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chartered professional accountants

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## **COVID-19**

### **FINANCIAL IMPACT REPORT**

#### Expanded Support Programs

On October 9, 2020 the government of Canada announced changes to existing programs and the addition of a new rent subsidy program to expand support to businesses impacted by COVID-19.

#### **Canada Emergency Wage Subsidy (CEWS)**

The government had previously announced that the CEWS would be extended to June 2021. On October 9th the government announced that the maximum subsidy rate which was scheduled to decline to 45% in period 9 (October 25 – November 21) will remain at 65% from September 27, 2020 until December 19, 2020 (periods 8, 9, and 10). As government introduces legislative changes to reflect the announced changes, more details are expected to be known.

#### **Canada Emergency Business Account (CEBA)**

The CEBA program has been expanded to allow qualifying businesses and not for profit organizations (NPO) access to an additional \$20,000 interest free loan. The loan would be in addition to the original \$40,000 CEBA loan announced earlier this year. The government noted that 50% of this additional financing is forgivable if repaid by December 31, 2022. This results in a combined maximum interest free loan of \$60,000 with a combined maximum forgivable portion of \$20,000. The application deadline for the CEBA was also extended from October 31, 2020 to December 31, 2020. The government have not released the specifics of how businesses and NPO's will access the additional financing



but did mention that businesses will have to provide an attestation on how they have been impacted by COVID-19. More details on this new loan including the availability date and application process is expected in the coming weeks.

## Canada Emergency Rent Subsidy (CERS)

The Canada Emergency Commercial Rent Assistance Program (CECRA) has been replaced with a new Commercial Emergency Rent Subsidy (CERS) which will be available until June 2021. This subsidy, which will be provided directly to tenants, is available to businesses, charities and not for profit organizations that have suffered a decline in revenue. The maximum available subsidy, subject to a sliding scale, would be 65% of eligible expenses, including rent and interest on commercial mortgages until December 19, 2020. A top-up CERS of 25% is available to qualifying organizations temporarily shut down by a mandatory public health order issued by qualifying public health authority. Eligible organizations can retroactively claim the subsidy for the period that began September 27, 2020 to December 19, 2020. The government has not yet announced the details of the program after December 19, 2020.

For further information on the October 9, 2020 announcement, please refer to Department of Finance's website: <https://www.canada.ca/en/department-finance/news/2020/10/government-announces-new-targeted-support-to-help-businesses-through-pandemic.html>

## Canada Emergency Wage Subsidy (CEWS) / Temporary Wage Subsidy (TWS) Form PD 27

The Canada Revenue Agency (CRA) has released additional information relating to a mandatory filing requirement for employers who have availed of or plan to avail of the CEWS or TWS subsidies. Form PD27- 10% Temporary Wage Subsidy Self Identification Form for Employers is required to be filed with the CRA by December 31, 2020. The CRA will use the amounts declared on the PD-27 form to reconcile the 2020 annual remittances to the organization's payroll account.

For further information and to access Form PD-27, please refer to CRA's website: <https://www.canada.ca/en/revenue-agency/services/subsidy/temporary-wage-subsidy/tws-reporting.html>

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*Please note that due to the rate at which the current COVID-19 situation is changing, and the response by government to feedback on its initiatives, the information contained in this update is accurate as of the release date indicated above.*

