

Special Report – COVID-19: Government Tax Relief and Other Measures

Current as of September 10, 2020. Please note that the Federal Government is announcing enhancements to their relief measures on a regular basis.

This Special Report highlights the key Federal Government announcements, as well as IG Wealth Management mortgage and banking measures that will be of interest to our clients.

Tax Relief – Extension of Tax Filing Deadlines and Tax Payment Due Dates

Tax filing deadlines have been extended for most individuals along with many trusts and corporations. As well, deadlines for the payment of taxes, including installments, have been extended for individuals, trusts and corporations, with no interest or penalties accumulating on these amounts during the extension period. The extension on payments does not apply to payroll remittances.

INDIVIDUALS

- The deadline for filing 2019 personal income tax returns was postponed to June 1, 2020. However, the Canada Revenue Agency (CRA) has indicated they will not apply interest or penalty charges provided returns are filed by September 30, 2020.
- The filing date for self-employed individuals and their spouses or common-law partners remained unchanged as June 15, 2020.
- For all individuals, including the self-employed, the deadline for paying taxes that become owing on or after March 18, 2020 and before September 30, 2020 is deferred until September 30, 2020. This includes taxes owing for the 2019 taxation year and installment payments for 2020, including September 15, 2020, instalments.

TRUSTS

- The deadline for filing 2019 trust tax returns was deferred until May 1, 2020, for trusts with a December 31, 2019 year-end. The deadline for filing trust tax returns that would have had a filing due date after March 30 and before May 31, 2020 was deferred to June 1, 2020. For returns otherwise due on May 31, or in June, July, or August 2020, the deadline is extended to September 1, 2020. CRA has indicated they will not apply interest or penalty charges provided returns are filed by September 30, 2020.
- The payment of taxes, including installments, that become owing on or after March 18, 2020 and before September 30, 2020 is deferred until September 30, 2020.

CORPORATIONS

- The deadline for paying Part I income taxes that become owing on or after March 18, 2020 and before September 30, 2020 is deferred until September 30, 2020. This relief applies to tax balances due as well as instalments. As the payment extension is only available to Part I tax, corporations will have to compute any non-Part I taxes, such as Part IV tax and remit this by the normal payment deadline.
- Corporate returns with a filing due date after March 18 and before May 31, 2020 were due on June 1, 2020. Additionally, corporate returns otherwise due on May 31, or in June, July, or August 2020, are now due September 1, 2020. CRA has indicated they will not apply interest or penalty charges provided returns are filed by September 30, 2020. Other corporate tax returns remain due 6 months after-year end.

ELECTRONIC FILING AND ELECTRONIC SIGNATURES

Individuals and corporations are encouraged to e-file their tax returns if they expect a refund. As a temporary administrative measure, electronic signatures will be accepted to authorize electronic filing.

QUEBEC TAX FILERS

The Quebec government has announced similar tax filing and payment deadline extensions for individuals, trusts and businesses.

ALBERTA TAX FILERS

Alberta corporate tax returns with a filing due date after March 18 and before June 1, 2020 were due on June 1, 2020. Additionally, corporate returns due in June, July, or August 2020, are now due September 1, 2020. Other corporate tax returns remain due 6 months after-year end.

Corporate income tax balances and instalment payments coming due between March 18, 2020 and September 30, 2020 are deferred until September 30, 2020.

Provinces other than Alberta and Quebec do not have separate corporate tax returns and thus will have the same deferral as provided under the Federal extension.

For more information on income tax return deadlines and payment dates, [click here to visit the CRA website](#).

GOODS AND SERVICES TAX (GST), HARMONIZED SALES TAX (HST), IMPORT DUTIES AND SALES TAX ON IMPORTS

Payments by businesses of GST, HST, import duties and sales taxes on imports that become owing from March 27 until the end of May could have been deferred until June 30, 2020. For more information [click here](#).

INTEREST ON EXISTING DEBT

CRA is waiving interest on existing tax debts related to individual, corporate, and trust income tax returns from April 1 to September 30, 2020 and from April 1 to June 30, 2020, for GST/HST returns. The measure

does not cancel existing penalties and interest but ensures an existing tax debt does not grow through additional interest charges.

Measures Impacting Individuals

25% REDUCTION IN RRIF MINIMUM PAYMENTS FOR 2020

The required minimum withdrawals from RRIFs are reduced by 25% for 2020, recognizing that recent volatile market conditions impact many seniors' retirement savings and providing some flexibility for those concerned that they may be required to liquidate RRIF assets to meet minimum withdrawal requirements. Similar rules will apply to individuals receiving variable benefit payments under a defined contribution registered pension plan. The 25% reduction must be requested and any client who does not need the full current minimum should speak to their IG Consultant.

