



# Relief measures for businesses: Canada's COVID-19 response plan

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Many Canadian businesses, along with non-profits and charities, may be particularly hard-hit by the financial fallout of COVID-19 and may experience a significant loss of revenue. The Government of Canada has put into place a variety of measures to help Canadian businesses facing hardship as a result of the COVID-19 outbreak to avoid layoffs of workers. Among the measures are a new loan program for businesses, wage subsidy programs for employers and deferred payment deadlines for income tax and GST / HST.

Here's a brief summary of some of the relief measures available to businesses and non-profits in Canada.

## Canada Emergency Business Account

The Canada Emergency Business Account (CEBA) provides interest-free loans of up to \$40,000 to businesses and not-for-profits to help cover their operating costs during a period where their revenues have been temporarily reduced due to the economic impacts of the COVID-19 pandemic. The loans are guaranteed by the Canadian government and administered by your financial institution. Up to \$10,000 can be forgiven (25% of the loan amount) if the balance is repaid by December 31, 2022.

To qualify, borrowers will need to demonstrate they paid between \$20,000 to \$1.5 million in total payroll in 2019, based on their 2019 T4 SUM Summary of Remuneration Paid. On May 19, 2020, the government announced that businesses with payroll lower than \$20,000 will also be eligible, so long as they have certain non-deferrable expenses such as rent, property taxes, utilities and insurance, between \$40,000 and \$1.5 million.

## Applying at CIBC

Business owners who do day-to-day business banking with CIBC are able to use a fully digital application process to apply for CEBA. To qualify, the business must use a CIBC business operating account, opened on or before March 1, 2020, for day-to-day payments and cash management activities. If CIBC isn't your primary bank, you should apply through the financial institution that holds your primary business operating account.

To apply, CIBC business clients must have registered for CIBC Online Banking® for Business and have their T4 SUM Summary of Remuneration Paid available to supply key information for their application.<sup>1</sup> Once the loan is processed, funds will be deposited directly to the client's CIBC business operating account. If the loan can't be repaid by December 31, 2022, it can be converted into a 3-year term loan with an interest rate of 5%.

To make sure CIBC can manage application volumes and process loans quickly, all applications must be submitted online. If your business isn't yet registered for CIBC Online Banking® for Business, you can register now using your CIBC Business Convenience Card® number.

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<sup>1</sup> The government is working on potential solutions to help applicants who have yet to file a tax return, such as a newly created business.

## Other Loan and Guarantee Programs

In addition to the CEBA, as part of Canada's Business Credit Availability Program (BCAP), some businesses may also be able to obtain financing to assist with operational cash flow requirements through a new co-lending program set up with the Business Development Bank of Canada (BDC) and a loan guarantee program with the Export Development Bank of Canada (EDC). Loans under each of these programs will be for incremental credit amounts up to \$6.25 million. CIBC clients may now apply for the EDC BCAP as either a term loan or credit facility. Further details on eligibility and specific loan criteria are available through CIBC Commercial Banking Relationship Managers, and on the [EDC website](#).<sup>2</sup>

## Wage subsidy programs

To help prevent lay-offs, the government has announced two separate wage subsidy programs. The Canada Emergency Wage Subsidy provides both large and small employers with a subsidy that may be up to 75% of employee wages, to help employers to keep their workers when they have had a decline in revenues of 30%<sup>3</sup> or more. The second program, the Temporary Wage Subsidy, is aimed at assisting small- and medium-sized employers with their payrolls by offering qualifying employers a wage subsidy of 10% through reduced payroll remittances.

Detailed information on these two wage subsidy programs may be found in our report, "[Wage subsidy programs for employers: Canada's COVID-19 response plan](#)."<sup>4</sup>

## Canada Emergency Commercial Rent Assistance (CECRA)

The CECRA program provides loans to qualifying commercial property owners who are landlords, to cover 50 per cent of monthly rent payable for April, May and June 2020 by eligible tenants who are experiencing financial hardship. The program is administered by the Canada Mortgage and Housing Corporation (CMHC). The loans will be disbursed directly to the landlord's financial institution and will be forgiven if the landlord reduces the tenants' rents by at least 75 per cent for the three corresponding months under a rent forgiveness agreement, which includes a term not to evict the tenant while the agreement is in place.

Eligible tenants include:

- Businesses paying less than \$50,000 per month in rent, have no more than \$20 million in gross annual revenues, who temporarily ceased operations or experienced at least a 70 per cent drop in pre-COVID-19 revenues<sup>5</sup>; and
- Non-profit or charitable organizations.

