



**NOSEWORTHY
CHAPMAN**

chartered professional accountants

June 17, 2020

COVID-19

Impact on Businesses

In the past number of weeks there has been some additional information provided by the Federal Government in respect of the various subsidy and loan programs. The following key items of note are provided to help ensure that you are not missing any opportunity for funding that you may be eligible to apply for.

CEWS - Extension of Subsidy Periods

The government has announced that the CEWS subsidy will be extended to the end of August. Originally announced to conclude on June 6th, the extension will now result in qualifying businesses having the ability to receive CEWS for an additional three months. The Minister of Finance has confirmed that the qualification criteria for period 4 which ends on July 4th (i.e. 30% revenue reduction) will remain the same. Consultations are ongoing and it is expected that any changes in criteria for period 5 (July 5th to August 1st) or period 6 (August 2nd to August 29th) will be announced shortly. Once details surrounding the eligibility criteria for periods 5 and 6 become available, we will keep you informed.





CEBA – Expansion of criteria for CEBA

The government announced expanded eligibility for the CEBA loan on June 15th. The CEBA, initially announced on April 9th, provides a zero-interest, partially forgivable loan of up to \$40,000 to qualifying businesses. The expanded eligibility now includes businesses that have payroll less than \$20,000 if they incur eligible non-deferrable expenses of between \$40,000 and \$1.5 million. If you are the sole owner-operator of a business, if your business relies on contractors, or if you have a family-owned business and you pay employees through dividends, you may qualify for the CEBA loan.

Eligible non-deferrable expenses include costs such as:

- Wages and other employment expenses to independent (arm's length) third parties;
- Rent or lease payment for real estate used for business purposes;
- Rent or lease payment for capital equipment used for business purposes;
- Payments incurred for insurance related costs;
- Payments incurred for property taxes;
- Payments incurred for business purposes for telephone and utilities in the form of gas, oil, electricity, water and internet;
- Payments for regularly scheduled debt service; and
- Payments incurred under agreements with independent contractors and fees required in order to maintain licenses, authorizations or permissions necessary to conduct business by the Borrower.

The funds may not be used to fund any payments or expenses that are non-deferrable such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation. Eligible expenses will be reduced by the amount received under other COVID-19 subsidies such as the CEWS and TWS.





Once the expanded eligibility criteria application process expected to open June 19th commences, you will need three main pieces of information to complete the application:

- The name of the financial institution where you submitted your application;
- Your 9-digit business number (**same number** you used in your application with your financial institution); and
- Electronic or paper copies of Receipts / Invoices / Agreements to be uploaded as evidence of your 2020 Eligible Non-Deferrable Expenses.

When the expanded eligibility criteria become effective, and your pre-funding eligibility validation is successful, you should expect to receive funding within 10 – 15 business days.

The processing time starts when your application form through your primary financial institution and all required support documentation is received by the Government of Canada. Your application and supporting documentation must be properly completed to start the pre-funding eligibility validation process.

More information about the program can be found here <https://ceba-cuec.ca/>

Corporate Tax Filing Deadlines

As previously announced, the extended filing deadline for corporate tax returns due May 31st or in June, July or August 2020 is now September 1, 2020.

Payment of tax balances due and installments due on or after March 18th to September 1, 2020 remains at the new payment deadline date of September 1, 2020.

Service to Our Clients - Level 3 Operations

We are monitoring the progress of COVID-19 in our province and adhering to direction from officials to help stop the spread of this virus. Our offices remain closed to public access; however, we have established a drop off and receiving area on the main floor of our building for those clients unable to utilize pdf technology to provide documents to us in electronic format via our secure portal or via email. Signage is provided at our main entrance to direct you to the drop off location door. This intake area will be open from 8:30 to 4:30 Monday to Friday.

We continue to provide services to our clients utilizing our secure remote access. We are committed, as always, to fully serving your needs and to meet existing deadlines and delivering prompt responses to questions and concerns.

