced that eligible Canadians who are presently receiving the CCB will continue to receive these payments until the end of September 2020. If the 2019 tax return is not assessed, and to allow time to calculate benefits and/or credits for the July to September 2020 payments, payment amounts will be based on



information from 2018 tax returns. If 2019 tax returns are not received and assessed by early September 2020, estimated benefits and/or credits will stop in October 2020 and the taxpayer will have to repay the estimated amounts that were issued as of July 2020.

## Canadian Income Tax Filing and Payment Deadlines

The following deadlines are available on the Canada Revenue Agency (CRA) website:

Taxpayer	Filing Deadline*	Payment Deadline*
Individual	June 1, 2020 (extended)	September 30, 2020 (extended)
Self-employed	June 15, 2020 (unchanged)	– includes June 15 and September 15, 2020 instalments
Trusts (with Dec. 31, 2019 year-end)	May 1, 2020 (extended)	September 30, 2020 (extended)
Trusts (with April or May filing date)	June 1, 2020 (extended)	– includes June 15 and September 15, 2020 instalments
Trusts (with June, July or August filing date)	September 1, 2020 (extended)	September 15, 2020 instalments
Information Returns (i.e., T1135 Foreign Income Verification Statement)	June 1, 2020 (extended)	n/a

\*On July 27, 2020, the CRA announced it will not charge late-filing penalties or interest if taxpayers' 2019 individual income tax returns are filed and payments are made by September 30, 2020. However, it is preserving the June 1 filing deadline for T1 individuals, and the June 15 filing deadline for T1 self-employed individuals (sole proprietors), in order to encourage filing returns in time to accurately calculate benefits, which rely on 2019 tax returns for entitlement calculation. Penalties and interest will not be applied if information returns, elections, designations, and information requests are filed and payments are made by September 30, 2020. The waiver of penalties and interest for 2019 individual returns and trust returns described above also applies to form T1135 and any other elections, forms and schedules that must be filed with the return, provided that they are filed by September 30, 2020. The Revenue Quebec website confirms that it will provide the same relief.

## Reduction to Registered Retirement Income Fund Minimum Payments for 2020

Required minimum Registered Retirement Income Fund (RRIF) payments have been reduced by 25% for 2020 to provide flexibility for seniors, particularly those concerned that they would have to liquidate RRIF assets to meet minimum withdrawal requirements. Locked-in plans are subject to the same tax legislation as registered plans and the changes will also apply to life income funds (LIFs).

Income taxes are withheld at source where amounts are withdrawn from a RRIF in excess of the minimum amount. Under the new rules, investors can choose to withdraw amounts ranging between the reduced minimum and the unreduced minimum (i.e., the amount that would have been the minimum before these rules changed). For example, assume an investor's RRIF minimum for 2020, before the new rules (i.e., the "unreduced minimum") was \$1,200. The "reduced minimum" is 75% of that amount, or \$900. If total RRIF withdrawals for 2020 fall within \$900 and \$1,200, they will not be subject to withholdings at source.

Investors who have already withdrawn more than the reduced minimum for 2020 are not permitted to re-contribute an amount up to the 25% reduction to their RRIF. Although the recently passed legislation does not allow for this, the government is regularly making announcements and changes to its COVID-19 Economic Response Plan so the ability to re-contribute may become available in the future.



More information is available here:

<https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/registered-retirement-savings-plans-registered-retirement-income-funds-rrsps-rrifs/economic-statement-measure-annuitants-rrsp-rrif.html>

## Additional Support for Seniors

The government is providing a one-time tax-free payment of \$300 for seniors eligible for the Old Age Security (OAS) pension, with an additional \$200 for seniors eligible for the Guaranteed Income Supplement (GIS). These payments began the week of July 6, 2020.

The government is also temporarily extending GIS and Allowance payments if seniors' 2019 income information has not been assessed. To avoid an interruption in benefits, seniors are encouraged to submit their 2019 income information as soon as possible and no later than October 1, 2020.