CANADA EMERGENCY RESPONSE BENEFIT

- The Canada Emergency Response Benefit (CERB) provides a taxable benefit of \$2,000 per four-week period for workers who lose their income as a result of COVID-19. The CERB is paid every four weeks and was originally available for up to 16 weeks between the period from March 15, 2020 until October 3, 2020. In June the program was extended to 24 weeks, with an additional 4 weeks of benefits announced on August 20, 2020. Eligible individuals can apply no later than December 2, 2020 for retroactive payments.
- The CERB applies to wage earners, as well as to contract workers and self-employed individuals who would not otherwise qualify for Employment Insurance (EI). The CERB provides income support to individuals who:
 - live in Canada and are at least 15 years old
 - stopped working because of reasons related to COVID-19, are eligible for EI regular or sickness benefits or have exhausted their EI regular or fishing benefits between December 29, 2019 and October 3, 2020
 - had employment income, self-employment income, or provincial or federal benefits related to maternity or parental leave of at least \$5,000 in 2019 or in the 12 months prior to the date of their application, and
 - have not quit their job voluntarily
- The CERB was expanded on April 15, 2020, allowing persons to earn up to \$1,000, per eligible period, of employment income, self-employment income, non-eligible dividends, royalties, or a combination thereof and still be eligible to apply for the CERB. To get the CERB, an individual may not earn more than \$1,000 for a period of at least 14 consecutive days within the initial four-week period of their claim or \$1,000 during the four-week benefit period of each subsequent claim. Additionally, seasonal workers who have exhausted their EI benefits and are unable to undertake their regular seasonal work because of COVID-19 may also apply for the CERB.
- For clarity regarding the \$5,000 income test noted above, income can be from any of the following sources (or a combination thereof): employment, self-employment, and non-eligible dividends. If an

individual is not eligible for EI, maternity/paternal benefits under the EI program and/or similar benefits paid in Quebec under the Quebec Parental Insurance Plan can count toward the \$5,000 requirement.

- An individual is only eligible for the CERB if in a claim period the individual earns \$1,000 or less of income (as discussed above) within the four-week benefit claim period. If an employee is subsequently rehired, they may have to repay CERB benefits for the claim period if, as a result, they have earned more than \$1,000 from employment, etc.

How to apply

- Application for the CERB is through a [secure online portal](#). Individuals who were employed full-time, for at least four months, or part-time, for at least eight months, in 2019 will be processed through Service Canada and the Employment Insurance Program. All other individuals will be directed to apply through the Canada Revenue Agency. Signing up for direct deposit can result in receiving benefits quicker.
- Individuals who stopped work prior to March 15, 2020 and who are eligible for EI regular or sickness benefits should apply for EI and should not apply for the CERB. If EI benefits end prior to October 3, 2020, these individuals can apply for the CERB once their EI benefits cease if they are unable to return to work due to COVID-19.
- Individuals who stopped work on or after March 15 should apply for the CERB. Individuals who stopped work on or after March 15 and who have applied for EI will automatically be enrolled for the CERB. If still unemployed after the 28-week period covered by the CERB, workers who are eligible for EI regular and sickness benefits will be able to access EI benefits at that time, CERB payments do not affect EI entitlements.

Return or repay a payment

- A CERB payment may be received in error, due to factors such as no longer being eligible or receiving duplicate payments as a result of applying for CERB twice in one period.
- If a payment needs to be returned, it can be done so through CRA, regardless of whether the CERB was applied for with Service Canada or CRA.
- More information can be found [here](#).

To learn more about CERB, [click here](#)

Individuals who have received their maximum CERB benefits, and received those benefits through Service Canada, will be transitioned to the EI program if they are EI eligible and continue to need income support.

Individuals who received the CERB from the CRA but believe they are entitled to EI will need to apply through Service Canada after September 26, 2020.

EMPLOYMENT INSURANCE

Temporary changes will be made to the EI program effective September 27, 2020. EI will be expanded to include persons who would not have qualified for EI previously. The minimum EI benefit will be \$400 per week, or \$240 per week for extended parental benefits, and regular benefits will be accessible for a minimum duration of 26 weeks. Several temporary measures will be implemented in order to enhance access to EI

regular and special benefits such as a minimum unemployment rate, a one-time insurable hours credit, and lowering the minimum number of insured hours. EI benefits continue to be taxable. Additionally, EI premium rates will be frozen for two years.

Legislation to support the implementation of new benefits available for those not eligible for EI, noted below, is expected to be introduced in parliament after September 23, 2020. The programs will be in effect for one year, starting September 27, 2020. Application for these benefits will be through the Canada Revenue Agency, details to be released later this month.

Canada Recovery Benefit (CRB)

Will provide a taxable \$400 per week benefit for up to 26 weeks to workers who are self-employed or are not eligible for EI but require income support. These individuals must be available and looking for work. Benefit is to help those who are under-employed or have not returned to work due to COVID-19. Workers would have to apply after every two-week period to attest they continue to meet the requirements. Claimants will be able to earn income while receiving the benefit, however, repayment of the benefit is required if the individual's annual net income (excluding the benefit) is over \$38,000. \$0.50 of benefit must be repaid for every dollar earned over \$38,000. Other criteria:

- Must not be eligible for EI
- Must reside in Canada
- Must be at least 15 years old and have a valid Social Insurance Number
- Had employment or self-employment income of at least \$5,000 in 2019 or 2020
- Have not quit their job voluntarily

Canada Recovery Sickness Benefit (CRSB)

Will provide a taxable \$500 per week benefit for up to 2 weeks to workers who are sick or must self-isolate for reasons related to COVID-19. Application would be made after the one-week period in which the income support is being sought. Other criteria:

- Must reside in Canada
- Must be at least 15 years old and have a valid Social Insurance Number
- Must have earned at least \$5,000 in 2019 or 2020
- Must have been unable to work for at least 60% of normally scheduled work within a given week
- Must not be in receipt of paid leave from employer in respect of the same week
- Must not be in receipt of the CERB, EI Emergency Response Benefit, the Canada Recovery Benefit, the Canada Recovery Caregiving Benefit, short-term disability benefits, workers' compensation benefits, or any EI benefits or Quebec Parental Insurance Plan benefits in respect of the same week.

