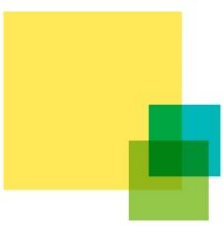




Zeifmans
Ideas with impact

COVID-19: Government benefit, subsidy and loan programs

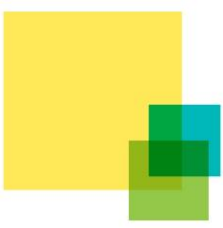
Current as of April 16, 2020



Zeifmans LLP
201 Bridgeland Avenue | Toronto | Ontario | M6A 1Y7
Phone: 416.256.4000 | Email: info@zeifmans.ca
Website: www.zeifmans.ca

Table of Contents

Canada Emergency Response Benefit (“CERB”).....	2
Mortgage Default Management (“MDM”).....	3
Canada Child Tax Benefit.....	3
Work-Sharing Program (“WSP”).....	3
Wage subsidy program (“WS”).....	5
Wage Subsidy Announcement Amended Bill C-14.....	7
Canada Emergency Wage Subsidy (“CEWS”).....	8
Canada Emergency Commercial Rent Assistance (“CECRA”) – NEW	11
Employer Paid Top up to EI Benefits (“Sub Plan”).....	11
Business Development Bank of Canada (“BDC”).....	12
Financial Institution Assistance.....	14
Flexibility for Businesses and Individuals Tax Filing and Payment Deadlines.....	15
What is not covered under the COVID-19 relief extension.....	15
SR&ED Tax Credits.....	16
Tax measures specific to Ontario.....	16
Assistance Available Through the Province of Ontario (“Province”).....	16



Following the official declaration of the COVID-19 pandemic by the World Health Organization, Canada's Federal Government has introduced a number of stimulus benefits for individuals and businesses alike. These financial programs (some of which have been legislated) are meant to cushion the blow that so many Canadian business owners are facing, following the closure of all non-essential businesses, and the associated market downturn.

While the details of many of these programs are still being finalized, it is wise to examine all the options even in their early stages to determine whether your business is eligible to apply. Given that we do not know how long this economic downturn will last, it is advisable to familiarize yourself with all the available subsidies and be prepared to accept any extra financing that you may need in order to remain financially viable during this unprecedented time.

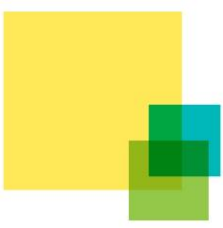
The team at Zeifmans has gathered a list of all the available programs to date, and we will be updating this page as new information becomes available. Let's take a closer look.

Canada Emergency Response Benefit ("CERB")

To support workers and help businesses keep their employees, the government has proposed legislation to establish the Canada Emergency Response Benefit. This taxable benefit would provide \$2,000 a month for up to four months for workers who lose their income as a result of the COVID-19 pandemic. The CERB would cover Canadians who have lost their job, are sick, quarantined, or taking care of someone who is sick with COVID-19, as well as working parents who must stay home without pay to care for children who are sick or at home because of school and daycare closures. The CERB would apply to wage earners, as well as contract workers and self-employed individuals who would not otherwise be eligible for Employment Insurance (EI).

This program also applies to workers who are still employed but are not receiving income because of disruptions to their work situation due to COVID-19 – who would also qualify for the CERB. This would help businesses keep their employees as they navigate these difficult times, while ensuring they preserve the ability to quickly resume operations as soon as it becomes possible. Canadians who have ceased working due to COVID-19, whether they are EI-eligible or not, would be able to receive the CERB to ensure they have timely access to the income support. Canadians who are already receiving EI regularly and sickness benefits as of today, would continue to receive their benefits and should not apply to the CERB.

The CERB measures will be accessible online in early April and one can apply online through your CRA My Account to have funds come directly to your direct deposit account.



In addition, other measures include:

- A \$305 million fund is being set for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities;
- A \$157.5 million funding (Enhancing the Reaching Home Initiative) to provide for a range of needs such as purchasing beds and physical barriers for social distancing and securing accommodation to reduce overcrowding in shelters;
- \$50 million for women's shelters and sexual assault centres to help with their capacity to manage or prevent an outbreak in their facilities.