More information is available here:

<https://www.canada.ca/en/department-finance/economic-response-plan.html>

## Canada Emergency Student Benefit and Other Support for Students

The Canada Emergency Student Benefit (CESB) will provide a benefit to qualifying students of \$1,250 for a four-week period from May 10 to August 29, 2020. The designated online portal started accepting applications on May 15, 2020. According to the CRA website, the benefit is available to students who:

- did not apply, receive, nor qualify, for the CERB or EI benefits for the same eligibility period;
- are a Canadian citizen, registered Indian, permanent resident, or protected person;
- are studying in Canada or abroad;
- satisfy at least one of the following:
  - (i) enrolled in a recognized post-secondary educational program (at least 12 weeks in duration) that leads to a degree, diploma or certificate;
  - (ii) completed or ended post-secondary studies in December 2019 or later; or,
  - (iii) completed or expect to complete high school, or received, or expect to receive high school equivalency in 2020, and have applied for a post-secondary educational program that starts before February 1, 2021;
- satisfy at least one of the following:
  - (i) are unable to work due to COVID-19;
  - (ii) are looking for, but cannot find work due to COVID-19;
  - (iii) are currently working during the COVID-19 pandemic, but whose income from employment and self-employment has been \$1,000 or less (before taxes) during the 4-week period being applied for.

The CESB will be \$2,000 for students who satisfy all of the above conditions and at least one of the following:

- the student has an impairment, including a physical, mental, intellectual, cognitive, learning, communication or sensory impairment — or a functional limitation — whether permanent or episodic in nature, or evident or not, that, in interaction with a barrier, hinders a person's full and equal participation in society;
- the student has a child (adopted child, stepchild, or foster child) who is under 12 years old and is completely dependent on the student, student's spouse, or common-law partner for support, care, and upbringing;



- the student has a dependent with a disability who is completely dependent on the student, student's spouse, or common-law partner for support, care, and upbringing.

Students must meet the above conditions for each four-week period being applied for.

More information is available here:

<https://www.canada.ca/en/revenue-agency/services/benefits/emergency-student-benefit/cesb-who-apply.html>

## Support for Persons with Disabilities

The government is providing a one-time tax-free payment of \$600 for individuals who qualify for the federal disability tax credit and those receiving disability benefits through the Canada Pension Plan, the Quebec Pension Plan and Veteran's Affairs Canada. Where the individual is also receiving the special one-time OAS and GIS payments, this one-time disability payment will be reduced by the amount of those payments.

## Mortgage Default Management Tools

The Canada Mortgage and Housing Corporation (CMHC) and other mortgage insurers offer tools to lenders that can assist homeowners, on a case-by-case basis, 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. The government, through CMHC and other mortgage insurers, is providing increased flexibility for homeowners facing financial difficulties by permitting lenders to allow payment deferral for up to six months.

## Support for Businesses

---

### Canada Emergency Wage Subsidy

To help Canadians and businesses, the government introduced the Canada Emergency Wage Subsidy (CEWS), for qualifying businesses, retroactive to March 15, 2020. Bill C-20 proposes to extend the program to December 19, 2020 and also includes details of the program up to November 21, 2020. Some of the details are as follows:

#### Eligible Employers

Eligible employers include individuals, taxable corporations and trusts, partnerships consisting of eligible employers, non-profit organizations and registered charities. Public institutions are generally not eligible for the subsidy. As announced on May 15, 2020, eligible employers also include the following groups:

- Partnerships that are up to 50% owned by non-eligible members;
- Indigenous government-owned corporations that are carrying on a business, as well as partnerships where the partners are Indigenous governments and eligible employers;
- Registered Canadian Amateur Athletic Associations;
- Registered Journalism Organizations; and
- Non-public colleges and schools, including institutions that offer specialized services, such as arts schools, driving schools, language schools or flight schools.



### Rules for Periods 1 to 4 (March 15 to July 4, 2020)

- Eligible employers who suffer a drop in gross revenues of at least 15% in March, or 30% in each of April, May or June would be able to access the subsidy.
- To measure the decline in revenue, an employer can compare the current month to the same month last year (e.g. March 2020 revenue vs. March 2019 revenue), if applicable, or compare the current month to an average of January and February 2020 (e.g., March 2020 revenue vs. the average revenue for Jan/Feb 2020).
- Where an employer qualifies for one period, it automatically qualifies for the next period (i.e. where March revenues declined by 15%, the employer automatically qualifies for periods 1 and 2).
- Where an employer has a choice in how to measure the decline in revenue, it must choose the same method throughout the duration of periods 1 to 4.
- The subsidy amount for a given employee on eligible remuneration paid for periods 1 to 4, would be the greater of:
  - 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
  - the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75% of the employee's pre-crisis weekly remuneration, whichever is less.
- A special rule will apply to employees who do not deal at arm's length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and July 4, 2020, up to a maximum benefit of the lesser of \$847 per week and 75% of the employee's pre-crisis weekly remuneration. The subsidy would only be available in respect of non-arm's length employees employed prior to March 16, 2020.
- Eligibility for the CEWS of an employee's remuneration will be available to employees other than those who have been without remuneration for 14 or more consecutive days in the eligibility period.
- For employers that are eligible for both the CEWS and the 10% wage subsidy ("Temporary Wage Subsidy") for a period, any benefit from the Temporary Wage Subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the CEWS in that same period.

