



COVID-19 ASSISTANCE PROGRAM CHECKLIST

June 15, 2020

The Fazzari + Partners COVID-19 Checklist is a tool for identifying some financial support measures introduced by various governments and others (the “Programs”). The COVID-19 Checklist includes information obtained up to June 15, 2020, however, please be aware these Programs are subject to change and are constantly changing!!! In **yellow** we have highlighted the changes since our last Checklist.

The Canada Revenue Agency announced the application portal for the Canada Emergency Wage Subsidy opened April 27, 2020. For more details on the application process and for access to the CRA wage subsidy calculator worksheet, visit the [CRA website](#).

Before considering or implementing any of the Programs in the Checklist, it's advised to consult with your professional or contact one of our professionals to discuss these matters in the context of your situation.



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Canada Emergency Wage Subsidy (CEWS)

- Covers 75% of “eligible remuneration” **paid** from March 15, 2020 to August 29, 2020 (the program has been extended an additional 12 weeks from the previous June 6, 2020 end date)
- Eligible remuneration includes salary, wages and taxable benefits but excludes stock options, severance, personal use of corporate auto benefits
- Max is \$847 per week per employee (\$10,164 over 12 weeks)
- Applies to existing and new employees (new employees must be arm’s length employees)
- If an employer qualifies for a particular claim period, they will automatically qualify for the next claim period without having to recalculate their revenue decline for the subsequent claim period (i.e. if revenue decline for March is met, employer automatically eligible to apply in April without analyzing April decline).
- Employers need to apply every month to receive the subsidy. Application portal opened April 27, 2020. For more details and for CRA calculation worksheet visit the CRA [website](#).
- Employers need to reduce CEWS claim by any:
 - Amounts “eligible” to be claimed under the TWS for the same period regardless if it was claimed (this includes amounts unable to be claimed because of insufficient income tax withholdings); and
 - EI benefits received by employees through the Work-Sharing program
- For the 10% TWS reduction, employers can elect a percentage of 0% and do not have to reduce their CEWS claim. They also cannot reduce their source deductions under the 10% TWS. See example 13-2 in the CRA FAQ.
- Employers that did not deduct the 10% TWS from a previously submitted CEWS application are deemed to have elected for the 0% rate so amendments are not required
- Employers need to make best attempt to pay the other 25%
- Given the mechanics of the calculation, there is potential for employers to fully recover the 75% paid without paying the other 25% where wages are reduced from pre-crisis levels (referred to as “baseline remuneration”)
- Baseline remuneration is defined as average weekly remuneration paid between January 1 and March 15, 2020 excluding any seven days periods where employees did not receive remuneration. This will have to be calculated per employee.
 - The government is proposing a change to the program that will allow the baseline to be determined on an employee by employee basis using the weekly average from March 1, 2019, to May 31, 2019. Legislative amendments will be required to pass this change.
- For non-arm's length employees, such as family on payroll, they must be employed prior to March 15, 2020. The subsidy is limited to the lesser of 75% of the wage paid and 75% of their baseline remuneration up to a maximum benefit of \$847 per week. This looks to prevent artificial increases to non-arm's length salary after March 15, 2020 to get a higher or maximum subsidy.

- Calculation is complex and requires a comparison of current weekly wages with pre-crisis weekly wages. For more details on the calculation, visit Finance Canada's [website](#)
- An amendment portal will be made available on the CRA website in June to allow employers to correct mistakes on previously filed applications
- CRA has published Frequently Asked Questions on their [website](#)
- **Eligibility**

Taxable corporations, partnerships, sole proprietors, not-for-profits and registered charities earning revenue from the provision of services or sale of goods in Canada

Registered payroll number with the CRA as of March 15, 2020

The entity earns revenue from the provision of services or sale of goods in the ordinary course of business carried on in Canada

15% decline in revenues in March and 30% decline in revenues April and May 2020 compared to same months in 2019 **or** the average revenues in January and February of 2020. Employers need to indicate which benchmark is being used when they apply and they will be required to use the same approach for the duration of the program. If an employer qualifies for one period (i.e. March 2020), it automatically qualifies for the next period (i.e. April 2020). The government is reviewing the 30% revenue threshold for potential adjustments to allow the program to be made available to more employers. We will provide additional details once they become available.