Canada Recovery Caregiver Benefit (CRCB)

Will provide a taxable \$500 per week benefit for up to 26 weeks, per household, for eligible Canadians who are unable to work due to caring for:

- a child under age 12 due to school or daycare closures because of COVID-19,

- a family member with a disability or a dependent because of the closure of their day program or care facility due to COVID-19, or
- a child, a family member with a disability, or a dependent who is not attending school, daycare, or other care facilities due to being at high risk if they contract COVID-19. Must be under the advice of a medical professional.

Other criteria:

- Must reside in Canada
- Must be at least 15 years old and have a valid Social Insurance Number
- Must have earned at least \$5,000 in 2019 or 2020
- Must have been unable to work for at least 60% of normally scheduled work within a given week due to caring for persons noted above
- Must not be in receipt of paid leave from employer in respect of the same week
- Must not be in receipt of the CERB, EI Emergency Response Benefit, the Canada Recovery Benefit, the Canada Recovery Caregiving Benefit, short-term disability benefits, workers' compensation benefits, or any EI benefits or Quebec Parental Insurance Plan benefits in respect of the same week.

Workers would apply after each week in which they are seeking income support and will need to attest that they meet the requirements.

To learn more click [here](#).

GOODS AND SERVICES TAX CREDIT

For low and modest-income families, the Government provided a one-time special payment in early April 2020 doubling the maximum annual Goods and Services Tax credit payment amounts for the 2019-20 benefit year. There was no need to apply for this payment. Eligible individuals received it automatically.

ONE TIME PAYMENT FOR SENIORS

For seniors, the Government provided a one-time tax-free payment of \$300 for those eligible for Old Age Security (OAS) pension. An additional \$200 was paid for those seniors eligible for the Guaranteed Income Supplement (GIS). There was no need to apply for this payment. Eligible individuals received it automatically during the week of July 6, 2020. As this payment is tax-free, the amount will not be reported on a tax slip.

Additionally, GIS payments will continue for seniors so long as they file their 2019 income information no later than October 1, 2020.

ONE TIME PAYMENT FOR DISABILITY TAX CREDIT CERTIFICATE HOLDERS

The Government will provide a one-time tax-free payment of up to \$600 for individuals who are certificate holders of the Disability Tax Credit (DTC). Also, eligible persons who apply for the DTC up until September 25, 2020, will be considered for the one-time payment. For those persons also eligible for the one-time OAS payment, the payment will be reduced to \$300. For those eligible for the one-time OAS and GIS payments,

the payment will be reduced to \$100. There is no need to apply for this payment. Eligible individuals will receive it automatically. The one-time payment extended to include persons with disabilities who, as of July 1, 2020, are beneficiaries of Canada Pension Plan Disability benefits, Quebec Pension Plan Disability benefits, or one of the disability supports provided by Veterans Affairs Canada. Payments will be made this fall. As this payment is tax-free, the amount will not be reported on a tax slip.

TEMPORARY WAGE TOP-UP FOR LOW-INCOME ESSENTIAL WORKERS

Up to \$3 billion will be made available to increase the wages of low-income essential workers. Each province and territory will determine which workers will be eligible for support, and how much support they will receive.

CANADA CHILD BENEFIT

The Government increased the maximum annual payment amounts for the 2019-20 benefit year by \$300 per child. Qualifying families automatically received an extra \$300 per child as part of their May payment. For new applications [click here](#).

SUPPORT FOR STUDENTS

The *Canada Emergency Student Benefit (CESB)* provided eligible students with \$1,250 per four-week period. This amount increased to \$2,000 per four-week period for eligible students who are disabled or have dependents. A dependent for this program is defined as a child who is under 12 years old or a person with a disability either of whom is completely dependent on the student or the student's spouse/common-law partner for support, care, and upbringing. The CESB was available from May 10 to August 29, 2020.

Eligible students include persons who are Canadian citizens, Registered Indians, Permanent residents, or Protected persons (recognized refugees in need of protection); and:

- Are enrolled, at any time, between December 1, 2019 and August 31, 2020, in a recognized post-secondary program (at least 12 weeks in duration), in Canada or abroad, that leads to a degree, diploma, or certificate;
- Have or will have graduated high school in 2020 and applied for enrollment in a post-secondary program, set to begin before February 1, 2021; or
- Completed or ended post-secondary studies in December 2019 or later.

