

# COVID-19 Canada's Economic Response Plan

## Businesses - Summary

### 1) Access to Credit:

- Business Credit Availability Program (BCAP)
- Canada Emergency Commercial Rent Assistance (CECRA)

### 2) Avoiding layoffs and rehiring employees:

- Temporary 10% Wage Subsidy
- Canada Emergency Wage Subsidy (CEWS)
- Extending the Work-Sharing program

### 3) **Deferred Payments:**

- Payment of income taxes owing on or after March 18, 2020 and before September 2020 can be deferred until August 31, 2020. This applies to tax balances due, as well as instalments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.
- Payments of the GST/HST, as well as customs duty owing on their imports, that become owing from March 27 until the end of May can be deferred until June 30, 2020. This includes amounts owing for March, April and May.

### 4) **Canada Summer Jobs program:**

Employers can:

- receive an increased wage subsidy of up to 100% of the provincial or territorial minimum hourly wage for each employee;
- extend the end date for employment to February 28, 2021;
- adapt their projects and job activities to support essential services;
- hire staff on a part-time basis.
- [Apply here](#)

## Businesses – Access to Credit

Program	Description	Who is Eligible	Where to Apply
<b>Canada Emergency Business Account (CEBA)</b>	<ul style="list-style-type: none"> <li>\$40,000 in government-guaranteed interest-free loans to small businesses and not-for-profits to help cover operating costs during a period where revenues have declined due to COVID-19.</li> <li>If loans are paid off by December 31, 2022, 25% of the loan will be forgiven.</li> <li>If the loan is not repaid by December 31, 2022, the remaining balance will be converted to a three-year term loan at 5 per cent interest.</li> </ul>	Small businesses and not-for profits with a 2019 payroll of between \$20,000 to \$1.5 million.	To access these loans, contact your financial institutions. Further information is available <a href="#">here</a> .
<b>EDC Loan Guarantee</b>	<ul style="list-style-type: none"> <li>This program provides credit and cash flow term loans.</li> <li>It allows financial institutions to issue operating credit and cash flow term loans of up to \$6.25 million to existing clients, with 80 per cent guaranteed by EDC.</li> <li>This money is to be used for operational expenses, not for dividend payouts, shareholder loans, bonuses, stock buyback, option issuance, increases to executive compensation or repayment/refinancing of other debt.</li> </ul>	Small and Medium-Sized Enterprises that were financially viable and revenue-generating prior to the COVID-19 outbreak.	To access these loans, contact your financial institutions. Further information is available <a href="#">here</a> .
<b>BDC Co-Lending Program</b>	<ul style="list-style-type: none"> <li>This program provides term loans for operational and liquidity needs of businesses, which could include interest payments on existing debt.</li> <li>The program is designed in three segments to target support to different business sizes.               <ul style="list-style-type: none"> <li>Loans of up to \$312,500 to businesses with revenues of less than \$1 million.</li> <li>Up to \$3.125 million for businesses with revenues between \$1 million and \$50 million.</li> <li>Up to \$6.25 million for businesses with revenues in excess of \$50 million.</li> </ul> </li> <li>Loans would be interest-only for the first 12 months, with a 10-year repayment period.</li> </ul>	Small and Medium-Sized Enterprises that were financially viable and revenue-generating prior to the COVID-19 outbreak.	Financial institutions will progressively roll out program details as of April 24, 2020. Please contact your primary financial institution to find out more. Further information is available <a href="#">here</a> .
<b>Canada Emergency Commercial Rent Assistance (CECRA)</b>	<ul style="list-style-type: none"> <li>This program will lower rent by 75 per cent for small businesses that have been affected by COVID-19.</li> <li>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.</li> <li>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.</li> </ul>	Businesses that are 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. Further information is available <a href="#">here</a> .

## Businesses – Avoiding layoffs and rehiring employees

Program	Description	Who is Eligible	Where to Apply
<b>10% Temporary Wage Subsidy</b>	<ul style="list-style-type: none"> <li>The subsidy is equal to 10% of the remuneration businesses pay from March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible employee to a maximum of \$25,000 total per employer.</li> <li>Businesses should continue deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from salary, wages, bonuses, or other remuneration paid to your employees, as they currently do.</li> <li>The subsidy must be calculated manually when remittance is sent to the CRA.</li> <li>The information to support the subsidy calculation should be kept.</li> <li>The subsidy is considered taxable income.</li> <li>Payroll remittances are not subject to deferral.</li> </ul>	All small and medium-sized enterprises.	Employers can claim this subsidy immediately by withholding a portion of payroll tax remittances. Further information is available <a href="#">here</a> .
<b>Canada Emergency Wage Subsidy</b>	<ul style="list-style-type: none"> <li>Qualifying businesses can receive up to 75% in a wage subsidy, for up to three months, retroactive to March 15, 2020 to June 6, 2020.</li> <li>The subsidy generally covers 75% of an employee's wages – up to \$847 per week - for employers of all sizes and across all sectors who have suffered a drop in gross revenues of at least 15% in March, and 30% in April and May.</li> <li>Employers eligible for the CEWS will be 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 remuneration paid to furloughed employees in a period where the employer is eligible for the CEWS.</li> <li><b><u>For employers that are eligible for both the CEWS and the 10% Temporary Wage Subsidy for a period, any benefit from the Temporary 10% Wage Subsidy for remuneration paid in a specific period will generally reduce the amount available to be claimed under the CEWS in that same period.</u></b></li> </ul>	Businesses that have experienced a reduction in revenue of 15% in the month of March and 30% in the months of April and May as the result of the COVID-19 pandemic. The revenue reduction test can be applied to year-over-year monthly revenue in 2019, or the average of revenue for January and February 2020. Cash or accrual accounting may be used.	Start the application process by following <a href="#">this link</a> .
<b>Extending the Work-Sharing program</b>	<ul style="list-style-type: none"> <li>The program provides Employment Insurance (EI) benefits to top off the wages (based on an EI formula) to eligible employees who agree to reduce their normal working hours and share the available work while their employer recovers.</li> <li>The maximum length of a work-sharing agreement has been doubled from 38 to 76 weeks and processing time has been reduced from 30 days to 10 days.</li> <li>Employees on a Work-Sharing agreement must agree to a reduced schedule of work and to share the available work over a specified period of time.</li> </ul>	Year-round businesses that have been in business in Canada for at least one year and have at least 2 employees in the WS unit.	Employers can claim this subsidy immediately by withholding a portion of payroll tax remittances. Further information is available <a href="#">here</a> .

This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources; however, no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please make sure to see a professional advisor for individual financial advice based on your personal circumstances. Assante Capital Management Ltd. is a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada.