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To Our Clients:

The Canadian government has announced further enhancements to the Canada Emergency Business Account (CEBA), the Canada Emergency Wage Subsidy (CEWS), and the Canada Emergency Response Benefit (CERB) programs.

In addition, the government proposed to introduce the Canada Emergency Commercial Rent Assistance (CECRA) program, and the Canada Emergency Student Benefit (CESB)

#### **Expansion of the Canada Emergency Business Account (CEBA)**

As previously announced, the CEBA will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits to help cover their operating costs during a period where their revenues have been temporarily reduced. Loans will be interest free through to January 1, 2023. In addition, up to 25% (\$10,000) of the loan will be forgiven if \$30,000 is repaid before December 31, 2022.

To qualify, organizations will now need to have paid between \$20,000 to \$1.5 million in total payroll in 2019. This range has been expanded from the previously announced \$50,000 to \$1 million in total payroll in 2019.

The Borrower must be in operation as at March 1, 2020 with an active business chequing or operating account with its primary financial institution. The funds from this loan can only be used by the Borrower to pay non-deferrable operating expenses of the Borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service payments. The loan may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Business owners can apply for support from the CEBA through their banks and/or credit unions.

#### **Clarification of the Canada Emergency Wage Subsidy (CEWS)**

As previously announced, the CEWS will provide a subsidy of 75% of the first \$58,700 of salary earned by employees – representing a benefit of up to \$847 per week, per employee for a 12-week period. Eligible employers are those that have experienced a revenue decline of at least 15% in March 2020, 30% in April 2020 and 30% in May 2020.

For entities that are part of a group of companies, qualifying revenues can now be determined on an entity basis or on a consolidated basis. If a group of entities are affiliated and each member of the group of eligible entities jointly elect, the qualifying revenue of the consolidated group can be used by each member of the group to measure eligibility for the wage subsidy program.

In addition, a group of eligible entities that normally prepare consolidated financial statements can determine qualifying revenues separately, provided each member of the group determines qualifying revenue on that basis.

The current legislation permits qualifying revenues to be calculated using the accrual method of accounting or the cash method, but not a combination of both. Employers will need to select one method when first applying and must use that method for the duration of the program. As a result, for the March 2020 qualifying revenue test, the employer has the following options in order to measure their revenue decline:

Option A	March 2019 revenues compared to March 2020 revenues using the cash basis
Option B	March 2019 revenues compared to March 2020 revenues using the accrual basis
Option C	Average of January 2020 and February 2020 revenues compared to March 2020 revenues using the cash basis
Option D	Average of January 2020 and February 2020 revenues compared to March 2020 revenues using the accrual basis

If the qualifying revenue limits are reached for March, the business will automatically qualify for April. This means that if the criteria of the revenue drop is met in one period, the business will automatically meet the revenue decline for the next period. If the qualifying revenue limits are not met for March but are met for April, the business will automatically qualify for May.

CRA has added a great online calculator that can be used to assist in calculating your entitlement - the link is below. This program works with the "10% Temporary Wage Subsidy for Employers". It is very important that the calculation is done correctly to ensure you are maximizing your assistance and submitting them correctly to avoid complications when remitting your payroll and applying for the subsidy. Our team is happy to prepare or assist you with these calculations as it can be a little overwhelming.

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

### **Canada Emergency Response Benefit (CERB)**

The CERB provides support to workers impacted by the COVID-19 pandemic. The CERB is a taxable benefit providing \$2,000 every four weeks for up to four months to workers who have lost their income.

The CERB eligibility has been expanded as follows:

- Individuals may now earn up to \$1,000 per month while collecting the CERB.
- Seasonal workers who have exhausted their Employment Insurance (EI) regular benefits and are unable to undertake their regular seasonal work because of COVID-19 are now eligible for the CERB.
- Workers who have recently exhausted their EI regular benefits and are unable to find a job because of COVID-19 now qualify for the CERB.

The Department of Finance is also working with provinces to provide additional income to front line workers who are currently making less than \$2,500 per month.

### **Introduction of the Canada Emergency Commercial Rent Assistance (CECRA)**

The federal government intends to introduce the CECRA program to assist small businesses with their rent obligations. This program will seek to provide loans and/or forgivable loans to commercial property owners who, in turn, will lower or forgo the rent charged to small businesses for the months of April (retroactive), May, and June.

Implementation of the program will require a partnership with provincial and territorial governments who are responsible for property owner-tenant relationships. The federal government is working with the provinces and territories to increase rent support for businesses that are most impacted by the pandemic.

Further details regarding this program are expected soon.

### **Introduction of the Canada Emergency Student Benefit (CESB)**

Prime Minister Justin Trudeau is promising a new emergency benefit for students whose education and job prospects are disrupted by COVID-19.

He says a \$1,250 monthly payment is coming for post-secondary students, running from May to August, to make up for lost work and cut hours.

The benefit can increase to \$1,750 for people with disabilities or who care for others.

Trudeau also says students volunteering in their communities will soon be eligible to receive a grant between \$1,000 and \$5,000 to put towards their education, depending on the number of hours.

The student benefit is aimed at helping those who were left out of the CERB payments, with the goal of helping as many people as possible, as fast as possible.

Additional details regarding this program are expected soon.

Sincerely,

The Ford Group PC