The decline in revenues is from arm's length sales (exclude related party sales)

Joint election may be filed for an affiliated group (common control by a person or spouse) to use the same consolidated qualifying revenue for the decline test (if applicable)

Joint election may be filed for an entity earning 90% or more of its revenue from non-arm's length persons to calculate the revenue decline based on the non-arm's length entity's revenue decline (if applicable)

Joint election is filed for an affiliated group (common control by a person or spouse) to use the same consolidated qualifying revenue for the decline test (if applicable)

Joint election is filed for an entity earning 90% or more of its revenue from non-arm's length persons to calculate the revenue decline based on the non-arm's length entity's revenue decline (if applicable)

Salary has been paid to "eligible employees". Eligible employees will be limited to employees that have not been without remuneration for more than 14 consecutive days in the eligibility period. Only extends to employees that have generally continued to have been paid or have been rehired and retroactively paid.

Employer has chosen whether to use the accrual or cash method to calculate revenues but not a combination of both. Once a method is picked, it has to be used for the duration of the program.

Online application and attestations completed

Employer Paid CPP and EI Refund Program

- Government introduced a new 100% refund program for employer paid CPP and EI contributions paid on wages eligible for the CEWS
- Does not apply to the 10% Temporary Wage Subsidy (TWS)
- This refund program is in addition to the \$847 weekly maximum benefit and there is no limit on the refund amount
- Employers must still remit the CPP and EI and will claim the refund as part of the CEWS application if applicable
- **Eligibility**

The business is eligible for the CEWS

Salary or wages have been paid to employees on leave

The employee did not perform any work for the employer throughout the entire week (not available for employees that are on leave with pay for only a portion of the week)

Temporary Wage Subsidy (TWS)

- Covers 10% of wages from March 18, 2020 to June 20, 2020
- Max is \$1,375 and \$25,000 per employer
- No money received but reduction of income tax remittances to CRA (does not include CPP & EI)
- All employees eligible – **no restriction for owner managers and their families on payroll**
- Employers that are eligible are “deemed” to have received amounts under this program even if they haven’t been claimed. To receive an unclaimed credit, employers must file a prescribed form which is expected to be released by the CRA in the near future.
- Employers claiming both the CEWS and TWS can elect to have a TWS rate of 0%
- **Eligibility**

Canadian-Controlled Private Corporation (CCPC), sole-proprietor, partnership, non-profit or registered charity

If CCPC, small business limit greater than \$nil

Registered payroll number with the CRA as of March 18, 2020

Reduced remittances submitted to CRA

Canada Summer Job Program

- The program provides wage subsidies to employers to create summer work experiences for individuals ages 15 to 30 years
- Program will now provide up to 100% of the minimum hourly wage for each employee
- Employers are also now allowed to hire staff on a part-time basis
- The end date of employment has been extended to February 28, 2021
- Those who applied and completed the process can view job postings on the government's Job Bank [website](#)

Canada Emergency Business Account

- Government guaranteed loan \$40,000
- Interest free in year 1
- \$10,000 forgiven to eligible businesses if loan repaid by December 31, 2022
- Available through the bank – **contact them**
- Eligible businesses expanded to include sole proprietors; corporations that remunerate by dividends rather than payroll and businesses that depend on contractors.

- Two-stream application process introduced and applications under the alternative stream open as of June 19, 2020

- Funds received from CEBA must be used to pay non-deferrable operating expenses which include payroll, rent, utilities, insurance, property tax and regularly scheduled debt service

- Funds cannot be used fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation

- Visit the [CEBA FAQ website](#) for details on how to apply

- **Eligibility**

An active business chequing or operating account that was opened on or prior to March 1, 2020 (personal accounts are not eligible)

Existing borrowing facilities with the bank cannot be in arrears by 90 days or more as at March 1, 2020

Payroll between \$20,000 and \$1.5 million in 2019

If no payroll or payroll less than \$20,000 in 2019, applicants would need:

- an operating account at a participating financial institution;
- a CRA business number that has filed a 2018 or 2019 tax return; and
- eligible non-deferrable expenses between \$40,000 and \$1.5 million in 2020 **adjusted for other COVID support received if applicable**