A student was eligible for the CESB if:

- They are unable to work, unable to find work, or are paid \$1,000 or less, due to reasons related to COVID-19 during the four-week period for which they apply for the benefit; and
- During the four-week benefit period, they are not in receipt of:
 - Employment income or self-employment income in excess of \$1,000 per four-week period
 - Employment Insurance benefits
 - CERB payments
 - Provincial maternity/paternity benefits
- The student must attest before each application they are seeking work if they are able to work.



The CESB is administered by the Canada Revenue Agency. The CESB is taxable and a T4A will be issued for the 2020 tax year. For more information and how to apply click [here](#).

The Canada Student Service Grant (CSSG) will provide up to \$5,000 to support a student's post-secondary education costs in the fall.

- Additional details regarding this program will be made available in the coming weeks, including more detailed information about eligibility, the levels of funding available, how to apply for a national service position, and how applications will be assessed.

Changes have also been made to the Canada Student Loan Program's eligibility requirements in 2020-21 to allow more students to qualify for the program and to be eligible for greater amounts, including doubling the non-repayable Canada Student Grants for full and part time students, for students with disabilities and for students with dependents.

To learn more about all of the programs available to assist students click [here](#).

Mortgages and Banking Measures

STUDENT LOANS

Six-month interest-free moratorium on the repayment of Canada Student Loans for all individuals currently in the process of repaying these loans.

MORTGAGES AND OTHER CREDIT RELIEF

- Canada Mortgage and Housing Corporation (CMHC) is providing increased flexibility for homeowners facing financial difficulties to defer mortgage payments on homeowner CMHC-insured mortgage loans. CMHC will permit lenders to allow payment deferral beginning immediately.
- Through Canada's large banks, a deferral of up to six months for mortgage payments and possible relief on other credit products may be available.

SUPPORT MEASURES FOR IG WEALTH MANAGEMENT MORTGAGE AND SOLUTIONS BANKING CLIENTS

IG Wealth Management and our partners at Solutions Banking have implemented the following support measures for those clients directly affected by the global Coronavirus outbreak:

Mortgage clients

IG Wealth Management's Homeowner Assistance program is available to support our clients impacted by COVID-19. The program aims to provide financial assistance to qualifying clients through payment deferrals on IG mortgages. Clients experiencing financial hardships related to COVID-19, such as a material change to their income, may now submit a request to defer a payment using our online [Payment Deferral Request form](#).



Contact us

For questions or concerns, clients may contact the Mortgage Contact Centre, open Monday to Friday, 8:00 a.m. to 5:00 p.m. (CST) through one of the following contact methods:

- By telephone at 1-800-328-6488
- By e-mail at Mortgage.service.centre@investorsgroup.com

Solutions Banking clients

Affected Solutions Banking clients may contact Solutions Banking to work with them to determine a personalized solution depending on their situation. Measures available include payment deferrals on Solutions Banking mortgages and loan products. For all other financing, products, including the Solutions Banking All-in-One, clients are invited to contact Solutions Banking to discuss options available.

Contact us

Clients may contact a Solutions Banking representative at 1-877-999-7575, Monday to Friday from 8:00 a.m. to 6:00 p.m. (EST).

Measures Impacting Businesses

CANADA EMERGENCY WAGE SUBSIDY

The Canada Emergency Wage Subsidy (CEWS) covers a percentage of wages paid by eligible employers up to a weekly maximum subsidy per employee. On July 17, 2020, the program was expanded yet again and now applies for the 40-week period of March 15 to December 19, 2020. There is no limit on the number of employees for which an employer can claim the subsidy or the total subsidy that can be claimed by an employer.

What is Eligible Remuneration?

Eligible remuneration includes salary, wages, and other remuneration but does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle

Who is an Eligible Employer?

Eligible employers include individuals, taxable corporations, and partnerships consisting of eligible employers. The subsidy will also be available to charities and non-profits. As of May 15, 2020, the program was expanded to include partnerships with one or more non-eligible members, indigenous government-owned businesses, registered Canadian amateur athletic associations, registered journalism organizations, and non-public educational and training institutions. This change is being applied retroactively such that it applies from March 15, 2020 through the duration of the program.

Rules in Effect for Claim Periods from March 15 – July 4, 2020

To receive the subsidy during March 15 through July 4, 2020, a business must have experienced a decrease in revenue of at least 15% in March and a decline of 30% in April, May, or June 2020. To make this comparison, a business has the choice of comparing their revenue from March, April, May, and June 2020 to either:

- the same month last year, or
- an average of revenue earned in January and February 2020

Revenues, for this purpose, will consist of revenue from its business carried on in Canada from arm's length sources. Employers are permitted to calculate their revenues under either the cash basis or the accrual basis. If an employer elects to use the cash basis method over the accrual method, they are required to use the same method for the duration of March 15 through July 4, 2020.

Once an employer meets the decline in revenue test for one period, they automatically qualify for the next period of the program. For example, if an employer meets the 15% criteria for March, then they would qualify for the March and April periods of the program.

How is the CEWS Calculated During the Periods from March 15 to July 4?

The subsidy on eligible remuneration paid to a given employee for work performed between March 15 and July 4, 2020 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.