Mortgage Default Management ("MDM")

The Federal government on March 16 introduced an Insured Mortgage Purchase Program to purchase \$50B of insured mortgage pools through the Canada Mortgage and Housing Corporation ("CMHC"). This will assist long-term stability to fund banks and lenders who can assist homeowners experiencing financial difficulty. These include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements. CMHC will permit lenders to allow payment deferral beginning immediately.

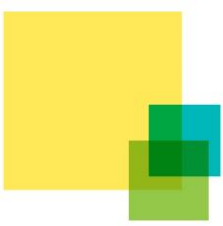
Those individuals who think they can benefit from this tool should be directed to the financial institutions where they have mortgage facilities to discuss all details. It is important to know that financial institutions may have conditions applicable to this tool and may have approval processes in place.

Canada Child Tax Benefit

Eligible recipients will receive \$300 more per child with their regular May CCB payment. If you have previously applied for the CCB, you do not need to re-apply. For more information on the Canada Child Benefit such as how to apply and eligibility requirements, go to [Canada child benefit](#) or call 1.800.387.1193.

Work-Sharing Program ("WSP")

Work-Sharing (WS) is a program that helps employers and employees avoid layoffs when there is a temporary decrease in business activity beyond the control of the employer. The program provides EI benefits to eligible employees who agree to reduce their normal working



hours and share the available work while their employer recovers. Work-Sharing is an agreement between employers, employees and the Government of Canada.

WSP allows employers to retain qualified and experienced workers and avoid recruiting and training new employees. WSP allows employees to keep their jobs and maintain their work skills. Key program features are as follows:

WSP unit is a group of employees with similar job duties who agree to reduce their hours of work over a specific period of time;

Equal sharing of work: All members of a WSP unit agree to reduce their hours of work by the same percentage and to share the available work;

Expected work reduction: A WSP unit must reduce its hours of work by at least 10% to 60%. The reduction of hours can vary from week to week, as long as the average reduction over the course of the agreement is from 10% to 60%;

Agreement length and extension: A WSP agreement has to be at least 6 consecutive weeks long and can last up to 26 consecutive weeks. Employers may be able to extend their agreements up to a total of 76 weeks.

WSP temporary special measures are to support employers and workers affected by COVID-19 effective March 15, 2020 to March 14, 2021, and it is not limited to one specific sector or industry. The Government of Canada is introducing temporary special measures.

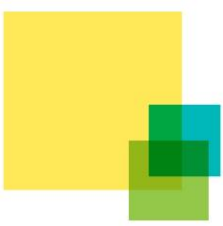
1. Extension of the maximum possible duration of an agreement from 38 weeks to 76 weeks;
2. Mandatory cooling off period has been waived for employers who have already used the WSP so that eligible employers may immediately enter into a new agreement;
3. Reduce the requirement and expand eligibility to employers affected by accepting businesses who have been in business for only 1 year rather than 2 and eliminate the burden of having to provide sales/production figures at the same time.

To be eligible for a WSP agreement, your business must:

1. Be a year-round business in Canada for at least 1 year;
2. Be a private business, a publicly held company or a not-for-profit organization;
3. Have at least 2 employees in the WSP unit.

Your business is not eligible for WS if it is experiencing a reduction in business activity due to:

1. A labour dispute;
2. A seasonal shortage of work;
3. A pre-existing and/or recurring production slowdown;



4. There is a decrease in business activity due to a recent increase in the size of the workforce.

To be eligible for WS, your employees must:

1. Be year-round, permanent, full-time or part-time employees needed to carry out the day-to-day functions of the business (your "core staff");
2. Be eligible to receive EI benefits;
3. Agree to reduce their normal working hours by the same percentage and to share the available work.

Employees that are not eligible for WS include:

1. Seasonal employees and students hired for the summer or a co-op term;
2. Employees hired on a casual or on-call basis, or through a temporary help agency;
3. Employees who are needed to help generate work and/or who are essential to the recovery of the business. For example: senior management, executive-level marketing/sales agents, outside sales representatives, technical employees engaged in product development, employees who hold more than 40% of the voting shares in the business.

