

Update on Government Relief Measures and Programs

April 6, 2020



Outline

- Federal Programs
 - Business supports
 - Canada Emergency Wage Subsidy (CEWS)
 - Temporary Wage Subsidy for Employers (TWSE)
 - Business Credit Availability Program (BCAP)
 - Canada Emergency Business Account (CEBA)
 - Tax Deadline Deferrals
 - Deferral of Sales Tax Remittance and Customs Duty Payments
 - Individual supports
 - Canada Emergency Response Benefit (CERB)
 - Other Measures for Individuals
- Provincial Programs
 - Province by province review
- CFA – Wins and What’s Next

Canada Emergency Wage Subsidy (CEWS)



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- For employers who have seen a drop of at least 30 per cent of their revenue
- The subsidy applies to remuneration paid between March 15 and June 6, 2020:
 - 75% per cent of the amount of remuneration paid
 - maximum benefit of \$847 employee per week
- The cap on the total value of the subsidy has been removed.
- Employers must make their best effort to top-up employees' salaries to bring them to pre-crisis levels.

CEWS – Eligibility



- To qualify, companies will have to show that their revenue in March 2020 was 30 per cent less than it was in March 2019.
- There may be some exceptions for start-ups and new firms

	Claiming period	Reference period for eligibility
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

CEWS – How it will work



- The program will be in effect for three months and companies will have to reapply each month.
- Must continue to demonstrating that revenues in April 2020 are also 30 per cent less than they were in the same month the year prior.
- The wage subsidy will be administered by the Canada Revenue Agency (CRA) through the My Business Account portal on the agency's website.
- Money will start to flow to businesses within the next three to six weeks
- All businesses should register for direct deposit to ensure money can be sent electronically, the minister said, to avoid further delay.

CEWS – Example

- Company A has a total weekly payroll of \$5,600
 - 4 full-time employees (each earning \$800 per week)
 - 6 part-time employees (each earning \$400 per week)
- Revenues are down 30% because they are only doing online orders
 - Keeping all of their employees on the payroll at full salary
- Amount of the Subsidy
 - Company A would qualify for a weekly wage subsidy of \$4,200
 - \$600 for each of their full-time employees
 - \$300 for each of their part-time employees.
- Their Net Payroll (after the subsidy) would be \$1,400

Temporary Wage Subsidy for Employers



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- 10% Wage Subsidy
- For all employers even if they haven't seen a drop in revenue in recent weeks.
- Maximum subsidy is \$1,375 per employee and \$25,000 per employer.
 - Associated CCPCs will not be required to share the maximum subsidy of \$25,000 per employer.
- Applies to remuneration paid from March 18, 2020 to June 19, 2020
- You do not need to apply for the TWSE subsidy.
 - Continue deducting income tax, CPP and EI from remuneration paid to your employees
 - Subsidy is calculated when you remit these amounts to the CRA
 - Employers simply reduce your current payroll remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy.
- **Important** – You cannot reduce your remittance of CPP contributions or EI premiums. You must continue remitting the CPP contributions and EI premiums that you deducted from your employees, as well as your share of CPP contributions and EI premiums, to the CRA.

Temporary Wage Subsidy for Employers – Example



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- Company A has 8 eligible employees earning monthly salaries of \$4,750 for a total monthly payroll of \$38,000.
 - Your wage subsidy for the month will be 10% of \$38,000, or \$3,800.
- For the three-month period, if all your payroll information remains the same in each month, you will pay \$114,000 of remuneration.
 - Therefore, 10% of the remuneration you pay in the three-month period is \$11,400.
- **Cap** – Since this amount is above the maximum allowable amount of \$11,000 ($\$1,375 \times 8$ employees), your total wage subsidy for the three-month period will be capped at \$11,000.

Extending the Work-Sharing program



- an adjustment program to help avoid layoffs when there is a temporary reduction in business activity
- will provide income support to employees eligible for Employment Insurance who agree to reduce their normal working hours because of developments beyond the control of their employers.
- extending the maximum duration of the program from 38 weeks to 76 weeks
- [Detailed Program Criteria](#)

Business Credit Availability Program



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- Loan Guarantee for SMEs
 - new operating credit and cash flow term loans.
- Co-Lending Program for SMEs
 - term loans to SMEs for their operational cash flow requirements.
- These programs will roll out in the three weeks after March 27
 - Work with your current financial institutions to access funding.
- Issue – BDC still currently requires a personal guarantee from the borrower – CFA is working to amend this requirement
- [For more information](#)

Canada Emergency Business Account (CEBA)



- A \$40,000 interest-free, government-guaranteed loan to help pay for operating costs that can't be deferred as a result of COVID-19.
- \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022.
- If the loan cannot be repaid by December 31, 2022, it can be converted into a 3-year term loan at an interest rate of 5%.

