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CHAPMAN**

chartered professional accountants

April 17, 2020

COVID-19

Impact on Businesses

Canada Emergency Wage Subsidy ('CEWS') Program

The passing of the CEWS legislation and recent announcements and clarifications as well as some tips to keep in mind of note are:

- If an employer has qualified for the CEWS for one claiming period, they will automatically qualify for the immediately following claiming period. For example, if an eligible employer meets the 15% revenue decline test in March, it is deemed to meet the test in April. The employer must then meet the revenue decline test in April or May to be deemed to meet the test for May.
- As previously reported:
 - Employers can apply the cash or accrual method of accounting for determining revenue but must apply the same method to all periods.
 - Employers can compare March, April and May 2020 revenue to the revenue for the same month in the prior year or as an alternative they can compare to the average revenue for January & February 2020. They must use the same method for all claiming periods.





- Entities that normally report revenue on a consolidated basis may choose to determine their qualifying revenue separately from the other entities in the consolidating group provided all entities choose to do so. Alternatively, eligible entities that are considered affiliated under the Income Tax Act (Canada) can choose to jointly elect to determine their revenue on a consolidated basis if all affiliated entities agree to do so. These elections should be considered in determining eligibility where it may not otherwise exist on a consolidated or non-consolidated basis.
- Changes have also been announced to the requirement that revenue from non-arm's length persons not be included in the determination of qualifying revenues. Now an entity that earns all or substantially all (90% or more) of its revenue from non-arm's length parties can jointly elect with each party to determine whether the required revenue reduction percentage for a period is met by reference to a weighted average of the qualifying revenues of the non-arm's length parties from whom the entity's revenue is received. This will apply, for example, to companies that employ workers whose wages are invoiced to a related company.

For more information on the CEWS please use the following link:



<https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

Canada Emergency Business Account ('CEBA') Program

Eligibility criteria changes now provide that employers will qualify for the \$40,000 CEBA loan program where they reported from \$20,000 to \$1,500,000 in Box 14 of their 2019 annual T4 summary.

You can now apply for a CEBA loan through your primary banking institution.

For more information on the CEBA please use this link:



<https://ceba-cuec.ca/>





Canada Emergency Response Benefit ('CERB') Program

The CERB now permits employees to earn to a maximum of \$1,000 of employment income in a qualifying period and remain eligible to receive the \$2,000 CERB. For more information on the CERB please see the following link:



<https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html>

New: Canada Emergency Commercial Rent Assistance ('CECRA') Program

While there are very limited details available at this time, the Federal Government has announced a new rent assistance program for businesses. The program will provide loans, including forgivable loans, to commercial property owners who provide small business tenants with reduced rent for the months of April, May and June 2020. We will provide details as soon as they are available.

Government of Newfoundland Support for Business

The Provincial Government has announced that it is extending filing deadlines for various provincial tax returns to June 23, 2020 for returns originally due on or between March 20, 2020 and May 31, 2020. Health and Post-Secondary Education Tax is included in this extension. Therefore, filing and remittance of such taxes for monthly filers for February, March and April 2020 reporting periods is extended to June 23, 2020. Provisions are also included in the release to address requests for relief from interest and penalties in the event taxes owing cannot be paid.

For more information see attached provincial news release :



<https://www.gov.nl.ca/releases/2020/fin/0407n05/>





Reminder of CRA Deadlines and Extensions

Clients can monitor up-to-date tax filing and payment extensions at the following link:



<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html>

Note there are no extensions to GST/HST return filing deadlines or payroll deduction remittance due dates.

There is no extension to the June 15 personal income tax filing deadline for self-employed individuals.

We continue to provide services to our clients utilizing our secure remote access and encourage all clients to deliver their accounting records and personal income tax information as soon as it is ready. Our offices are currently 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 provide documents to us in electronic format via our secure portal or via email.

Please note that due to the rate at which the various government programs are changing and being clarified, the information contained in this update reflects only the program information available as of the release date indicated above.

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