Employers are now requested to submit their applications 10 calendar days prior to the requested start date, whereas prior to COVID-19, employers were requested to send their WSP application (and supporting documentation) 30 calendar days prior to their requested start date.

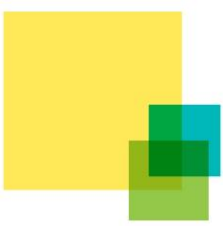
Interaction with the Canada Emergency Wage Subsidy

For employers and employees that are participating in a Work-Sharing program, EI benefits received by employees through the Work-Sharing program reduce the benefit that their employer is entitled to receive under the Canada Emergency Wage Subsidy.

To inquire and apply, employers across Canada may call toll-free 1.800.367.5693. Hours of operation are 7:00 am to 8:00 pm, Eastern Time, Monday to Friday. Service Canada has also created an inquiry unit for clients affected by COVID-19 that are seeking information related to the WSP. Inquiries can be sent to EDSC.DGOP.TP.REP-RES.WS.POB.FSDC@servicecanada.gc.ca for specific Work-Sharing information or to request general information about the Program.

Wage subsidy program ("WS")

WS was brought in a wage subsidy for the next 90 days, up to a maximum of \$1,375 per employee and \$25,000 per employer. To be specific, the subsidy is equal to 10% of the remuneration you pay from March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible



employee and to a maximum of \$25,000 total per employer. It is a three-month measure. It will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA). The subsidy must be calculated manually, either by you or whoever is responsible for making your payroll remittances. The CRA will not automatically calculate the allowable subsidy. An eligible employee is an individual who is employed in Canada. The following businesses are eligible, if you are:

1. An individual (excluding trusts),
2. A partnership (partnerships are only eligible for the subsidy if their members consist exclusively of individuals (excluding trusts), registered charities, or Canadian-controlled private corporations (CCPCs) eligible for the small business deduction),
3. A non-profit organization,
4. A registered charity,
5. A Canadian-controlled private corporation (including a cooperative corporation) eligible for the small business deduction;
6. Have an existing business number and payroll program account with the CRA on March 18, 2020;
7. Pay salary, wages, bonuses, or other remuneration to an eligible employee.

The subsidy calculation is based on the total number of eligible employees employed at any time during the three-month period. Please see the following example scenarios:

Scenario 1

You have 5 eligible employees earning monthly salaries of \$4,100 for a total monthly payroll of \$20,500. Your wage subsidy for the month will be 10% of \$20,500, or \$2,050.

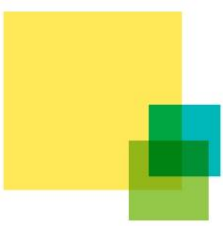
For the three-month period, if all your payroll information remains the same in each month, you will pay \$61,500 of remuneration. Therefore, 10% of the remuneration you pay in the three-month period is \$6,150.

Since this amount is below the maximum allowable amount of \$6,875 ($\$1,375 \times 5$ employees), your total wage subsidy for the three-month period will be \$6,150.

Scenario 2

You have 8 eligible employees earning monthly salaries of \$4,750 for a total monthly payroll of \$38,000. Your wage subsidy for the month will be 10% of \$38,000, or \$3,800.

For the three-month period, if all your payroll information remains the same in each month, you will pay \$114,000 of remuneration. Therefore, 10% of the remuneration you pay in the three-month period is \$11,400.



Since this amount is above the maximum allowable amount of \$11,000 (\$1,375 x 8 employees), your total wage subsidy for the three-month period will be capped at \$11,000.

Businesses do not need to apply for the subsidy. Businesses will continue deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do. The subsidy is calculated when you remit these amounts to the CRA. Once the business has calculated its applicable subsidy, you can reduce your current payroll remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy. It is important to know that a business cannot reduce its remittance of CPP contributions or EI premiums. Businesses must continue remitting the CPP contributions and EI premiums that businesses deducted from their employees, as well as your share of CPP contributions and EI premiums, to the CRA. You can start reducing payroll remittances of federal, provincial, or territorial income tax in the first remittance period that includes remuneration paid from March 18, 2020 to June 19, 2020, i.e. you can reduce your payroll remittance that is due to the CRA on April 15, 2020.