Canada Emergency Business Account (CEBA)



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- To qualify
 - Business will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019 – based on their 2019 T4SUM Summary of Remuneration Paid
- What can it be used for
 - Businesses must agree to use funds from this line of credit to pay for operating costs that cannot be deferred, such as payroll, rent, utilities, insurance, and property tax.
- How to apply
 - Businesses should apply through the financial institution that holds their primary business operating account.
- Issue
 - Under the current criteria it is for one loan per corporate entity
 - CFA is lobbying for this to be expanded so businesses can get one loan per active business location

Business Tax Deadlines

- Self-employed and their spouse or common law partner
 - Filing date for 2019 tax year – June 15, 2020 (unchanged)
 - Payment date for 2019 tax year – September 1, 2020
- Corporations
 - Filing date for current tax year – June 1, 2020 (extended)
 - For corporations that would have had a filing due date between March 18 and June 1.
 - Payment date for current tax year – September 1, 2020 (extended)
 - For balances and instalments under Part 1 of the Income Tax Act between March 18 and September 1, 2020.
- [CRA Link for all tax filing deadlines](#)

Deferral of Sales Tax Remittance and Customs Duty Payments



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- Defer payments until June 30, 2020
 - Monthly filers – Applies to GST/HST remittances for the February, March and April 2020 reporting periods
 - Quarterly filers – Applies to GST/HST remittances for the January 1, 2020 through March 31, 2020 reporting period
 - Annual filers – applies to the amounts collected and owing for their previous fiscal year and instalments for the current fiscal year.
- [For more information](#)

Canada Emergency Response Benefit (CERB)



- a taxable benefit of \$2,000 a month for up to 4 months
- Eligibility
 - Have stopped working because of COVID-19
 - Have not voluntarily quit their job or are eligible for EI regular or sickness benefits
 - Had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and
 - Who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period.
 - For subsequent benefit periods, they expect to have no employment or self-employment income.

CERB – Q&A

- Can I have other income while receiving CERB?
 - No, you must have stopped working as a result of COVID-19 and be without employment income for at least 14 consecutive days within the initial four-week period (including income from paid leave, self-employment income or collection of any Employment Insurance benefits).
- EI benefits or the Canada Emergency Response Benefit?
 - You should apply for CERB whether or not you are eligible for Employment Insurance. CERB is available for the period from March 15, 2020 to October 3, 2020.
- How to apply
 - Apply through Service Canada starting April 6, 2020
 - Over 240,000 people have successfully applied since the application opened this morning
- [Detailed FAQ](#)

Other Measures for Individuals



- Increasing the Canada Child Benefit (CCB)
 - providing an extra \$300 per child per year
- Special Goods and Services Tax credit payment
 - One-time payment - \$400 for individuals and \$600 for couples
- Mortgage support
 - Canadian banks are offering mortgage payment deferment (added interest is incorporated into the new monthly payment once the deferment ends).
- Income tax deadlines have changed
 - Filing date for 2019 tax year – June 1, 2020
 - Payment date for 2019 tax year – September 1, 2020

Commercial Rent Relief



- Provincial responsibility so we are working province by province
- Current Rent Relief Programs in place
 - NS – Rent Deferral Program
 - PEI – Rent Deferral Program
 - NB – Banned evictions in the State of Emergency
- CFA Advocating for
 - Governments to put rent deferral/write off programs in place across Canada
 - Governments to place a moratorium on rent payments for businesses that are closed or have seen a drop in sales by more than 25% due to the States of Emergency until two months after those States of Emergency are lifted.
 - Governments put in place a moratorium on evictions and seizure of property during the States of Emergency and for the 2 months thereafter.

