



COVID-19 ASSISTANCE PROGRAM CHECKLIST

April 16, 2020

The Fazzari + Partners COVID-19 Checklist is tool for identifying some financial support measures introduced by various governments and others (the “Programs”). The COVID-19 Checklist includes information obtained up to April 16, 2020, however, please be aware these Programs are subject to change and are constantly changing!!! In **yellow** we have highlighted the changes since our last Checklist.

Before considering or implementing any of the Programs in the Checklist, its advised to consult with your professional or contact one of our professionals to discuss these matters in the context of your situation.



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Canada Emergency Wage Subsidy (CEWS)

- Covers 75% of “eligible remuneration” **paid** from March 15, 2020 to June 6, 2020 (12 weeks)
- Eligible remuneration includes salary, wages and taxable benefits but excludes stock options, severance, personal use of corporate auto benefits
- Max is \$847 per week per employee (\$10,164 over 12 weeks)
- Applies to existing and new employees (new employees must be arm’s length employees)
- Employers need to apply every month and will receive money back. Online application portal to open mid April with funds expected 3-6 weeks later
- Employers need to reduce CEWS claim by any:
 - TWS claims for the same period; and
 - EI benefits received by employees through the Work-Sharing program
- Employers need to make best attempt to pay the other 25%
- Given the mechanics of the calculation, there is potential for employers to fully recover the 75% paid without paying the other 25% where wages are reduced from pre-crisis levels (referred to as “baseline remuneration”)
- Baseline remuneration is defined as average weekly remuneration paid between January 1 and March 15, 2020 excluding any seven days periods where employees did not receive remuneration. This will have to be calculated per employee
- For non-arm's length employees, such as family on payroll, they must be employed prior to March 15, 2020. The subsidy is limited to the lesser of 75% of the wage paid and 75% of their baseline remuneration up to a maximum benefit of \$847 per week. This looks to prevent artificial increases to non-arm's length salary after March 15, 2020 to get a higher or maximum subsidy
- Calculation is complex and requires a comparison of current weekly wages with pre-crisis weekly wages. For more details on the calculation, visit Finance Canada’s [website](#)
- More details on how to apply through the CRA website will follow soon
- **Eligibility**

Taxable corporations, partnerships, sole proprietors, not-for-profits and registered charities earning revenue from the provision of services or sale of goods in Canada

Registered payroll number with the CRA as of March 15, 2020

The entity earns revenue from the provision of services or sale of goods in the ordinary course of business carried on in Canada

15% decline in revenues in March and 30% decline in revenues April and May 2020 compared to same months in 2019 or the average revenues in January and February of 2020. Employers need to indicate which benchmark is being used when they apply and they will be required to use the same approach for the duration of the program. If an employer qualifies for one period (i.e. March 2020), it automatically qualifies for the next period (i.e. April 2020).

The decline in revenues is from arm's length sales (exclude related party sales)

Joint election may be filed for an affiliated group (common control by a person or spouse) to use the same consolidated qualifying revenue for the decline test (if applicable)

Joint election may be filed for an entity earning 90% or more of its revenue from non-arm's length persons to calculate the revenue decline based on the non-arm's length entity's revenue decline (if applicable)

Joint election is filed for an affiliated group (common control by a person or spouse) to use the same consolidated qualifying revenue for the decline test (if applicable)

Joint election is filed for an entity earning 90% or more of its revenue from non-arm's length persons to calculate the revenue decline based on the non-arm's length entity's revenue decline (if applicable)

Salary has been paid to "eligible employees". Eligible employees will be limited to employees that have not been without remuneration for more than 14 consecutive days in the eligibility period. Only extends to employees that have generally continued to have been paid

Employer has chosen whether to use the accrual or cash method to calculate revenues but not a combination of both. Once a method is picked, it has to be used for the duration of the program

Online application and attestations completed

Employer Paid CPP and EI Refund Program

- Government introduced a new 100% refund program for employer paid CPP and EI contributions paid on wages eligible for the CEWS
- Does not apply to the 10% Temporary Wage Subsidy (TWS)
- This refund program is in addition to the \$847 weekly maximum benefit and there is no limit on the refund amount
- Employers must still remit the CPP and EI and will claim the refund as part of the CEWS application if applicable
- **Eligibility**

The business is eligible for the CEWS

Salary or wages have been paid to employees on leave

The employee did not perform any work for the employer throughout the entire week (not available for employees that are on leave with pay for only a portion of the week)

Temporary Wage Subsidy (TWS)

- Covers 10% of wages from March 18, 2020 to June 20, 2020
- Max is \$1,375 and \$25,000 per employer
- No money received but reduction of income tax remittances to CRA (does not include CPP & EI)
- All employees eligible – **no restriction for owner managers and their families on payroll**

- **Eligibility**

Canadian-Controlled Private Corporation (CCPC), sole-proprietor, partnership, non-profit or registered charity