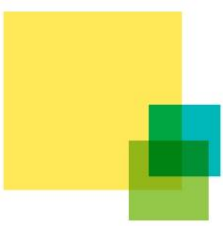
It is important to note that if the business did not pay salary, wages, bonuses, or other remuneration to an eligible employee from March 18, 2020 to June 19, 2020, it cannot receive the subsidy, even if you are an eligible employer. In addition, if your business receives the subsidy, it must report the total amount as income in the year in which the subsidy is received.

Detailed information and the source of the above information can be reviewed, by [clicking here](#).

Wage Subsidy Announcement Amended Bill C-14

On April 11, 2020 the Canadian Parliament enacted into law the COVID-19 Emergency Response Act, No. 2, which is the second wave of relief measures – the first measure being Bill C-13 that is part of the Canada Emergency Wage Subsidy (“CEWS”).

Qualification will require the consideration of eligible employers and employees, and the baseline remuneration period will include January 1, 2020 to March 15, 2020 – all of which are now defined in a new subsection 125.7(1) of the Act.



Canada Emergency Wage Subsidy (“CEWS”)

Who can qualify?

Eligible entities (or entity/employers): Individuals, trusts, taxable corporations, non-profit organizations and registered charities. Partnerships are included, as long as all of the members are eligible employers. There are restrictions on Public entities. It is available to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

What qualifies for CEWS?

Baseline remuneration: Remuneration paid that includes salary, wages and other remuneration such as taxable benefits. These are amounts for which employers are generally required to withhold or deduct amounts to remit to the Receiver General of Canada on account of the employee's income tax obligation. These do not include any retiring allowance, severance pay, stock option benefits or employee benefits (excluding items such as car allowance).

What is the Qualifying Amount?

The qualifying amount is 75% of the eligible baseline remuneration up to a maximum of \$847 per week. An **arms-length employee** can receive up to a maximum benefit of \$847 per week, whereas a **non-arm's length employee** can receive the benefit **ONLY** if employed prior to March 15, 2020.

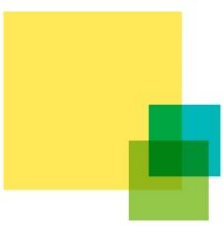
Notes:

- An eligible employee is an individual who is employed in Canada and has not been without remuneration for 14 or more consecutive days in the qualifying period;
- The word remuneration is not defined in the Act, except in Regulation 100. This **does not** include dividends – implying that many businesses that pay on profit will not be eligible for CEWS;
- Determination of the baseline remuneration will be a simple mathematical average of the weekly amounts paid for the period that begins on January 1, 2020 and ends on March 15, 2020.

Qualifying Revenue Test for Eligible Employers – Benchmarking

Eligible employers must show a decline in revenue during the following **three qualifying periods**:

1. **Period 1** (March 15, 2020 to April 11, 2020);
2. **Period 2** (April 12, 2020 to May 9, 2020); and
3. **Period 3** (May 10, 2020 to June 6, 2020).



Revenue Benchmarking tests

An employer's revenue for this purpose is its revenue in Canada earned from arm's-length sources. Revenue is calculated using the employer's normal accounting method, and exclude revenues from extraordinary items and amounts on account of capital. For registered charities and non-profit organizations, the calculation includes most forms of revenue, excluding revenues from non-arm's length persons. These organizations are allowed to choose whether or not to include revenue from government sources as part of the calculation. Once chosen, the same approach applies throughout the program period. All revenue tests will need to be analyzed for period 1, period 2 and period 3 as defined above.

Approach 1: Relative to prior year

- 15% decline in March 2020 revenue in comparison to March 2019
- 30 % decline in April and May 2020 revenue in comparison to April and May 2019

OR

Approach 2: Same year average

- Revenues for Jan and Feb 2020 are used as a benchmark when applying the 15% drop and the 30% drop test.