Canada Emergency Response Benefit

- \$2,000 per month for four months (originally 16 weeks but announced on June 16, 2020 it will be extended by 8 weeks for a total of six months)
- Available to all but mainly for individuals not eligible for regular EI benefits (i.e. self-employed)
- Allows people to earn up to \$1,000 per month while collecting CERB
- Program extended to seasonal workers who have exhausted their EI regular benefits and are unable to undertake their regular seasonal work
- Program extended to workers who have exhausted their EI regular benefits and are unable to find a job or return to work
- **Eligibility**
 - Earned at least \$5,000 of income in 2019 or the 12 months preceding application date from employment, self-employment, maternity leave benefits or non-eligible dividends (collectively “earned income” for the purpose of this benefit)
 - Ceased work for at least 14 consecutive days (applies to each 2 week claim period)
 - Individuals have exhausted their EI benefits and are either a seasonal worker who cannot undertake their season work or individuals who are unable to find a job or return to work
 - Did not receive any “earned income” during the claim period
 - Did not quit voluntarily

Canada Emergency Commercial Rent Assistance (CECRA)

- Government has proposed the CECRA to provide loans to commercial property owners to help lower or forgo rent of small businesses for April (retroactive), May and June 2020
- Tenants would be responsible for covering 25% of the monthly rent, the property owner 25%, and the federal government and provinces would share the remaining 50%
- Ontario government has specified that tenants and landlords are expected to pay 25% of the “before profit costs”. As a result, they are expecting property owners to forego profit for a three-month period
- The program will be administered by Canada Mortgage Housing Corporation (CMHC)
- CMHC have posted sample documents on their [website](#) that will be needed for the application process
- A new technical support line has been set up at 1-833-610-0515
- Eligible small business tenants who are in sub-tenancy arrangements are also eligible, if these lease structures meet program criteria. For more details, contact the CMHC technical help line.
- Short-term month-to-month leases are acceptable if program requirements are met and the lease was in place prior to April 1, 2020

- Application portal now open at [CMHC website](#) and applications will be accepted until August 31, 2020
- There has been a very high demand and applicants may experience technical issues and longer than average wait times when applying
- Ontario government has proposed legislation preventing the eviction of commercial tenants by eligible landlords who do not participate in this program
- [Eligibility](#)

Eligible Tenant

An eligible tenant (corporation, proprietor, non-profit or charity) must be paying less than \$50,000 per month in rent

Have either temporarily ceased operations (i.e. generates no revenues) or has experienced a 70% decline in pre-COVID 19 revenues. The benchmark for determining the decline requires tenants to compare revenues in April, May or June to the same month in 2019 or alternatively compared to the average revenues for January and February 2020.

Generates less than \$20 million in gross annual revenues (calculated on a consolidated basis at the parent company level)

Eligible landlord

A property owner that is the registered owner and landlord of the “commercial real property” defined as commercial properties with small business tenants (program has been expanded to include commercial landlords with or without mortgages or other forms of debt)

The landlord enters into a rent forgiveness agreement with the tenant to reduce monthly rent by at least 75%. The agreement also must include a moratorium on eviction.

The rental income must also have been reported in an income tax return (personal or corporate)

Non-arm’s length lease arrangements will be eligible for the program provided there is a valid and enforceable lease agreement in place prior to April 1, 2020, on terms that are no greater than market value terms.

Regional Relief and Recovery Fund (RRRF)

- Program aims to provide interest-free loans to businesses that didn’t qualify for any of the other programs offered by the government
- The funding support is to help with fixed operating costs such as capital leases, rent, salary, property taxes, utilities, etc.
- Priority in this program will be given to the manufacturing, technology and tourism sectors.
- Will be administered by FedDev Ontario in Southern Ontario with \$213 million available
- Application details are available on the FedDev Ontario [website](#).

Canada Emergency Student Benefit (CESB)

- Bill C-15 was tabled on April 29, 2020 and is still awaiting Royal Assent
- The program is expected to provide eligible students \$1,250 per month (benefit is expected to increase to \$1,750 per month for students with a disability or adult students with a child with a disability). Confirmation of the amounts is expected in the final legislation.
- Applications must be made by end of September 2020. Applications can be made via an individual's CRA My Account or by phone at 1-800-959-2019. Students will need to reapply for each 4-week period that they are eligible for.
- Eligibility periods include May 10 to June 6, June 7 to July 4 and July 5 to August 1
- **Eligibility**

Students must be Canadian citizens, permanent residents or registered as Indian under the Indian Act

Students who were enrolled in a post-secondary education program that leads to a degree, diploma or certificate at any time between December 1, 2019 and August 31, 2020

Students who graduated from secondary school in 2020, have applied for enrolment in a post-secondary education program scheduled to begin before February 1, 2021 and plans to enrol in the program if accepted

Student attests that they are seeking work but for reasons related to COVID-19, they are unable to find it (work includes employment or self-employment) or they are working but are earning less than allowable amount (expected to be \$1,000 per month but not officially mentioned in the draft legislation)

