



Bradley D. Severin Professional Corporation
Chartered Professional Accountant

CANADA'S COVID-19 ECONOMIC RESPONSE PLAN

AN OVERVIEW OF FEDERAL SUPPORTS FOR BUSINESS AND INDIVIDUALS
AND THE EVER-CHANGING LANDSCAPE



HOW WE GOT HERE (THE “HIGHLIGHTS”)

- MARCH 18TH – INTRODUCTION OF “CANADA’S COVID-19 ECONOMIC RESPONSE PLAN”;
- MARCH 25TH – BILL C-13 AN ACT RESPECTING CERTAIN MEASURES IN RESPONSE TO COVID-19;
- MARCH 27TH – NEWS CONFERENCE INTRODUCES “CANADA EMERGENCY WAGE SUBSIDY” (CEWS);
- APRIL 1ST – “DETAILS” OF CEWS EMERGE THROUGH PRESS RELEASE AND NEWS CONFERENCE;
- APRIL 14TH – BILL C-14 – COVID-19 EMERGENCY RESPONSE ACT NO. 2;
- APRIL 15TH – NEWS CONFERENCE ANNOUNCES CHANGES IN ELIGIBILITY TO CERB;
- APRIL 16TH – NEWS CONFERENCE ANNOUNCES EXPANSION OF CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) & VAGUE OUTLINE OF CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE (CECRA) PROGRAM;
- APRIL 17TH – NEWS CONFERENCE ANNOUNCEMENT OF PROGRAMS ADMINISTERED THROUGH REGIONAL DEVELOPMENT AGENCIES TO SUPPORT BUSINESSES THAT “FALL THROUGH THE CRACKS”;
- TODAY – NEWS CONFERENCE ANNOUNCEMENT OF SUPPORT FOR STUDENTS AND NEW GRADS AFFECTED BY COVID-19.

TEMPORARY WAGE SUBSIDY (TWS)

- “SUBSIDY” FUNDED ENTIRELY BY THE EMPLOYER;
- BROAD ELIGIBILITY – INDIVIDUALS, PARTNERSHIPS, NPO’S, CHARITIES & CCPC’S;
- VALID “RP” ACCOUNT ON MARCH 18TH REQUIRED & PAY ELIGIBLE REMUNERATION TO AN ELIGIBLE EMPLOYER;
- 10% OF REMUNERATION PAID FROM 3/19/20 – 6/19/20 UP TO \$1,375/ELIGIBLE EMPLOYEE AND TO A MAXIMUM OF \$25,000 PER EMPLOYER;
- NO REQUIRED APPLICATION PROCESS – REDUCTION IN REMITTANCES FOR WITHHOLDINGS (TAX, CPP, EI);
- EMPLOYER (OR PAYROLL ADMINISTRATOR) IS RESPONSIBLE FOR CALCULATION.

CANADA EMERGENCY WAGE SUBSIDY (CEWS)

- SUBSIDY OF 75% OF BASELINE REMUNERATION PAID TO AN ELIGIBLE EMPLOYEE BY AN ELIGIBLE EMPLOYER TO A MAXIMUM OF \$847 PER WEEK (EQUATES TO ANNUAL SALARY OF \$58,700);
- LOTS OF DEFINED TERMS IN BILL C-14: BASELINE REMUNERATION, ELIGIBLE EMPLOYEE, ELIGIBLE REMUNERATION & PRIOR REFERENCE PERIOD ARE LIKELY MOST IMPORTANT;
- CORPORATION WILL QUALIFY IF IT MEETS THE “REVENUE DECLINE” TEST:
 - 15% DECLINE IN REVENUE FOR MARCH 2020 WHEN COMPARED TO MARCH 2019 **OR** WHEN COMPARED TO AVERAGE OF REVENUE RECORDED IN JANUARY & FEBRUARY 2020;
 - 30% DECLINE IN REVENUE FOR APRIL AND ONGOING MONTHS IN 2020 WHEN COMPARED TO THE SAME MONTH IN 2019 **OR** WHEN COMPARED TO AVERAGE OF REVENUE RECORDED IN JANUARY & FEBRUARY 2020;
- IF AN EMPLOYER IS ELIGIBLE FOR ONE CLAIM PERIOD, IT AUTOMATICALLY QUALIFIES FOR THE SUBSEQUENT PERIOD.

CEWS (CONT'D)

- BILL C-14 GIVES THE FINANCE MINISTER THE POWER TO EXTEND THE PROGRAM TO SEPTEMBER 30, 2020 WITHOUT PARLIAMENTARY APPROVAL (CURRENTLY SET TO END JUNE 6TH);
- ONCE YOU SELECT A METHOD FOR THE REVENUE DECLINE TEST, YOU CANNOT CHANGE;
- YOU CAN CALCULATE REVENUE ON THE “ACCRUAL” BASIS OR THE “CASH” BASIS – ONCE YOU SELECT A METHOD FOR A PERIOD YOU CANNOT CHANGE;
- NUMBER OF “REVENUE” ITEMS THAT ARE EXCLUDED IN THE DECLINE TEST – EXTRAORDINARY ITEMS, “N-A-L” REVENUE; ANY CEWS AND TWS SUBSIDY RECEIVED;
- SPECIAL RULES EXIST FOR COMPLEX CORPORATE GROUPS BASED ON “AFFILIATION” RULES;
- CALCULATIONS ARE DIFFERENT FOR “PRE-EXISTING” AND “NEW” EMPLOYEES – ALSO A SEPARATE SET OF CALCULATIONS FOR “N-A-L” EMPLOYEES;

CEWS (CONT'D)

- CEWS BENEFITS ARE REDUCED BY ANY AMOUNTS CLAIMED UNDER THE TWS FOR THE SAME CLAIM PERIOD;
- CEWS IS ALSO REDUCED BY ANY EI WORK-SHARING BENEFITS RECEIVED FOR THE SAME CLAIM PERIOD;
- CPP AND EI IS REFUNDABLE TO THE EMPLOYER FOR EMPLOYEES WHO ARE “ON-LEAVE WITH PAY”;
- PRACTICALLY, THE CEWS IS CREDITED TO THE EMPLOYER’S CORPORATE INCOME TAX ACCOUNT AS AN OVERPAYMENT – NO HOLD-BACK OF THE BENEFIT FOR UNPAID TAX OR GST/HST;
- SIGNIFICANT ANTI-AVOIDANCE RULES AND PENALTIES FOR ABUSE!