### Rules for Periods 5 to 10 (July 5 to December 19, 2020)

Effective July 5, 2020, the CEWS consists of two parts:

- a **base subsidy** available to all eligible employers that are experiencing a decline in revenues, with the subsidy amount varying depending on the scale of revenue decline; and
- a **top-up subsidy** of up to an additional 25% for those employers that have been most adversely affected by the COVID-19 crisis.

#### Base Subsidy

The base CEWS will be a specified rate, applied to the amount of remuneration paid to the employee for the eligibility period on remuneration of up to \$1,129 per week. The maximum base CEWS rate would be provided to employers with a revenue drop of 50% or more. Employers with a revenue drop of less than 50 per cent would be eligible for a lower base CEWS rate, summarized as follows.



	Period 5* (July 5-Aug. 1)	Period 6* (Aug. 2-Aug. 29)	Period 7 (Aug. 30-Sept. 26)	Period 8 (Sept. 27-Oct. 24)	Period 9 (Oct. 25-Nov. 21)	Period 10 (Nov. 22-Dec. 19)
<b>Max weekly benefit per employee</b>	\$677	\$677	\$565	\$452	\$226	Details pending
<b>Revenue Drop</b>	<b>CEWS Base %</b>					
<b>50% and over</b>	60%	60%	50%	40%	20%	Details pending
<b>0% to 49%</b>	1.2 x revenue drop	1.2 x revenue drop.	1.0 x revenue drop	0.8 x revenue drop	0.4 x revenue drop	

\* In Periods 5 and 6, employers who would have been better off in the CEWS design in Periods 1 to 4 would be eligible for a 75% wage subsidy if they have a revenue decline of 30% or more, as described further below (see safe harbour rule for Periods 5 and 6).

The CEWS base percentage shown in the table above will be based on the decrease in an eligible employer’s monthly revenues. To measure the decline in revenue, an employer can use either the general approach or the alternative approach and can use the current month or the previous month, summarized as follows using period 5 as an example:

- General approach – compare July 2020 vs. July 2019 **or** June 2020 vs. June 2019
- Alternative approach – compare July 2020 vs. the average for Jan/Feb 2020 **or** June 2020 vs. the average for Jan/Feb 2020.

#### Top-up Subsidy

A top-up CEWS of up to 25% would be available to employers that experienced at least a 50% drop in their average revenue for the preceding three months, summarized as follows:

3-month average revenue drop	Top-up CEWS rate	Top-up calculation = 1.25 x (3-month revenue drop % - 50%)
70% and over	25%	1.25 x (70% - 50%) = 25%
65%	18.75%	1.25 x (65% - 50%) = 18.75%
60%	12.5%	1.25 x (60% - 50%) = 12.5%
55%	6.25%	1.25 x (55% - 50%) = 6.25%
50% and under	0%	1.25 x (50% - 50%) = 0%

To measure the decline in the 3-month average revenues for the preceding three months, an employer can use either the general approach or the alternative approach, summarized as follows using period 5 as an example:

- General approach – compare average of April to June 2020 vs. average of April to June 2019
- Alternative approach – compare average of April to June 2020 vs. average of January and February 2020.

Employers that have elected to use the alternative approach for the first 4 periods would be able to either maintain that election for Period 5 and onward or revert to the general approach. Similarly, employers that have used the general approach for the first 4 periods would be able to either continue with the general approach or elect to use the alternative approach for Period 5 and onward. Whichever approach they choose would apply for Period 5 and onward and would apply to the calculation of the base CEWS and the top-up CEWS.





### **Notable Differences Starting with Period 5**

- The eligibility criteria no longer excludes employees that are without remuneration in respect of 14 or more consecutive days in an eligibility period
- For active arm's-length employees, the amount of eligible remuneration is based solely on actual remuneration paid for the eligibility period, without reference to the pre-crisis remuneration
- For furloughed employees for Periods 5, 6 and 7, the calculation will remain the same as for Periods 1 to 4, which is the greater of:
  - 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
  - the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75% of the employee's pre-crisis weekly remuneration, whichever is less.
- For furloughed employees beginning in Period 8, the CEWS support would be adjusted to align with the benefits provided through the CERB and/or EI. Further details are expected soon.
- The CEWS for furloughed employees would be available to eligible employers that qualify for either the base rate or the top-up for active employees in the relevant period.