As a result, employers could be eligible for a subsidy of up to 100% of the first 75% of pre-crisis wages or salaries of existing employees. These employers would be expected, where possible, to maintain existing employees' pre-crisis employment earnings.

A special rule applies to employees that do not deal at arm's length with the employer. The subsidy amount for such employees is limited to the lesser of eligible remuneration paid in respect of any week in a qualifying period, up to a maximum benefit of \$847 per week, or 75% of the employee's pre-crisis weekly remuneration.

It was announced on May 15, 2020 that the baseline remuneration calculation is intended to be legislatively amended, retroactive to April 11, 2020. As a result of the amendment, employers would be able to calculate the baseline remuneration as the average weekly remuneration paid to the employee from January 1 to March 15, 2020, or alternatively, as the average weekly remuneration paid from March 1 to May 31 of 2019. Employers would be able to choose which period to use on an employee-by-employee basis. The change is meant to capture those employees who did not have a baseline remuneration from January 1 to March 15 due to either being a seasonal employee or an employee who was on parental, disability, or unpaid leave from January 1 to March 15, 2020. For Period 4, the baseline remuneration of an employee would be based on the average weekly remuneration paid to the employee from January 1 to March 15, 2020; from March 1, 2019 to May 31, 2019; or from March 1, 2019 to June 30, 2019.

Employers cannot claim the Canada Emergency Wage Subsidy for remuneration paid to an employee for a claim period in which the employee is without remuneration for 14 consecutive days.

Refund for certain payroll contributions

- Employers eligible for the CEWS are entitled to receive a 100% refund for employer contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan for each week an employee was on leave with pay. An employee will be considered to be on leave with pay throughout a week if the employer pays the employee for the week, but the employee does not do any work for the employer during that week.

Rules in Effect for Claim Periods from July 5 to December 19, 2020

On July 17, 2020, the government announced the CEWS would be changed as of July 5, 2020, in order to try to assist businesses that previously may not have qualified for the CEWS program due to revenue declines of less than 30%. As a result, for claim periods July 5, 2020, onward, two rates will now comprise the CEWS, the first being a base rate and the second is a top-up rate (designed to help businesses that were more greatly affected). Note the final rules for Period 10, November 22 to December 19, 2020, have not been released.

The Base CEWS will be available for all businesses that have experienced a decline in revenues, the amount of the subsidy will vary according to the amount of revenue decline experienced.

Rate Structure of Base CEWS

	Period 5*: July 5 – Aug 1	Period 6*: Aug 2 – Aug 29	Period 7: Aug 30 – Sep 26	Period 8: Sep 27 – Oct 24	Period 9: Oct 25 – Nov 21
Maximum weekly benefit per employee	Up to \$677 e.g., (\$1,129 x 60% = \$667)	Up to \$677	Up to \$565	Up to \$452	Up to \$226
Revenue Drop					
50% and over	60%	60%	50%	40%	20%
0% to 49%	1.2 x revenue drop (e.g., 1.2 x 20% revenue drop = 24% base CEWS rate)	1.2 x revenue drop (e.g., 1.2 x 20% revenue drop = 24% base CEWS rate)	1 x revenue drop (e.g., 1 x 20% revenue drop = 20% base CEWS rate)	0.8 x revenue drop (e.g., 0.8 x 20% revenue drop = 16% base CEWS rate)	0.4 x revenue drop (e.g., 0.4 x 20% revenue drop = 8% base CEWS rate)

*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 (see Safe Harbour rule below).

Revenue declines would be determined based on a comparison of the current month's revenue to the same month last year or last month's revenue compared to the same month last year. An alternative comparison is available that is helpful for businesses that do not have a prior year comparison. The alternative approach is to compare the current or prior month's revenue to the average revenue earned in January and February 2020. Once a comparison option is chosen in period 5, it must be followed throughout the remainder of the program, however, the comparison option chosen can differ from the one utilized in periods 1 through 4.

Top-up Subsidy

A top-up CEWS of up to 25% will be available to employers who have experienced a 3-month average revenue drop of more than 50%. The top-up rate is 1.25 times the average revenue drop that exceeds 50%, up to a maximum top-up rate of 25%, which is attained at a 70% revenue decline. For example, an average 3-month revenue drop of 65% will result in a top-up CEWS of $1.25 \times (65\% - 50\%) = 18.75\%$.

The top-up rate will be determined by the revenue drop experienced when comparing revenues in the preceding 3 months to the same months in the prior year. Alternatively, the average monthly revenue in the preceding 3 months would be compared to the average monthly revenue in January and February 2020. When choosing the general or alternative approach, it is key to remember the same approach must be chosen for the base CEWS and must be used throughout the remainder of the program.

Example:

- Employer had \$600,000 in revenue between April 1 and June 30, 2019, and only \$210,000 of revenue between April 1, and June 30, 2020, the employer would have a 3-month revenue drop of 65% for Period 5.
- Under the alternative approach, if an employer had \$400,000 in revenue between January 1 and February 29, 2020 (average monthly = \$200,000), and \$210,000 in revenue between April 1 and June 30, 2020 (average monthly = \$70,000), the employer would have a 3-month revenue drop of 65% for Period 5.