Consolidated Revenue Test

If you are an eligible employer and are part of an eligible employer group that prepares a consolidated financial statement, the choices are **either**:

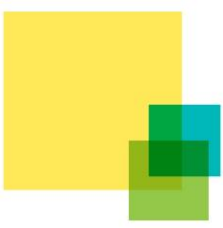
Each member of the group may determine its qualifying revenue separately, provided every member of the group determines its qualifying revenue on that basis – i.e., satisfy the “qualifying revenue test” described above.

OR

Each member of an affiliated group of eligible employers can jointly elect the “qualifying revenue test” of the group, to be determined on a consolidated basis in accordance with relevant accounting principles to be used for each member of the group.

Election Under Cash Method

An eligible employer can choose to elect under cash method for the “qualifying revenue test” during the “qualifying period”. This can be as opposed to reporting on accrual method.



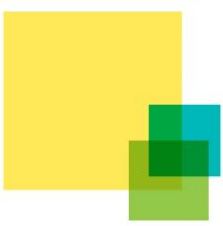
Notes:

- Once a particular method for revenue benchmarking is chosen, then this method has to be used for all future qualifying periods;
- The revenue test does not address seasonal businesses and other or similar part-time eligible employers who will fall outside of the qualifying period;
- Financial statements will need to be prepared as part of supporting documentation for all qualifying periods – the wording is “normal accounting practice” which will assume to be GAAP or ASPE compliant;
- In an non-arms length group, where one member pays or receives a management fee which is then used to pay employees, then in such a case, the above test can be used to show eligibility criteria;
- Similar rules of consolidated revenue test can be used for joint ventures, persons or partnerships with which each eligible member **does not** deal at arm’s length and each particular person or partnership jointly elects with the eligible entity (here means employer);
- Election under cash method is the cash method as in section 28 (1) of the Act – used in farming and fishing businesses;
- Eligible employers can **exclude** in “qualifying revenue test” any government assistance, grants or subsidies – this will include SR&ED benefits, low interest (below market rate) assistances, **AND** the current CEWS amounts as these will qualify as part of government subsidies;
- The “qualifying employers” can use the subsidy to have refund of payroll overheads such as EI, CPP, or other provincial payments;
- The CEWS measure **does not** mean “qualifying employers” from stopping to collect and remit employee contributions on account of payroll;
- The current measure can be applied in conjunction with the other financial assistance provided as part of COVID-19 measure;
- If a “qualifying revenue” test is met in period 1, then period 2 automatically qualifies regardless of whether the “qualifying revenue” test is met in period 2. However, to access the subsidy in period 3, the “qualifying revenue” test must be met in period 2;
- As usual all subsidies are taxable income for the “qualifying employer”.

Anti-avoidance Provision

An introduction of new subsection 125.7(6) now contemplates strict anti-avoidance measures for:

- Any transaction undertaken to become a “qualifying employer” or attempt to meet the “qualifying revenue test” will see penalties, fines and even imprisonment – employers can face 25% fines of amount claimed, as well as a requirement to repay any CEWS amounts granted by the government;
- Amendment to section 241 – this grants the Minister the power to communicate or otherwise make available to the public, in any manner that the Minister considers appropriate, the name of any person or partnership that makes an application under



the present Bill C-14 Act. This can be a “**name and shame**” response from the Minister for anyone abusing the current relief measures which are trust based (as per the Honorable Minister Bill Morneau).

How to Apply

Eligible employers will be able to apply for the CEWS through the Canada Revenue Agency's *My Business Account* portal. Employers will need to keep records demonstrating their reduction in arm's-length revenues and remuneration paid to employees. More details about the application process will be made available shortly.

Interaction with 10% Wage Subsidy

On March 25, 2020, the COVID-19 Emergency Response Act, which included the implementation of a temporary 10% subsidy, received Royal Assent. For employers that are eligible for both the CEWS and the 10% wage subsidy for a period – any benefit from the 10% wage subsidy for remuneration paid in a specific period generally reduces the amount available to be claimed under the CEWS in that same period.

Further general information regarding the program can be located through the [Government of Canada web site](#).