Provincial Programs



British Columbia



- **Supports for people (\$1.1 billion)**

- New B.C. Emergency Benefit for Workers will provide a tax-free \$1,000 payment to workers who have been laid-off, sick, quarantined, etc.
- Increasing and expanding the B.C. Climate Action Tax Credit in July 2020 (families, \$564; individuals, \$218)
- ICBC is extending deferrals to up to 90 days

- **Supports for business (\$2.2 billion)**

- Businesses with a payroll over \$500,000 can defer their employer health tax payments until Sept. 30, 2020.
 - Businesses with a payroll under this threshold are already exempt from the tax.
- Extending tax filing and payment deadlines for the provincial sales tax (PST), municipal and regional district tax on short-term accommodation, tobacco tax, motor fuel tax and carbon tax until Sept. 30, 2020.
- Deferred the increase to the provincial carbon tax, along with new PST registration requirements on e-commerce and the implementation of PST on sweetened carbonated drinks, will be delayed and their timing will be reviewed by Sept. 30, 2020.
- Business and light- and major-industry property classes will see their school tax cut in half.
 - Provides \$500 million in immediate relief for business
 - Allows commercial landlords to immediately pass savings on to their tenants in triple-net leases.

Alberta



- Education property tax deferral for business for six months (keeps \$458 million in hands of employers).
 - Encouraging commercial landlords to pass on these savings to their tenants
- WCB premiums deferral until early 2021
 - Employers who have paid can get a rebate or credit
 - SME's - government will cover 50% of the premium
- Payment of corporate income tax deferred until Aug. 31, 2020
- \$50 million to support emergency isolation for those who must self-isolate
- Utility payment deferral for residential, farm, and small commercial customers for the next 90 days
- Six-month, interest-free moratorium on Alberta student loan payments

Saskatchewan



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- [List of Critical Public and Business Services](#) (changes frequently)
- [Managing Staffing and Leave](#)
 - staffing, work-sharing, layoffs and leave and EI benefits
- Provincial Taxes
 - Provincial Sales Tax – three-month relief from penalty and interest charges.
 - Provincial Tax Returns – Businesses may submit a request for relief from penalty and interest charges
 - Audits have been suspended
- Provincial Utilities
 - All Crown utilities will implement bill-deferral programs allowing a zero-interest bill deferral for up to six months
- Workers' Compensation – new
 - [Waiving premium penalties for employers](#) effective April 1 until June 30, 2020.
- Self-Isolation Support Program
 - For workers forced to self-isolate and who are not covered by federal EI programs can receive \$450 per week, for a maximum of two weeks or \$900.
- Procurement
 - SaskBuilds Single Procurement Service will serve as a central point of contact and co-ordination (procurement@gov.sk.ca)

Manitoba



- Tax Filing Deadline Extension
 - Extended the April and May tax filing deadlines until June 22, 2020 for small and medium businesses with monthly RST remittances of no more than \$10,000.
 - Businesses that file on a quarterly basis that have a due date of April 20, 2020 have had the due date extended to June 22, 2020. [Please see this bulletin for full details.](#)
- [Other Information for Workplaces and Employees](#)

Ontario



- \$10 billion in support for people and businesses to improve cash flows by:
 - five-month interest and penalty-free period to make payments for the majority of provincially administered taxes (\$6 billion in relief)
 - Deferring the upcoming quarterly (June 30) remittance of education property tax to school boards by 90 days (\$1.8 billion in relief).
 - provides municipalities with the flexibility to provide property tax deferrals to local residents and businesses.
 - WSIB premium payment deferral for up to 6 months (\$1.9 billion in relief)
- Ontario suspend time-of-use electricity rates, holding electricity prices to the off-peak rate of 10.1 cents-per-kilowatt-hour

Quebec



- \$2.5 billion to help companies weather COVID-19
- [Concerted temporary action program for business \(PACTE\)](#)
 - New emergency funding measure provides ad hoc and exceptional support for businesses affected by the repercussions of COVID-19.
 - Preference given to providing loan guarantees
 - The minimum funding amount is \$50,000.
- Income Tax Deadlines
 - Individuals – filing deadline has been extended to June 1, 2020
 - Businesses - filing deadline has been extended to July 31, 2020
- [Temporary Aid for Workers Program](#) - financial assistance for workers in isolation and not eligible for another financial assistance program

Quebec



- New \$150 million in funding for small and medium-sized businesses
- Emergency aid for small and medium-sized enterprises (COVID-19)
 - Support businesses who need less than \$ 50,000 in assistance.
 - This program is intended to provide temporary support for the working capital of businesses in all sectors.
- Two-year extension of the Local Investment Funds (LIFs), until December 31, 2022,
 - Local Investment Fund (FLI) are the main financial tool for regional county municipalities (MRC) to support businesses in their territory.
 - New measures to ease the repayment terms of loans granted under the FLI are also planned.