The landlord must agree to reduce the small business tenant's monthly rent by at least 75 per cent. The landlord would cover 25 per cent, the federal and provincial / territorial governments would share 50 per cent<sup>6</sup> and the tenant would cover the remaining 25 per cent of the rent. Landlords must either refund rents already paid for the relevant period, or, if the tenant agrees, provide a credit for future month(s) rent.

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<sup>2</sup> See [edc.ca/en/campaign/coronavirus-covid-19.html](https://edc.ca/en/campaign/coronavirus-covid-19.html).

<sup>3</sup> A revenue decline of 15% for March 2020 may also qualify.

<sup>4</sup> The report "Wage subsidy programs for employers: Canada's COVID-19 response plan" is available online at [cibc.com/content/dam/personal\\_banking/advice\\_centre/tax-savings/covid-wage-subsidy-en.pdf](https://cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-wage-subsidy-en.pdf).

<sup>5</sup> Revenue loss can be calculated by comparing gross revenue from April, May and June of 2020 with either revenue from April, May and June of 2019, or alternatively the average gross revenues for January and February of 2020.

<sup>6</sup> The provinces and territories have agreed to share up to 25 per cent of costs and facilitate implementation of the program. For example, details of the Ontario-Canada Emergency Commercial Rent Assistance Program are available online at [news.ontario.ca/opo/en/2020/04/ontario-canada-emergency-commercial-rent-assistance-program.html](https://news.ontario.ca/opo/en/2020/04/ontario-canada-emergency-commercial-rent-assistance-program.html).

Applications may be made by a landlord for all impacted tenants at once, and must be made no later than August 31, 2020. The application portal opened on May 25, 2020. Dates to register for the program are staggered and depend on the province where the landlord is located.<sup>7</sup>

## Tax payment and filing deadlines

The government announced extensions of certain deadlines for filing tax returns and paying balances owing.<sup>8</sup>

### Income taxes

The tax return filing deadlines for some businesses have been extended. A T2 Corporation Income Tax Return is normally due six months after the corporation's year end. For corporations that would otherwise have a filing due date after March 18 and before June 1, 2020, the filing deadline has been extended to June 1, 2020. For corporations that have a filing deadline in June, July or August of 2020, the filing deadline has been extended to September 1, 2020. The filing deadline for a 2019 T1 Income Tax and Benefit Return has been extended to June 1 and remains June 15 for self-employed individuals and their spouses or common-law partners; however, the Canada Revenue Agency ("CRA") has stated that you will not be charged late-filing penalties or interest if your 2019 individual (T1) income tax returns are filed and payments are made prior to September 1, 2020.

There has also been an extension in the time to make certain payments. The CRA will allow all businesses to defer, until September 1, 2020, the payment of any income tax amounts that become owing on or after March 18, 2020 and before September 2020. This relief applies to tax balances due, as well as corporate income tax instalments. The government made it clear that no arrears interest or penalties will accumulate on these amounts during this period.

### GST / HST Remittances

The CRA has also pushed back the deadline for GST / HST remittances. Normally, GST / HST amounts collected by businesses are due by the end of the month following the vendor's reporting period. For example, if your business is a monthly filer, the GST / HST amounts collected on its February sales are due by the end of March. The CRA has announced that it will extend the remittance deadline until June 30, 2020. The result is that monthly filers can delay remitting amounts collected for the February, March and April 2020 reporting periods until June 30 while quarterly filers have until that date to remit amounts collected for the January 1, 2020 through March 31, 2020 reporting period. Annual filers, whose GST / HST return or instalments are due in March, April or May 2020, can now remit amounts collected and owing for their previous fiscal year as well as instalments of GST / HST for current fiscal year by June 30, 2020.

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<sup>7</sup> Information on what will be required to support an application can be found on the CMHC website at [cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business?guide=What%20you%20need%20to%20apply](https://cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business?guide=What%20you%20need%20to%20apply).

<sup>8</sup> Information from the CRA on income tax filing and payment dates in light of COVID-19 is available at [canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html](https://canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html).

## Audits

Finally, the CRA announced that it will generally not contact small or medium businesses to initiate any post assessment GST / HST or income tax audits until further notice. Interaction with taxpayers will be limited to “high risk and exceptional cases,” or cases of high risk GST / HST refund claims which may require some contact before will be paid out. Other audits are temporarily suspended.

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