Support for Seniors

- Government will provide a one-time, tax-free payment to seniors
- Payments are expected after July 6, 2020 and will be paid out as follows:
 - o \$300 for seniors eligible for the Old Age Security pension, and
 - o an additional \$200 for seniors eligible for the Guaranteed Income Supplement

Support for Individuals with Disabilities

- Government will provide a one-time, tax-free payment to individuals eligible for the Disability Tax Credit as of June 1, 2020
- Benefit will be paid out as follows:
 - o \$600 for Canadians with a valid Disability Tax Credit certificate
 - o \$300 for Canadians with a valid Disability Tax Credit certificate and who are eligible for the Old Age Security (OAS) pension
 - o \$100 for Canadians with a valid Disability Tax Credit certificate and who are eligible for the OAS pension and the Guaranteed Income Supplement (GIS)

- All seniors with a valid Disability Tax Credit certificate will receive a total of \$600 in special payments (disability support plus the support for seniors)
- People who are eligible for this special payment will receive it automatically

Employment Insurance (EI) – Employee Lay offs

- No waiting – the first week off will now be eligible for EI pay
- Any income earned by the employee while on EI will reduce benefits – as usual
- CERB is an alternative for those who cannot claim EI
- Records of Employment (ROE) must be issued by employers

Employer Health Tax (EHT) Exemption Limit

- Temporarily increased to \$1 million for 2020
- Limit is shared amongst an associated group
- Ensure to complete [Associated Employers Exemption Allocation Form](#)

Income Tax, GST/HST & Tax Extensions

Personal and Corporate income taxes and instalments – extended to September 1, 2020 for amounts due after March 18, 2020 (includes self-employed individuals)

Personal income tax filings for 2019 – extended from April 30, 2020 to June 1, 2020 (self employed individuals still must file by June 15, 2020). No penalties will be assessed for returns filed by September 1, 2020 as long as balances owing are paid by September 1, 2020.

Corporate income tax filings otherwise due between May 31, 2020 and August 31, 2020 are extended to September 1, 2020. Essentially, November 2019 to February 2020 year ends have had their deadline extended. This also applies to T106, T1135, and any elections, forms and schedules that must be filed with the return.

GST/HST payment due from March 31, 2020 to May 31, 2020 – extended to June 30, 2020. CRA has not extended the filing deadline but will not impose late filing penalties as long as returns due during the same period are filed by June 30, 2020.

Trust income tax filings with a December 31, 2019 year end – extended to May 1, 2020. Trusts with a January 2020 or February 2020 tax year end, deadline is June 1, 2020. Trusts that would otherwise have a filing due date between May 31, 2020 and August 31, 2020 are extended to September 1, 2020. No penalties will be assessed for returns filed by September 1, 2020 as long as balances owing are paid by September 1, 2020. Taxes and instalments extended to September 1, 2020.

Partnership and Non-Resident NR4 Information Returns for 2019 – extended to May 1, 2020

Other

CRA Audit & Collection Activities – temporarily suspended but will be resumed in June 2020

Property taxes – in Vaughan, do not have to pay your interim 2020 property taxes until July 1, 2020 (previously June 1, 2020). No penalties apply. Many other municipalities offering the same deferral – check with your local municipality.

Check with your landlord for any potential rent/TMI deferrals

For Fazzari + Partners related publications visit our [website](#)

Other Resources

- [*Finance Release – Government Introduces COVID-19 Emergency Response Act, No. 2*](#)
- [*Government of Canada – Canada's COVID-19 Economic Response Plan*](#)
- [*Income tax filing and payment dates: CRA and COVID-19*](#)
- [*CPA Canada Federal government COVID-19 tax updates*](#)
- [*Canada Summer Jobs Program – Eligibility*](#)
- [*CRA Canada Emergency Wage Subsidy Application*](#)
- [*CRA FAQ on the CEWS*](#)
- [*CMHC Announcement on Rent Assistance*](#)
- [*PM Announces Rent Assistance for small businesses*](#)
- [*Ontario-Canada Emergency Commercial Rent Assistance Program*](#)
- [*Bill C-15 Canada Emergency Student Benefits*](#)
- [*Prime Minister announces expansion of support for workers and small businesses*](#)
- [*FedDev Ontario - RRRF*](#)
- [*PM's Update – Disability Support*](#)
- [*CEBA FAQ website*](#)