New Brunswick

- Waiving late penalties on property taxes:
 - must be paid by May 31, late penalties will be reviewed on a case-by-case basis
- Deferring interest and principal payments on existing loans for up to six months on existing provincial loans.
- New operating loans for small business
 - will provide operating loans of up to \$200,000.
 - Payments of interest and principal will not be required during the first 12 months.
 - Administered through Opportunities New Brunswick (ONB)
- Injecting needed working capital for mid-to-large employers:
 - ONB can provide working capital in excess of \$200,000 to help large employers
- [WorkSafeNB](#) has announced assessment premiums deferred for three months without interest charges.

Nova Scotia



- Rent Deferral Program
 - Encourages landlords to defer rent for three months for businesses forced to close under the public health order.
 - Province guarantees up to \$5,000 a month for landlords if that business goes under.
 - Template agreements are available
 - [Rent Deferral Agreement – Gross Lease](#)
 - [Rent Deferral Agreement – Net Lease](#)
 - Landlords are not permitted to change locks or seize property of businesses who cannot pay rent
 - Franchised businesses are now eligible – thanks to the CFA
- Worker Emergency Bridge Fund
 - \$20 million to help self-employed people and laid-off workers who don't qualify for Employment Insurance. Provides a one-time payment of \$1,000 to bridge between layoffs and Canada Emergency Response Benefit
- Small Business Impact Grant
 - new \$20-million program, eligible small businesses and social enterprises will receive a grant of 15 per cent of their revenue from sales, either from April 2019 or February 2020, up to a maximum of \$5,000.
- Government will defer payments on all government loans and small business fees until June 30, 2020
- Changes to the Small Business Loan Guarantee Program, administered through credit unions, include:
 - deferring principal and interest payments until June 30
 - enhancing the program to make it easier for businesses to access credit up to \$500,000
 - those who might not qualify for a loan, government will guarantee the first \$100,000



Prince Edward Island

- [Commercial Lease Rent Deferral Program](#)
 - To support small and medium-sized businesses, landlords are encouraged to defer rent payments from their commercial tenants for 3 months, spreading the deferred rent amount over the rest of the lease term.
 - CFA working to ensure franchised businesses are included
- [COVID-19 Business Adaptation Advice Program](#)
 - The COVID-19 Business Adaptation program provides a non-repayable contribution toward the cost of hiring a professional to provide advice and support on how to recover from Covid-19.
- [Emergency Working Capital Financing](#) – a financing program to provide emergency working capital financing of up to \$100,000 to assist PEI's small business

Prince Edward Island

- [Emergency Income Relief for the Self-Employed](#) – a temporary program put in place to support the self-employed affected by Covid-19
- [Emergency Relief - Worker Assistance Program](#) – a temporary program to provide financial support to employers to assist their employed workers who have been impacted by reduced hours at work as a result of COVID-19
- [COVID-19 Income Support Fund](#)
 - one-time lump sum payment of \$750 to bridge the gap between the job loss and CERB or EI
- [Employee Gift Card Program](#) – in partnership with Sobeys this temporary program will offer a \$100 Sobeys gift value to any employee who has received a lay-off notice

Newfoundland and Labrador



- [Compensation to Workers in COVID-19 Self-Isolation](#)
- No other supports have been announced

CFA – Wins and What’s Next



CFA Wins



- Wage Subsidy Increased to 75%
- Workers Compensation Premium Reductions and Deferrals
 - Successful in BC, AB, ON, NB
- Sales Tax Remittance Deferrals
- Electricity Rate Reductions and Deferrals
 - Relief provided in every province in Canada
- Commercial Rent Deferral Program
 - NS – program changed so that franchised businesses are now eligible

What's Next



- Canada Emergency Business Account
 - Working to get those who haven't been in business for a year eligible
 - Working to get the criteria changed so that one corporate entity with several locations can get loans on per location basis (potentially based on municipal business licenses)
- Canada Emergency Wage Subsidy
 - Working to try and get the program to be self administered similar to the Temporary Wage Subsidy for Employers
 - That keep the money in your pocket today instead of waiting for the federal government
- Canada Emergency Response Benefit
 - Working to expand it to include T5 income as eligible income instead of the current program requirement for T4 income.

What's Next



- Commercial Rent Deferral Programs
 - Working to get all Canadian provinces to adopt these programs
 - Working to ensure all franchised businesses are eligible for these programs
- Municipalities must forgo property tax payments during this crisis
- Loan Payment Deferrals (Term Loans, CSBFP, etc.)
- Require rating agencies to freeze credit scores
- For the Economic Recovery
 - Create an incentive/subsidy for new hires
 - Changes to the Canada Small Business Finance Program (CSBFP)

Thank you

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