Combined CEWS Rate

Once the base and top-up subsidies are determined for each relevant period, they would be combined to determine the total CEWS available to the employer for the particular period. The following chart shows how this would apply in a scenario where the Top-up was determined to be a full 25%:

	Period 5*: July 5 – Aug 1	Period 6*: Aug 2 – Aug 29	Period 7: Aug 30 – Sep 26	Period 8: Sep 27 – Oct 24	Period 9: Oct 25 – Nov 21
Maximum weekly benefit per employee	Up to \$960 e.g., (\$1,129 x 85% = \$960)	Up to \$960	Up to \$847	Up to \$734	Up to \$508
Revenue Drop					
50% and over	85% (60% base CEWS + 25% top-up)	85% (60% base CEWS + 25% top-up)	75% (50% base CEWS + 25% top-up)	65% (40% base CEWS + 25% top-up)	45% (20% base CEWS + 25% top-up)
0% to 49%	1.2 x revenue drop + 25% (e.g., 1.2 x 20% revenue drop + 25% = 49% base CEWS rate)	1.2 x revenue drop + 25% (e.g., 1.2 x 20% revenue drop + 25% = 49% base CEWS rate)	1 x revenue drop + 25% (e.g., 1 x 20% revenue drop + 25% = 45% base CEWS rate)	0.8 x revenue drop + 25% (e.g., 0.8 x 20% revenue drop + 25% = 41% base CEWS rate)	0.4 x revenue drop + 25% (e.g., 0.4 x 20% revenue drop + 25% = 33% base CEWS rate)
*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 (see Safe Harbour rule below).					

Safe harbour rule for Periods 5 and 6

For Periods 5 and 6, an eligible employer will be entitled to a CEWS rate not lower than the rate that they would be entitled to if their entitlement were calculated under the CEWS rules that were in place for Periods 1 to 4. As such, for Periods 5 and 6, employers with a revenue decline of 30% or more in the relevant reference period would receive a CEWS rate of at least 75% or potentially an even higher CEWS rate using the new rules outlined above (up to 85%).

How is the CEWS Calculated During the Periods from July 5 to November 21?

The subsidy paid for a given employee between July 5 and November 21, 2020, will depend on whether or not the employee is on leave with pay (i.e. furloughed) and the particular claim period, the subsidy amount is determined differently in Periods 5 and 6 than for Periods 7 through 9.

Periods 5 & 6 (Employee Not on Leave)

The subsidy will be determined as:

Equal to greater of:

- A) An amount equal to:
- a. Nil if the revenue reduction is less than 30%, and
 - b. In any other case, the greater of:
 - i. The least of: a) 75% of eligible remuneration paid, b) \$847, and c) if not dealing at arm's length, nil, and
 - ii. The least of: a) amount of eligible remuneration, b) 75% of baseline remuneration, and c) \$847, and
- B) The amount determined as:

Equal to $(E+F) \times G$, where:

- E) Base percentage
- F) Top-up percentage
- G) The least of: a) amount of eligible remuneration paid, b) \$1,129, and c) if the eligible employee does not deal at arm's length, the baseline remuneration determined for that week.

Period 7 through 9 (Employee Not on Leave)

The subsidy will be determined as:

Equal to $(E+F) \times G$, where:

- E) Base percentage
- F) Top-up percentage
- G) The least of: a) amount of eligible remuneration paid, b) \$1,129, and c) if the eligible employee does not deal at arm's length, the baseline remuneration determined for that week.

Eligible Employees

Beginning July 5, 2020, employees that are without remuneration in respect of 14 or more consecutive days in an eligibility period are no longer excluded from being eligible for CEWS.

Eligible Remuneration

Beginning in Period 7, for active arm's length employees, the amount of remuneration would be based solely on actual remuneration paid, without reference to the baseline remuneration concept applicable in periods 1 through 6. For non-arm's length employees, the subsidy will be based on the non-arm's length employee's eligible remuneration or baseline remuneration, whichever is less, up to a maximum of \$1,129. The subsidy is only available for non-arm's length employees that were employed prior to March 16, 2020.

Baseline Remuneration

For Period 5 and subsequent periods, the baseline remuneration of an employee would be based on the average weekly remuneration paid to the employee from January 1 to March 15, 2020 or from July 1, 2019 to December 31, 2019. The calculation of average weekly remuneration would exclude any period of 7 or more consecutive days without remuneration. Employers can choose which baseline period to use on an employee-by-employee basis.

Employees on Leave with Pay

In Periods 5, 6, and 7, for employees who are on leave with pay, i.e. furloughed, the subsidy available for these employees will remain the same as it would have been determined for Periods 1 through 4. Beginning in Period 8, the government has indicated it will adjust the subsidy to be more aligned with the CERB and EI programs. At this time, the proposed adjustment has not been announced. Similar to periods 1 through 4, Employers eligible for the CEWS are entitled to receive a 100% refund for employer contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan for each week an employee was on leave with pay.