Canada Emergency Commercial Rent Assistance (“CECRA”) – NEW

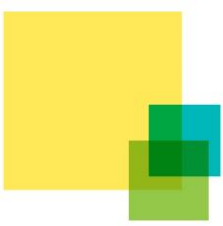
On April 16, 2020, the Federal Government announced it is working to introduce the Canada Emergency Commercial Rent Assistance program for small businesses that will seek to provide loans and/or forgivable loans to commercial property owners, who in turn, will lower or forgo the rent of small businesses for the months of April (retroactive), May, and June.

Implementation of the program is assumed to be built based on a partnership with provincial and territorial governments who are responsible for property owner-tenant relationships. The Federal Government did not introduce specific details of the program. Zeifmans will monitor future announcements and update information accordingly.

Employer Paid Top up to EI Benefits (“Sub Plan”)

Employees may claim EI benefits AND the employer pays a top up to the employee.

1. The amount of the top up plus the EI benefit cannot exceed 95% of the employee's regularly weekly earnings;
2. The top up must be paid periodically (weekly or bi-weekly) and not in a lump sum;
3. Payments must be reported by employer and by employee;



4. A Sub Plan must be registered with Service Canada. This is a simple process.
5. There is no waiting period, once you register (e-mail or fax in the forms) and the employee begins to receive the EI benefit, you can begin to pay the top up.

The following is an example of how the top up payment works.

Scenario

- Employee's normal weekly earnings before lay off: \$1,200;
- 95% of normal weekly earnings: \$1,140 (95% of \$1,200);
- EI benefit: \$573 (maximum EI payment)
- Maximum sub payment employer can make is \$567 (\$1,140 - \$573)

Total for week = \$567 (employer top up) + \$573 (EI) = \$1,140

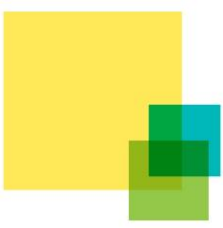
Additional notes to the above:

- The employer does not have to pay the maximum amount (95% of weekly earnings). It can pay any amount, provided the amount does not exceed 95% of regular earnings;
- There is a slightly different calculation if the employee is working elsewhere. Check out the Service Canada Page for the calculation of the Top Up if the employee has EI benefits and alternate employment income.
- The employee will have a one week waiting period before getting EI benefits (unless, the employee is claiming benefits for illness or quarantine). Employers can choose whether to pay any amount to the employee, up to 95%, during this one week waiting period.

The process for registering a Sub Plan, as far as government programs go, does appear to be a simple process. Employers must submit two (2) documents to Service Canada. If you are unionized, you must also attach a copy of your collective agreement. The first document is the Sub Plan. The second document is Form SC-NAS5036. Send the signed Sub Plan (on your letter head) and the completed Form SC-NAS5036 to [Service Canada by email](#) or fax at 506.548.7473. In addition, for information on the Sub plan, please visit Service Canada. Or you can contact the Sub Plan department at 1.800.561.7923.

Business Development Bank of Canada ("BDC")

BDC and Export Development Canada ("EDC") to provide more than \$10 billion of additional support, largely targeted to small and medium-sized businesses. This will be an effective tool for helping viable Canadian businesses remain resilient during these very uncertain times. BDC introduced a program to support Canadian companies during these uncertain times. While there is no formal description located outlining the content of the program, Zeifman



Partners Inc (“Zeifman”) contacted BDC on its own and were able to gather some information related to this program. The following is a high-level information on the new loan program and some of the information that BDC will be looking at:

1. While it certainly accepts new clients, BDC may work with existing clients in priority;
2. Businesses which BDC could not work with in the past and declined lending application will least likely fit for that program;
3. Maximum lending is \$2 million;
4. 12 months interest only payments;
5. 36 months term to a 60% balloon after initial postponement;
6. Pricing: Floating Only (Base (5.05%– 1.75%); 3.3% currently and may change;
7. 2nd rank General Security Agreement and/or potential real estate charge (case dependent on the latter);
8. May ask for personal guarantees.

