Information as of 4/6/20

A number of jurisdictions within Canada have announced business closures in an attempt to slow the spread of COVID-19. To assist businesses impacted by these closures as well as other economic impacts due to the global COVID-19 outbreak, the Canadian federal government has instituted an economic support response plan to support individuals and businesses facing hardship due to the pandemic.

Support for businesses in the plan include:

- **Canada Emergency Wage Subsidy** – the proposed program will cover 75% of salaries for qualifying businesses for up to three months, retroactive to March 15.
  - Eligible employers would include individuals, corporations and partnerships, nonprofits and registered charities. Public entities will not be eligible.
  - Subsidy will be available to eligible employers that see a reduction of at least 30% of their revenue, compared to gross revenues in the same month from the previous year for March, April or May.
  - The subsidy will cover up to 75% of the first $58,700 earned per employee. This equates to a subsidy of up to $847/week per employee.
  - Eligible employers will be able to access the Canada Emergency Wage Subsidy by applying through a Canada Revenue Agency online portal.
  - Additional details will be released soon.

- **Temporary Wage Subsidy for Employers** – organizations that do not qualify for the Emergency Wage Subsidy can apply for this three-month measure that will allow eligible employers to reduce the amount of payroll deductions.
  - Eligible employers include individuals, partnerships, nonprofit organizations, registered charities and Canadian-controlled private corporations (including a cooperative corporation) eligible for the small business deduction.
  - Subsidy will be equal to 10% of remuneration paid to employees during that period.
  - Maximum subsidy of $1,375 per employee and $25,000 per employer, up to three months.
  - If a business qualifies for both the Temporary Wage Subsidy and the Emergency Wage Subsidy, any benefit claimed under the 10% wage subsidy would reduce the amount available to be claimed under the 75% wage subsidy program.

- **Extension of the Work-Sharing Program** – The maximum duration of the Work-Sharing Program is extended, from 38 weeks to 76 weeks, for workers who agree to reduce their normal working hours because of developments beyond the control of their employers.

- **Defer Income Tax Payments** – All taxpayers, including businesses, can defer the payment of any income tax amounts due from March 18-September 2020, until after August 31, 2020.
• Deferral of Sales Tax and Custom Duty Payments – All businesses, including self-employed individuals, are allowed to defer payments of the GST/HST, as well as customs duty owed on their imports, until June 30, 2020.
  o Any GST/HST payment that is due from March 27 until the end of May can be deferred until the end of June. For GST and customs duty payments for imported goods, deferral will include amounts owed for March, April and May.

• Business Credit Availability Program – Provides $40 billion of additional support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC). The program includes:
  o Loan Guarantee for Small and Medium-Sized Enterprises
  o Co-Lending Program for Small and Medium-Sized Enterprises
  o Both will roll out in Mid-April and businesses can apply with their current financial institutions.

• Canada Emergency Business Account – Will provide interest-free loans of up to $40,000 to small businesses and not-for-profits, to help cover their operating costs. To qualify, these organizations will need to demonstrate that they paid between $50,000 to $1 million in total payroll in 2019. This program will roll out in mid-April, and interested businesses should work with their current financial institutions.

Please feel free to reach out to us at any time with questions.