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COVID-19

Impact on Business

The rapid escalation of the COVID-19 virus and its potential economic impact has caused many businesses to contemplate or initiate partial or complete operational shutdown. Given that business has entered into this arena of uncertainty it is important that entrepreneurs remain informed and have access to the tools they need to understand obligations and items to consider in making the necessary business decisions facing them. The following, while not all encompassing, is intended to give guidance on finding relevant information currently available for key decision making.

Employee Matters

Employee situations are quickly evolving. Employers that may be planning the termination of an employee with respect to any issue that could be COVID-19 related need to be informed. First and foremost, on any labour matter, you should reach out to legal counsel to discuss any business risk you may be exposed to as a result of your decision.

Newfoundland and Labrador labour standards information can be found at the following link:



https://www.assembly.nl.ca/Legislation/sr/regulations/rc960781.htm#12_





Once you have received legal advice on how to proceed with any employee terminations, the following Service Canada websites provide useful information on the layoff process and preparing the necessary Record of Employment (ROE) for staff:

COVID-19 Employer information



<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>

Link for registering for ROE Web



<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe/register-roe.html>

Link for step-by-step instructions for preparing a ROE:



<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/completing-single-roe.html>

Currently Service Canada has announced a shortened waiting period for employees with the reason code D (illness or injury). However at this time, there has been no guidance provided for any other layoff or termination category.

If your employee wishes to confirm their waiting period, they can contact EI general inquiries. The contact number is **1-800-206-7218**. For this call they will need their SIN and access code received on filing to speak to an agent.

Financial Matters

On Wednesday March 18th the federal government provided further information on the measures announced to assist businesses under financial stress as a result of the COVID-19 pandemic.





Previously on March 13th the government announced the establishment of a \$10 billion credit facility to lend money to businesses impacted by the pandemic. The federal government has indicated that the assistance will be provided through the BDC and EDC crown lending corporations. In addition, the federal government also announced an additional \$300 billion in lending capacity for commercial banks. This lending is intended to allow commercial banks to provide credit assistance to businesses affected by the virus.

Businesses may be able to avail of a deferral of loan payments for up to a 6-month period with current lenders. We recommend contacting your account manager at your financial institution to discuss your particular loan situation.

BDC has established a webpage highlighting support for entrepreneurs impacted by the virus and is located at the following link:



<https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19>

Summary of key funding announcements on Wednesday, March 18th:

10% Salary subsidy available to businesses to a maximum of \$25,000

To support businesses that are facing revenue losses and to help prevent lay offs, the federal government is proposing to provide eligible small employers with a temporary wage subsidy for a period of three months. The subsidy will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Businesses will be able to benefit immediately from this support by reducing their remittances of income tax withheld on their employees' remuneration. Employers benefiting from this measure will include corporations eligible for the small business deduction, as well as non-profit organizations and charities.





Wage support for self-employed and those not eligible for EI

The federal government also announced a COVID-19 Emergency Support Benefit which is a biweekly subsidy for 14 weeks comparable to \$ 900 EI benefit. Government to roll out application and details over the next few days.

Tax deadlines changed

The deadline to file personal income tax returns has been extended to June 1. Taxpayers can defer tax payments that are due after today and before September 1st. Effectively the payment deadline has been extended to September 1 and interest and penalties will be waived for this period.

Further details of the above announcements are located at the following link:



<https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>

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