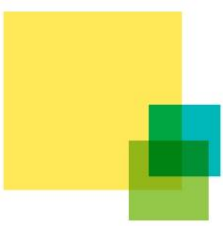
Required documentation (not a conclusive list, BDC may ask additional documentation):

1. Most recent three years of accountant prepared year-end financial statements; (for the Borrower and related companies)
2. Most recent interim financial statements (if year-ends are more than 3 months old) with comparisons to the previous year's interim period (if available);
3. Projections and/or a cash flow forecast (as required – a 6 month cash flow forecast may be most applicable);
4. An organizational chart to the beneficial ownership level (i.e. shareholder level) listing all companies in the group

Some of the required due diligence questions (again, this is not conclusive and additional questions may be asked):

1. At what activity level do you anticipate to operate at over the next six months (i.e. full shut down or reduced capacity), with source any continued demand?
2. With a working capital loan and/or postponement (and support from other lenders) does this cover your cash needs for the next six months?
3. What are your agreements with key suppliers (and customers) on payment terms / support for the next six months?
4. What are the key carrying costs (cash burn) for the next 6 months?
5. Do you have line-of-sight to required raw materials for the next six months?
6. If there is a franchisor involved, have they suspended required payments?

If you have additional questions or require additional clarifications, please contact your trusted Zeifmans advisor.



The EDC BCAP Guarantee is a new partnership between EDC and financial institutions across Canada to support businesses financially impacted by the COVID-19 pandemic. EDC will provide a guarantee to your financial institution, giving you access to additional credit for payroll and operational costs. While no specifics are available regarding this program, clients are encouraged to contact an EDC account manager about any additional support they require. For assistance with insurance products and online portals call 1.866.716.7201 or contact [EDC by email](#). New EDC clients should use a toll-free number at 1.800.229.0575.

Financial Institution Assistance

On March 27, 2020 the Prime Minister announced through his press release that banks will offer \$40,000 loans to businesses, which are interest free for a year, and up to \$10,000 could be waived for repayment. Zeifmans inquired with several financial institutions and gathered the following general information:

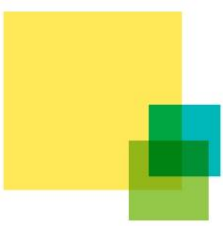
- There is a \$40,000 interest-free, government-guaranteed loan to help you pay for operating costs that you're not able to defer as a result of COVID-19;
- \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022;
- If the loan cannot be repaid by December 31, 2022, it can be converted into a 3-year term loan charging an interest rate of 5%.

On a high level, businesses or not-for-profits, will be eligible to apply for this loan if they have, or can:

- Business is an operating company registered in Canada;
- Demonstrate payroll expenditures in 2019 of between \$20,000 and \$1.5 million; Application should be made through a primary bank. This means, it is the bank which the business its Business Operating Account (opened on or before March 1, 2020) for day-to-day payments and cash management activities. Businesses may have to apply through their primary Bank.

The loan will be available beginning the week of April 6, 2020, financial institutions, will not accept applications until then.

To get additional details about this program, we recommend reviewing your financial institution's website for relevant information – look for COVID 19 and/or Relief sections.



Flexibility for Businesses and Individuals Tax Filing and Payment Deadlines

The Canada Revenue Agency (“CRA”) will now allow the following extensions:

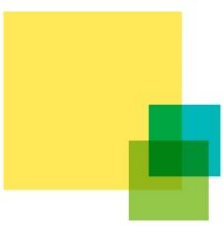
- **Corporations:** Any off-calendar year-end returns due after March 18, 2020 and before June 1, 2020, the deadline is June 1, 2020. No changes if the year-end is December 31. Tax payments are extended until Sept 1, 2020 and applies to all balances and installments **ONLY** under Part 1 that is due on or after March 18 and before September 1, 2020.
- **Trusts & Partnerships:** The new extension is now May 1, 2020 and this does not apply to GRE trusts. The payment deadline of taxes is extended to September 1, 2020.
- **2019 NR4 information return:** The new extension is now May 1, 2020 (Part XIII non-resident tax).
- **GST:** New extension until June 30, 2020. This is applicable for monthly filers who collected for periods from February through April; quarterly filers due as of March 30 and annual filers where due date is March and before May 2020.
- **Personal Taxes for individuals:** Filing is now extended to June 1, 2020.
- **Charities:** If return is due after March 18, 2020, the new deadline is now December 31, 2020.
- **Filing of CRA objections:** If the deadline is after March, 18 2020, the new deadline is now June 30, 2020.