Information Applicable for All Periods

Other important information

- Organizations that don't qualify for the Canada Emergency Wage Subsidy may have qualify for the temporary small business wage subsidy (TSBWS).
- For employers that are eligible for both the CEWS and the TSBWS for a period, any benefit received or anticipated to be received from the 10% wage subsidy (TSBWS), for remuneration paid in a specific period, will reduce the amount available to be claimed under the CEWS in that same period.
- To be eligible for the subsidy, employers must have had on March 15, 2020, a business number registered with the CRA to make payroll remittances. The government has recently extended eligibility for the CEWS to certain employers who did not have a payroll account registered with CRA but instead use a payroll service provider who makes their payroll remittances on the provider's RP account.
- Amounts received by employees through Employment and Social Development Canada's Work-Sharing Program also reduce amounts available from the CEWS in the qualifying period.
- Employers receiving this subsidy are required to report the total amount received as taxable income in the year it is received. Additionally, the amount of CEWS claimed per employee is required to be reported on employees' T4 slips. Click [here](#) for additional information.

How to Apply

Since April 27, 2020, eligible employers are able to access the CEWS by applying through either the Canada Revenue Agency's My Business Account portal, a Business representative using CRA's Represent a Client, or through an online portal [here](#). The process begins by clicking [here](#), where the employer will use an online calculator to determine the subsidy amount (for Claim periods 1 through 6 at this time). The online calculator must be completed prior to applying for the subsidy. The application deadline for the subsidy claims is now January 31, 2021.

For further information on this subsidy, please [click here](#).

TEMPORARY SMALL BUSINESS WAGE SUBSIDY (TSBWS)

The TSBWS provided eligible employers with a temporary wage subsidy equal to 10% of remuneration paid, during the period of March 18 to June 19, 2020, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Legislation implementing this measure was passed on March 25, 2020.

- Employers eligible for the TSBWS include sole proprietorships and partnerships with employees, corporations eligible for the small business deduction, as well as non-profit organizations and charities. In order to qualify, the business must have had an existing business number and payroll program account with the CRA on March 18, 2020.
- To benefit from this support, employers were eligible to reduce their remittances of income tax withheld on their employees' remuneration by the amount of the subsidy. Employers were able to start reducing employee income tax remittances in the first remittance period that includes remuneration paid between March 18, 2020, and June 19, 2020. Employers cannot reduce remittance of other source deductions such as Canada Pension Plan/Quebec Pension Plan contributions and Employment Insurance premiums.
- If an eligible employer does not reduce payroll remittances during the year, a request can be made to either have the subsidy paid at the end of the year or be transferred to the next year's remittance.
- Employers receiving this subsidy are required to report the total amount received as taxable income in the year it is received.
- Form PD27 is required to be filed with CRA to reconcile the reduction of source deduction remittances. The form can be found [here](#).
- [Click here for further information](#).

INCREASING CREDIT AVAILABLE TO BUSINESSES

The *Business Credit Availability Program* (BCAP) will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide \$65 billion in direct lending and other types of financial support. By working in close cooperation with financial institutions, this program will fill gaps in market access and leverage additional lending by private sector institutions.

Businesses seeking support through BCAP should contact the financial institution with whom they have a pre-existing relationship, so that the financial institution may assess the client's financial request.

BCAP includes the following programs:

- The *Canada Emergency Business Account* allows financial institutions and credit unions to provide loans of up to \$40,000, guaranteed by the Government of Canada, to qualifying small businesses and non-profits. The loans are interest free for the first year. Repaying the balance of the loan on or before December 31, 2022 will allow for loan forgiveness of 25% (up to \$10,000). The program application deadline has been extended to October 31, 2020.
 - To qualify, the borrower will need to demonstrate that they:

- Either
 - are applying through the Payroll Stream and therefore:
 - had total payroll in 2019 of between \$20,000 to \$1.5 million,
 - will provide a Business number (15-digits) associated with the business payroll account and the total amount in Box 14 of the T4 Summary, and
 - acknowledge that they can provide the T4 Summary if requested upon audit by the Government; or
 - are applying through the Non-Deferrable Expenses Stream and therefore:
 - have \$20,000 or less in total employment income paid in the 2019 calendar year,
 - have a Canada Revenue Agency business number and have filed a 2018 or 2019 tax return, and
 - have eligible non-deferrable expenses between \$40,000 and \$1,500,000 (applicant will need to provide supporting documentation of the 2020 Eligible Non-deferrable expenses).
- have an active business chequing account/operating account with the lender, which is its primary financial institution. The account must have been opened on or prior to March 1, 2020 and must not have been in arrears on existing borrowing facilities by 90 days or more as at March 1, 2020. (Note: On August 31, 2020, it was announced that the Department of Finance was working with financial institutions to make the program available to those who otherwise qualify but who do not operate from a business bank account. Details on this change is not yet available. New details, once released, will include a new business account opening process).
- have not previously used this program and will not apply for support under this program at any other financial institution.
- acknowledge that the loan will only be used to pay non-deferrable operating expenses of the borrower including, without limitation, payroll, rent, utilities, insurance, property tax, regularly scheduled debt service, payments to independent contractors, fees required to maintain licenses, authorizations or permissions required to conduct business, and payments for materials consumed to produce the business' ordinary products. 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. AND
- intend to continue to operate the business or to resume operations.
 - More information and updates on the program can be found by [clicking here](#).
- Loan Guarantee for Small and Medium-Sized Enterprises
 - Allows financial institutions to issue operating credit and cash flow term loans of up to \$6.25 million to existing clients, with 80% guaranteed by EDC.
 - Available to businesses, in all sectors, that were otherwise financially viable and revenue generating prior to the COVID-19 outbreak.
 - 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.