CEWS – ITEMS OF INTEREST

- REVENUE DECLINE **DOES NOT** HAVE TO BE SPECIFICALLY RELATED TO COVID-19;
- A PERSON WITH “FINANCIAL RESPONSIBILITY” MUST BE APPOINTED AND RESPONSIBLE FOR ATTESTATION;
- APPROXIMATELY 3,000 AUDITORS ARE TO BE ASSIGNED TO CEWS & CERB TO ASSESS AFTER-THE-FACT ELIGIBILITY;
- CRA NOW HAS AN “ELIGIBILITY CALCULATOR” ONLINE:
 - [HTTPS://WWW.CANADA.CA/EN/REVENUE-AGENCY/SERVICES/SUBSIDY/EMERGENCY-WAGE-SUBSIDY/CEWS-CALCULATE-SUBSIDY-AMOUNT.HTML](https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-calculate-subsidy-amount.html)
- TEMPLATES AVAILABLE FOR CALCULATING QUANTUM OF THE SUBSIDY;
- APPLICATION THROUGH CORPORATION “MY BUSINESS ACCOUNT” TO OPEN ON APRIL 27TH

CANADA EMERGENCY RESPONSE BENEFIT (CERB)

- “ELIGIBLE WORKERS” – RECEIVE \$500 PER WEEK FOR UP TO 16 WEEKS;
- WHO IS ELIGIBLE?
 - AT LEAST 15 YEARS OLD & RESIDENT OF CANADA’
 - HAVE **STOPPED WORKING BECAUSE OF COVID-19 AND 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 APPLICATION; **AND,**
 - NO EMPLOYMENT FOR 14 CONSECUTIVE DAYS IN THE INITIAL CLAIM PERIOD AND EXPECT TO HAVE NO EMPLOYMENT OR SELF-EMPLOYMENT INCOME IN SUBSEQUENT PERIODS;
- LATER EXPANDED TO ALLOW FOR UP TO \$1,000 OF EARNED INCOME PER MONTH WHILE COLLECTING CERB;
- EXTENDED TO INCLUDE SEASONAL WORKERS WHO HAVE EXHAUSTED EI REGULAR BENEFITS & CANNOT WORK BECAUSE OF COVID-19;
- EXTENDED TO WORKERS WHO HAVE RECENTLY EXHAUSTED EI REGULAR BENEFITS & CAN’T FIND A JOB BECAUSE OF COVID-19.

OTHER FEDERAL SUPPORT PROGRAMS FOR BUSINESS

- EXTENDED EI WORK SHARING PROGRAM;
- CHANGES TO CANADA SUMMER JOBS PROGRAM;
- BUSINESS CREDIT AVAILABILITY PROGRAM (BCAP);
- CANADA EMERGENCY BUSINESS ACCOUNT (CEBA);
- CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE (CECRA);
- COMMUNITY FUTURES NETWORK;
- IRAP;
- FUTURPRENEUR CANADA;
- RURAL DEVELOPMENT AGENCIES.

DEFERRAL OF TAX FILINGS & PAYMENT DEADLINES

- CORPORATIONS:

- IF YOUR FILING DUE DATE IS AFTER MARCH 1ST AND BEFORE JUNE 1ST, YOUR FILING DUE DATE WILL BE JUNE 1ST.
- IF YOUR TAX-DUE DATE (EITHER 2 OR 3 MONTHS AFTER YOUR FISCAL YEAR-END) FALLS BETWEEN MARCH 18TH AND BEFORE SEPTEMBER 1ST, PAYMENT OF FEDERAL CORPORATE TAX IS DEFERRED UNTIL SEPTEMBER 1ST.

- INDIVIDUALS:

- FILING DUE DATE IS EXTENDED FROM APRIL 30TH TO JUNE 1ST;
- PAYMENT DUE DATE IS EXTENDED FROM APRIL 30TH TO SEPTEMBER 1ST.

- SELF-EMPLOYED INDIVIDUALS:

- FILING DUE DATE OF JUNE 15TH REMAINS UNCHANGED;
- PAYMENT DUE DATE IS EXTENDED FROM APRIL 30TH TO SEPTEMBER 1ST.

DEFERRAL OF GST/HST TAX PAYMENTS & REMITTANCES

- IF YOU HAD GST/HST PAYMENTS OR REMITTANCES DUE (INCLUDING INSTALLMENTS) ON OR AFTER MARCH 27TH AND BEFORE JUNE 2020, YOU CAN DEFER THESE PAYMENTS AND/OR REMITTANCES UNTIL JUNE 30, 2020;
- GST/HST RETURNS ARE EXPECTED TO BE FILED ON THEIR REGULAR DUE DATES – CRA HAS CONFIRMED THAT IT WILL NOT APPLY PENALTIES FOR LATE-FILED RETURNS PROVIDED THEY ARE FILED BY JUNE 30TH.

QUESTIONS?

Bradley D. Severin Professional Corporation

bseverin@bdspctax.com

(780) 938-2467

www.bdspctax.com