



**NOSEWORTHY
CHAPMAN**

chartered professional accountants

COVID-19

Impact on Businesses

Business Support Update

Today, the Federal government announced additional measures to support small business. The government has indicated specific details of the measures in today's announcement will be communicated before the end of March. The following is a high-level summary of the announcement.

Temporary Wage Subsidy

The Temporary Wage Subsidy previously announced for qualifying businesses has been increased from 10% to 75%, for up to 3 months, retroactive to March 15, 2020. The intent of this subsidy is to assist businesses in keeping or returning workers to the payroll. The government has indicated that more details on eligibility criteria will be communicated. They have inferred it is expected to start with the impact of COVID-19 on sales, and details how this subsidy will be applied will be shared before the end of March.





Deferral of the Payment of Goods and Services Tax/ Harmonized Sales Tax (GST/HST) and Customs Duties

To assist businesses with cashflow needs, the government has announced that businesses, including self-employed individuals, are permitted to defer payment of all GST/HST payments, as well as customs duties owed for imports, until June, as well as customs duties owed for imports. These amounts would normally have been due to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of this month. This measure will take effect immediately and is available to all businesses including sole proprietorships.

New Canadian Emergency Business Account

The government has launched a new Canada Emergency Business Account. This program will provide up to \$25 billion to eligible financial institutions so they can provide interest-free loans to small businesses. These loans are to be provided in the form of lines of credit of up to \$40,000 to businesses with payrolls of less than \$1 million. A quarter of this loan (up to \$10,000) is eligible for complete forgiveness. These loans will be guaranteed and funded by the Government of Canada and are intended to ensure that small businesses have access to the capital they need, at a zero per cent interest rate, so they can pay for rent and other important costs over the next number of months.

Small and Medium-Sized Enterprise Loan and Guarantee Program

The government has launched a new Small and Medium-sized Enterprise Loan and Guarantee Program that will enable up to \$40 billion in lending, supported through Export Development





Canada and Business Development Bank. The program will provide for guaranteed loans when small businesses go to their financial institutions to help weather the impacts of COVID-19. This is intended for small and medium-sized businesses that require greater help to meet their operational cash flow requirements.

The new Small and Medium-sized Enterprise Loan and Guarantee Program will operate as follows:

- Export Development Canada will provide guarantees to financial institutions so that they can issue new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized businesses. These loans will be 80 per cent guaranteed by Export Development Canada and must be repaid within one year.
- Small and medium-sized businesses can also get support through a new Co-Lending Program that will bring the Business Development Bank of Canada together with financial institutions to co-lend term loans to these businesses for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts of up to \$6.25 million through the program which will be risk-shared at 80 per cent between the Business Development Bank of Canada and the financial institutions. Eligible financial institutions will conduct the underwriting and funding directly for customers.

Clarifications of Previous Announcements

The COVID-19 relief plan proposed by the Federal Government has now been enacted into law. These new rules provide additional details on financial measures recently announced, including the Canada Emergency Response Benefit, designed to offer financial support to affected individuals and the Temporary Wage Subsidy, designed to help businesses retain employees. The following is an update of key items to note:





Canada Emergency Response Benefit (“CERB”)

The Federal Government is working to establish a secure web portal access to the CERB and has indicated that access will be available in early April, with payment expected to be processed in ten days. In the meantime, to ensure you receive your benefit in a timely manner, you may wish to visit your “My Account” on the Canada Revenue Agency (“CRA”) website to apply for online access and to set up direct deposit of any payments from the CRA into your bank account. The CRA will send you an access code by mail. Once the portal is active, we will provide further guidance on how to access this benefit.

To access our March 25, 2020 update for more details on CERB click here:



<https://noseworthychapman.ca/info-centre/covid-19-impact-on-business/>

For the link to the CRA “My Account” for individuals click here:



<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>

Temporary Wage Subsidy

To qualify for the Temporary Wage Subsidy, an employer must meet the definition of an “eligible employer”. According to Bill C-13, eligible employers include Canadian-controlled private corporations that were eligible for the \$500,000 small business limit for its last taxation year that ended before the start of the eligible period, individuals, (other than trusts), registered charities, and partnerships if all partners meet one of the previously noted conditions. Non-profit organizations are also eligible employers. As the qualifying rules and calculations can be complex, we recommend contacting us to confirm your eligibility for this subsidy.

Click here to access our March 23, 2020 update for more details on the subsidy:



<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>





Workers Compensation Update

We have spoken with a WorkplaceNL representative to determine when businesses will need to revise their 2020 wage estimate as a result of COVID-19 related layoffs and wage changes. WorkplaceNL has confirmed that employers will have an opportunity to revise the estimate prior to the recommencement of the pre-authorized payment plan. We will advise when this occurs.

2019 Personal Tax Filings

We are recommending that you continue to provide personal tax information to us so that we can complete your 2019 personal tax return in a timely manner.

Key benefits of filing your personal tax returns in advance of the announced extended filing deadline of June 1st include:

- Receiving eligible refunds earlier; and
- Early identification of taxes owing for cashflow planning when payments are due September 1st.

Our team is committed to servicing our valued clients remotely. We have many options available to clients to provide their personal tax information and include email, fax, secure online portal or secure drop off access located on the main floor of our office building.

We are utilizing technology to keep clients informed and are available to answer your questions as always via phone, email or online meeting.

If you have any questions or concerns, please do not hesitate to call our office at 364-5600 or directly contact a member of our client service team via email.

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