- The program is now available at various financial institutions and credit unions until June 2021.
- BDC Co-Lending Program for Small and Medium-Sized Enterprises
 - Provides term loans for operational and liquidity needs of businesses, including interest payments on existing debt.
 - Available to businesses, in all sectors, that were otherwise financially viable and revenue generating prior to the COVID-19 outbreak.
 - Loans available dependent on revenues of the business.
 - Loans up to \$312,500 to business with revenues of less than \$1million
 - Loans up to \$3.125 million to businesses with revenues between \$1million and \$50 million.
 - Loans up to \$6.25 million to businesses with revenues in excess of \$50 million.
 - 80% of these loans are provided by BDC, with the remaining 20% provided by the financial institution. The financial institution will undertake on behalf of BDC to structure, underwrite, document, authorize, and service the term loan.
 - Loans are interest-only for the first 12 months, repayment over a 10-year period.
 - The program is now available at various financial institutions and credit unions until June 2021.
- EDC Mid-Market Guarantee and Financing Program
 - Will guarantee 75% of new operating and cash-flow loans between \$16.75 million and \$80 million for companies who tend to have revenues of between \$50 million and \$300 million.
 - Expanded guarantees available to exporters, international investors, and businesses that sell their products or services within Canada.
 - More details to be released soon.
- BDC Mid-Market Financing Program
 - Provides commercial loans between \$12.5 million and \$60 million to medium-sized businesses whose credit needs exceed other available programs
 - Qualifying companies will have annual revenues in excess of approximately \$100 million
 - Must have been impacted by COVID-19 and/or recent decline in oil and gas prices
 - Provided jointly by BDC and the business's primary financial institution
 - Spans four years, after which principal is to be repaid as a balloon payment
 - Interest payments for the first 12 months capitalized and due at maturity
 - Loans available until or before June 2021.

More information on the *Business Credit Availability Program* can be found [here](#).

Farm Credit Canada will increase by \$5 billion the near-term credit available to farmers and the agri-food sector.

The *Large Employer Emergency Financing Facility (LEEFF)* provides bridge financing to large employers with annual revenues generally in the order of \$300 million or higher.

- Program open to large for-profit businesses, excluding those in the financial sector, as well as certain non-profit businesses.
- Eligible businesses must be seeking at least \$60 million of financing, have significant operations or workforce in Canada, and not be involved in active insolvency proceedings.
- Program is delivered by the [Canada Development Investment Corporation](#).
- Support under the LEEFF program will not be available if the company has the capacity to manage through the crisis without the LEEFF relief.

More information and updates on the program can be found by [clicking here](#)

CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE

The *Canada Emergency Commercial Rent Assistance (CECRA)* is available to provide relief for small businesses with respect to their commercial rent payments. The program offers forgivable loans to eligible commercial property owners who offer a minimum of a 75% rent reduction to small business tenants for the months of April, May, and June 2020. For those who qualify for the CECRA, an extension can be applied for the months of July, August, and September. The July, August, and September extension is voluntary. The rent reduction can be in the form of a credit of future month's rent if agreeable by property owner and tenant, but any attempt to recover forgiven rent when the program ends will result in non-compliance with the program. The CECRA will be administered by the Canada Mortgage and Housing Corporation (CMHC) with funds paid through the property owner's financial institution. Despite CMHC administering the program, there is no requirement that the property owner have a mortgage or other type of debt outstanding at the time of application. The online application process opened on May 25, 2020.

For more information on this program, [click here](#).

EMPLOYMENT INSURANCE WORK SHARING PROGRAM

- The EI Work Sharing Program provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers. Temporary changes to this program will extend the eligibility of such agreements to 76 weeks, ease eligibility requirements, and streamline the application process. For more information on eligibility and to apply, [click here](#).

CANADA SUMMER JOBS PROGRAM

- The temporary changes to the program for this year include:
 - An increase to the wage subsidy – private and public sector employers can receive up to 100% of the provincial or territorial minimum hourly wage for each employee
 - An extension to the end date for employment to February 28, 2021
 - Allowing employers to adapt their projects and job activities to support essential services

- Allowing employers to hire staff on a part-time basis
- Although the application deadline for this program closed February 28, 2020, the government has indicated it will work with Members of Parliament to identify organizations that provide essential services in the community and could provide youth jobs but did not apply for the Canada Summer Jobs program in 2020.

CRA AUDIT ACTIVITY

The Canada Revenue Agency had temporarily suspended audit interaction with taxpayers and representatives for the majority of businesses. Activities have recently resumed with additional precautions in place.

WHAT APPLIES TO ME?

The government has created a new online questionnaire to help guide Canadians as to what benefit programs they may be entitled to. To access, click [here](#).

Please contact your IG Consultant for more information.



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