What is not covered under the COVID-19 relief extension

- Any taxes other than Part 1 such as Part IV, IV.1, VI.1 or XII taxes are due on their usual due dates. Payroll remittances must be made on their due dates – businesses eligible for the COVID-19 wage subsidy can take an appropriate reduction in the remittance amounts;
- Withholding under Reg. 102, 105 and 116 are due under normal due dates;
- No relief for prescribed form information, for example, if you are applying for SR&ED tax incentives, there is no relief;
- Self-employed returns are due as of June 15, 2020;
- SIFT trusts with returns due as of March 30 are not covered.

The CRA will not contact any small or medium (“SME”) businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks. For the vast majority of businesses, the CRA will temporarily suspend audit interaction with taxpayers and representatives.

Detailed information regarding filing deadlines and payments can be sourced by clicking [here](#).



SR&ED Tax Credits

The government provides generous tax credits for qualifying research and development activities carried out by Canadian businesses. For instance, an Ontario based corporation can claim up to 66 cents on every eligible dollar expensed. Eligible work generally is any development activity that had roadblocks which required application of new challenging methods or developing of tools which were not otherwise readily available. Many of our clients have benefited from this program and received either refundable tax credits (in the form of cash) or non-refundable tax credits that have been used to actively off-set and reduce any corporate taxes owing. In difficult times like now, any cash is valuable to the corporation. The filing deadline is 18 months since the corporation's year end after which, the corporation cannot access the tax credits even if it had qualifying research and development activities. Note that the present COVID-19 measures do not grant an extension to filing of SR&ED tax credit claims, and if you feel that your corporation may be eligible, or want to discuss eligibility, please contact your Zeifmans advisor.

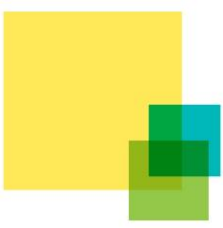
Tax measures specific to Ontario

- A six-month extension on any provincial tax payable beginning April 2020 and includes; EHT, tobacco and beer, wine and spirit taxes, fuel and gas, mining, insurance premiums, retail sales tax on insurance contracts and benefit plans;
- EHT exemption limit has increased from \$490K to \$1M for 2020 and any WSIB payments can be deferred for a six-month period. Sch.1 employers can defer WSIB premium payments until August 31, 2020.

Click [here](#) for more information and [here](#) for Ontario specific updates.

Assistance Available Through the Province of Ontario (“Province”)

1. Province proposed to double the Guaranteed Annual Income System (GAINS) maximum payment to \$166 per month for individuals and \$332 per month for couples for six months, starting in April 2020;
2. Help families to pay for extra costs associated with school and daycare closure during the COVID-19 outbreak by providing a one-time \$200 payment per child up to 12 years of age, and \$250 for those with special needs, including kids enrolled in private schools;
3. Provide six months of Ontario Student Assistance Program (OSAP) loan and interest accrual relief for student borrowers, in partnership with the federal government;
4. Make electricity bills more affordable for eligible residential, farm and small business consumers. The Province is also setting electricity prices for time-of-use customers at the lowest rate, known as the off-peak price, 24 hours a day for 45 days, to support



ratepayers in their increased daytime electricity usage as they respond to the COVID-19 outbreak, addressing concerns about time-of-use metering;

Detailed information related to the support provided by the Province of Ontario can be reviewed, by [clicking here](#).

Which programs are right for me?

As the COVID-19 pandemic continues to unfold, the team at Zeifmans remains 100% operational. We are committed to providing our clients with updated, detailed information on all the new financial programs that could be of assistance during this challenging time. For more specific information regarding your eligibility and the application process, [reach out to one of our team members today](#).

This report has been written and created by Zeifmans Manager, Roman Konovalov and Tax Manager Balaji (Bal) Katlai.