CEWS claims for all periods must be made by January 31, 2021 (previously September 30, 2020).

More information is available here:

<https://www.canada.ca/en/department-finance/news/2020/07/adapting-the-canada-emergency-wage-subsidy-to-protect-jobs-and-promote-growth.html>

<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>



## Income Tax Filing and Payment Deadlines

The following deadlines are available on the CRA website:

Taxpayer	Filing Deadline**	Payment Deadline
Corporation (with filing due date after March 18 and before June 1, 2020)*	June 1, 2020 (extended)	September 30, 2020 (extended) - applies to balances and instalments under Part I of the Income Tax Act due on or after March 18 and before September 30, 2020
Corporation (with filing due date in June, July or August)*	September 1, 2020 (extended)	
Charities	December 31, 2020 (extended) – for charities with form T3010 due between March 18 and December 31, 2020	n/a
Partnerships	May 1, 2020 (extended)	n/a
Payroll	Dependant on employer remitter type (unchanged)	Dependant on employer remitter type (unchanged)
NR4 Information Return	May 1, 2020 (extended)	15 <sup>th</sup> of each month following month non-resident paid (unchanged)
Other Information Returns	June 1, 2020 (extended) – for information returns that would otherwise be due after March 18, 2020 and before June 2020	n/a

\* For 2019 T2 corporate returns, the extension of the filing deadline applies for all purposes. In particular, the extension also applies to form T106, T1135, and any elections, forms and schedules that must be filed with the corporate return.

\*\*On July 27, 2020 the CRA announced it will not charge late-filing penalties or interest if taxpayers' 2019 individual income tax returns are filed and payments are made by September 30, 2020. However, it is preserving the June 1 filing deadline for T1 individuals, and the June 15 filing deadline for T1 self-employed individuals (sole proprietors), in order to encourage filing returns in time to accurately calculate benefits, which rely on 2019 tax returns for entitlement calculation. Penalties and interest will not be applied if information returns, elections, designations, and information requests are filed and payments are made by September 30, 2020. The waiver of penalties and interest for 2019 individual returns and trust returns described above also applies to form T1135 and any other elections, forms and schedules that must be filed with the return, provided that they are filed by September 30, 2020. Both the Revenu Quebec and Alberta Tax and Revenue Administration websites have confirmed their provinces will provide the same relief.

## Canada Emergency Business Account

The Canada Emergency Business Account (CEBA) will provide loans of up to \$40,000 for qualifying businesses. Where 75% of the loan is repaid by December 31, 2022, the remaining 25% will be forgiven. The loan is interest-free until December 31, 2022 after which it becomes a five-year term loan at 5% annual interest.

In order to qualify the borrower must:

- Be a Canadian operating business in operation as of March 1, 2020
- Have a federal tax registration



- Have total employment income paid in the 2019 calendar year between \$20,000 and \$1,500,000 **or** have a CRA business number, filed a 2018 or 2019 tax return and have eligible non-deferrable expenses between \$40,000 and \$1,500,000. (NOTE: Eligible non-deferrable expenses could include costs such as rent, property taxes, utilities, and insurance. Expenses will be subject to verification and audit by the Government of Canada.)
- Have an active business chequing/operating account with a Lender, which is its primary financial institution, and the account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the Lender by 90 days or more as at March 1, 2020
- Have not previously used the CEBA and will not apply for support under the CEBA at any other financial institution
- Acknowledge its intention to continue to operate its business or to resume operations
- Agree to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

On August 31, 2020, it was announced that the application deadline for the Canada Emergency Business Account (CEBA) is **extended from August 31 to October 31, 2020**. More information regarding the CEBA is available here: <https://ceba-cuec.ca/>

## **Business Credit Availability Program**

Business Credit Availability Program (BCAP) will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide support through various credit solutions.

The program includes:

### **Loan Guarantee for Small and Medium-Sized Enterprises**

Through the BCAP, EDC is working with financial institutions to guarantee 80% of new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized enterprises (SMEs).

This financing support is to be used for operational expenses and is available to both exporting and non-exporting companies.

This support is available until June 2021. More information is available here:

<https://www.edc.ca/en/covid-19-business-resources.html>

### **Co-Lending Program for Small and Medium-Sized Enterprises**

Through the BCAP, BDC is working with financial institutions to co-lend term loans of up to \$6.25 million to SMEs for their operational cash flow requirements.