If CCPC, small business limit greater than \$nil

Registered payroll number with the CRA as of March 18, 2020

Reduced remittances submitted to CRA

Canada Summer Job Program

- The program provides wage subsidies to employers to create summer work experiences for individuals ages 15 to 30 years
- Program will now provide up to 100% of the minimum hourly wage for each employee
- Employers are also now allowed to hire staff on a part-time basis
- The end date of employment has been extended to February 28, 2021
- Those who applied and completed the process can view job postings on the government's Job Bank [website](#)

Canada Emergency Business Account

- Government guaranteed loan \$40,000
- Interest free in year 1
- \$10,000 forgiven to eligible businesses if loan repaid by December 31, 2022
- Available through the bank – **contact them**
- **Eligibility**

NEW - Payroll between \$20,000 and \$1.5 million in 2019

Canada Emergency Response Benefit

- \$2,000 per month for four months (16 weeks)
- Available to all but mainly for individuals not eligible for regular EI benefits (i.e. self-employed)
- **NEW** – Allows people to earn up to \$1,000 per month while collecting CERB
- **NEW** – Program extended to seasonal workers who have exhausted their EI regular benefits and are unable to undertake their regular seasonal work
- **NEW** – Program extended to workers who have exhausted their EI regular benefits and are unable to find a job or return to work
- **Eligibility**
 - Earned at least \$5,000 of income in 2019 or the 12 months preceding application date from employment, self-employment, maternity leave benefits or non-eligible dividends (collectively “earned income” for the purpose of this benefit)
 - Ceased work for at least 14 consecutive days (applies to each 2 week claim period)
 - Individuals have exhausted their EI benefits and are either a seasonal worker who cannot undertake their season work or individuals who are unable to find a job or return to work
 - Did not receive any “earned income” during the claim period
 - Did not quit voluntarily

Canada Emergency Commercial Rent Assistance (CECRA)

- Government has proposed the CECRA to provide loans to commercial property owners to help lower or forgo rent of small businesses for April (retroactive), May and June 2020.
- Loans may be forgivable (criteria to be announced)
- Implementation will require partnership between the federal and provincial governments
- Stay tuned for more details on eligibility and roll out of this program

Employment Insurance (EI) – Employee Lay offs

- No waiting – the first week off will now be eligible for EI pay
- Any income earned by the employee while on EI will reduce benefits – as usual
- CERB is an alternative for those who cannot claim EI
- Records of Employment (ROE) must be issued by employers

Employer Health Tax (EHT) Exemption Limit

- Temporarily increased to \$1 million for 2020
- Limit is shared amongst an associated group
- Ensure to complete [*Associated Employers Exemption Allocation Form*](#)

Income Tax, GST/HST & Tax Extensions

Personal and Corporate income taxes and instalments – extended to September 1, 2020 for amounts due after March 18, 2020 (includes self-employed individuals)

Personal income tax filings for 2019 – extended from April 30, 2020 to June 1, 2020 (self employed individuals still must file by June 15, 2020)

Corporate income tax filings for September, October and November 2019 year ends – extended to June 1, 2020

GST/HST payment due from March 31, 2020 to May 31, 2020 – extended to June 30, 2020. CRA has not extended the filing deadline but will not impose late filing penalties as long as returns due during the same period are filed by June 30, 2020

Trust income tax filings with a December 31, 2019 year end – extended to May 1, 2020. Trusts with a January 2020 or February 2020 tax year end, deadline is June 1, 2020. Taxes and instalments extended to September 1, 2020

Partnership and Non-Resident NR4 Information Returns for 2019 – extended to May 1, 2020

Other

CRA Audit & Collection Activities – temporarily suspended for now

Property taxes – in Vaughan, do not have to pay your interim 2020 property taxes until June 1, 2020. No penalties apply. Many other municipalities offering the same deferral – check with your local municipality.

Check with your landlord for any potential rent/TMI deferrals

Related Fazzari + Partners Publications

- [*COVID-19 #10 – Bill C-14*](#)
- [*COVID-19 #8 – The NEW Canada Emergency Wage Subsidy*](#)
- [*COVID-19 #7 – Increase to the Wage Subsidy, GST/HST Deferral & Tax Extensions*](#)
- [*COVID-19 #6 – Bill C-13*](#)
- [*Ontario's Action Plan 2020: Responding to COVID-19*](#)
- [*COVID-19 #5 – The New Canada Emergency Response Benefit*](#)
- [*COVID-19 #4 – Temporary Wage Subsidy Eligibility*](#)

Other Resources

- [Finance Release – Government Introduces COVID-19 Emergency Response Act, No. 2](#)
- [Government of Canada – Canada's COVID-19 Economic Response Plan](#)
- [Income tax filing and payment dates: CRA and COVID-19](#)
- [CPA Canada Federal government COVID-19 tax updates](#)
- [Canada Summer Jobs Program – Eligibility](#)