The program offers differing maximum finance amounts based on business revenues.

Financed amount:

- 80 % provided by BDC
- 20 % provided by your financial institution.



This support is available until June 2021. More information is available here:  
<https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19>

### **BDC's Mid-Market Financing Program**

BDC's Mid-Market Financing Program will provide commercial loans ranging between \$12.5 million and \$60 million to medium-sized businesses whose credit needs exceed what is already available through the BCAP and other measures.

The program is available for medium-sized businesses with annual revenues in excess of approximately \$100 million to \$500 million, from any sector or industry.

This support is available until June 2021.

More information is available here:  
<https://www.bdc.ca/en/pages/mid-market-financing-program.aspx>

### **EDC's Mid-Market Guarantee and Financing Program**

EDC's Mid-Market Guarantee and Financing Program will bring liquidity to companies who tend to have revenues of between \$50 million to \$300 million, to sustain operations during this uncertain period. EDC will continue to work with Canadian financial institutions to guarantee 75% of new operating credit and cash-flow loans – ranging in size from \$16.75 million to a maximum of \$80 million. These expanded guarantees are available to exporters, international investors and businesses that sell their products or services within Canada.

More information is available here:  
<https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html>

Additional details are expected soon.

## **Canada Emergency Commercial Rent Assistance**

Canada Emergency Commercial Rent Assistance (CECRA) provides relief for small businesses experiencing financial hardship due to COVID-19.

Over the course of the program, property owners will reduce rent by at least 75% for the months of April, May, June, July and August for their small business tenants. CECRA will cover 50% of the rent, with the tenant paying up to 25% and the property owner forgiving at least 25%.

The loans will be forgiven if the property owner of commercial real property\* agrees to reduce the small business tenant's 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 and an acknowledgement that the forgiven rent will never be recoverable. The small business tenant would cover the remainder, up to 25% of the rent.



Impacted small business tenants are businesses, including non-profit and charitable organizations, that:

- Are paying no more than \$50,000 per month in rent per location;
- Generate no more than \$20 million in gross annual revenues, calculated on a consolidated basis; and
- Have experienced at least a 70% drop in pre-COVID revenues.

The above criteria must be met in order to qualify for CECRA from April to June. Those businesses who qualified for those months are able to apply for an additional two months based on having a 70% revenue decline for April, May and June (for example, without reassessing whether they continue to have a 70% revenue decline in July or August). Participation in the one-month extension for July or August is voluntary. Both existing applicants to CECRA for small businesses and new applicants are able to apply for the July and August rent reduction.

More information is available here:

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>

*\*Commercial Real Property is defined as commercial properties used for retail, industrial, office or a mixed use including at least one of these. Commercial properties with a residential component and multi-unit residential mixed-use properties would equally be eligible with respect to their small business tenants.*

## **New T4 Reporting Requirements**

The CRA will require Canadian employers to provide more information on T4 slips for the 2020 tax year to verify payments made under the Canada Emergency Response Benefit (CERB), the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Student Benefit (CESB) programs. The CRA website now states that all Canadian employers will be required to report employment and retroactive payments on the T4 Statement of Remuneration Paid slip for defined periods under new information codes:

- Code 57: Employment income – March 15 to May 9
- Code 58: Employment income – May 10 to July 4
- Code 59: Employment income – July 5 to August 29
- Code 60: Employment income – August 30 to September 26

Each period aligns with periods relating to COVID-19 benefit eligibility and pertains to the day the employee was paid, not necessarily the work the payment is in respect of. For example, if an employer is reporting employment income for the period of April 25 to May 8, payable on May 14, that information would be reported under Code 58.

The new reporting requirements are in addition to the existing requirement to report employment income in Box 14 using Code 71.

More information is available here:

<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/support-employers-cra-covid-19.html#howto>



## We Can Help

---

Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.

### **IMPORTANT DISCLAIMERS**

This communication is published by Assante Wealth Management (Canada) Ltd. ("AWM") as a general source of information only. It should not be construed as providing specific tax, accounting, legal or investment advice, and should not be relied upon as such. Professional advisors should be consulted prior to acting on any information provided herein. AWM and its affiliates will not be responsible in any manner for direct, indirect, special or consequential damages, howsoever caused, arising out of the use of this communication.

Facts and data provided herein are believed to be reliable as at the date of publication, however AWM cannot guarantee that they are accurate or complete or that they will remain current at all times.

© 2020 Assante Wealth Management (Canada) Ltd. All rights reserved.

Published September 8, 2020.