The summary below reflects enacted legislation and government announcements publicly available as of May 4, 2020. For more current information refer to the federal government website at: https://www.canada.ca/en/department-finance/economic-response-plan.html

COVID-19 Economic Response FAQ's for Businesses

(i) Relief programs available for independent advisors

For independent advisors who are not incorporated is there any help?

Even if you are not incorporated but you have employees you can still be eligible for business support measures. If you are a self-employed individual and you don't employ an employee, then you can apply for the Canada Emergency Response Benefit (CERB).

According to the Canada Revenue Agency (CRA), the program is open to a worker:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of reasons related to COVID-19 or is eligible for Employment Insurance regular or sickness benefits or has exhausted their Employment Insurance regular benefits or Employment Insurance fishing benefits between December 29, 2019 and October 3, 2020;
- Who had employment and/or self-employment income of at least $5,000 in 2019 or in the 12 months prior to the date of their application; and,
- Who have not quit their job voluntarily

When submitting a first claim, the claimant cannot have earned more than $1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of the claim. When submitting subsequent claims, the claimant cannot have earned more than $1,000 in employment and/or self-employment income for the entire four-week benefit period of your new claim.

For the CERB you would apply on your personal behalf.

For your business there are different government programs:

Canada Emergency Wage Subsidy (CEWS)

The CEWS is a subsidy available for a period of twelve weeks from March 15, 2020 to June 6, 2020, that will provide a subsidy of 75% of eligible remuneration, paid by an eligible entity (eligible employer) that qualifies, to each eligible employee—up to a maximum of $847 per week. Eligible employers, such as business owners, that see a drop of at least 15% of their qualifying revenue in March 2020 and 30% for the following months of April and May, when compared to their qualifying revenue for the same period in 2019 (or the average of January and February 2020, in some circumstances), will qualify for the wage subsidy.

An eligible employer means:

- a corporation (other than a public institution) that is not exempt from tax under Part I of the Income Tax Act (the Act);
- an individual (including a trust);
- a registered charity (other than a public institution);
- a person that is exempt from tax under Part I of the Act (other than a public institution), that is:
  - an agricultural organization;
  - a board of trade or a chamber of commerce;
  - a non-profit corporation for scientific research and experimental development;
  - a labour organization or society;
  - a benevolent or fraternal benefit society or order; and
  - a non-profit organization;
  - a partnership, each member of which is a person or partnership described in this list.

In order to qualify for the wage subsidy in respect of a claim period, an eligible employer must meet the following conditions:

- it had an open payroll program account with the CRA on March 15, 2020;
- it experienced the required reduction in revenue for one or more claim period;
- it makes a wage subsidy application for the claim period, in a prescribed form and manner, before October 2020; and
- the individual who has principal responsibility for the eligible employer's financial activities attests that the application mentioned above is complete and accurate in all material respects.

Temporary Wage Subsidy

Businesses which do not qualify for CEWS may still qualify for the Temporary Wage Subsidy. The 10% Temporary Wage Subsidy for Employers is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the CRA.

You are an eligible employer if you are a(n):

- individual (excluding trusts),
- partnership,
- non-profit organization,
- registered charity, or
- Canadian-controlled private corporation (including a cooperative corporation);

You must have an existing business number and payroll program account with the CRA as of March 18, 2020; and pay salary, wages, bonuses, or other remuneration to an eligible employee. An eligible employee is an individual who is employed in Canada.

Canada Emergency Business Account (CEBA)

Another program for which you may qualify is the CEBA. The CEBA will provide loans of up to $40,000 for businesses with 2019 payroll between $20,000 and $1,500,000. Where 75% of the loan is repaid by December 31, 2022, the remaining 25% will be forgiven. The loan is interest-free until December 31, 2022 after which it becomes a five-year term loan at 5% annual interest.

Canada Emergency Commercial Rent Assistance (CECRA)

If you are renting an office there is a new program which will provide relief to small business owners. The CECRA offers forgivable loans to eligible commercial property owners so that they can reduce the rent owed by their impacted small business tenants by at least 75% for the months of April, May and June 2020.

Impacted small business tenants are businesses, including non-profit and charitable organizations who:

- pay no more than $50,000 in monthly gross rent per location (as defined by a valid and enforceable lease agreement),
- generate no more than $20 million in gross annual revenues, calculated on a consolidated basis (at the ultimate parent level), and
- have temporarily ceased operations (i.e. generating no revenues) or has experienced at least a 70% decline in pre-COVID-19 revenues. To measure revenue loss, small businesses can compare revenues in April, May and June of 2020 to that of the same month of 2019. They can also use an average of their revenues earned in January and February of 2020.

Deferral of Income Tax and GST/HST Payments

You will also benefit from the deferral of Income Tax and GST/HST payments. Personal income tax balances and instalments payable, otherwise due on April 30 and June 15, 2020, respectively, can be deferred until September 1, 2020 without interest or penalties.

GST/HST payments due from March 27 to June 30, 2020, can be deferred until June 30, 2020 without interest or penalties.

Business Credit Availability Program (BCAP)

This program will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide more than $10 billion of additional support, largely targeted to small and medium-sized businesses. BDC is working with financial institutions to co-lend term loans for operational cash flow requirements of up to $6.25 million. EDC is working with financial institutions to issue new operating credit and cash flow term loans of up to $6.25 million.

Can an independent advisor with no employees claim under one of the income plans?

The CEWS is available for businesses who have a payroll account with CRA as of March 15, 2020, provided they meet all the other criteria. The CEBA is available for businesses whose 2019 annual payroll was between $20,000 and $1,500,000 (as reported on the business' 2019 T4 Summary), provided they meet all the other criteria. Therefore, an independent advisor with no employees would not qualify for either of these two programs.

The program that would be available to an independent advisor with no employees is the CERB provided all criteria are met. One of the requirements is that the applicant earned $5,000 of employment and/or self-employment income in 2019 or in the 12-month period preceding the period being applied for. According to the CRA website, small business owners can receive income from their business in different ways, including as salary, business income or dividends. In determining their eligibility for the CERB:

- Owners who take a salary from their business should consider their pre-tax salary;

- Owners who rely on business income should consider their net pre-tax income (gross income less expenses);
- Owners who rely on dividend income should consider this as self-employment income provided it comes from non –eligible dividends (generally, those paid out of corporate income taxed at the small business rate).

Therefore, based on the CRA's interpretation, it would appear that an independent advisor may qualify whether they are a sole-proprietor or incorporated provided they meet the above-mentioned and all other criteria.

The following programs are also available to an independent advisor with no employees:

Canada Emergency Commercial Rent Assistance (CECRA)

If you are renting an office there is a new program which will provide relief to small business owners. The CECRA offers forgivable loans to eligible commercial property owners so that they can reduce the rent owed by their impacted small business tenants by at least 75% for the months of April, May and June 2020.

Impacted small business tenants are businesses, including non-profit and charitable organizations who:

- pay no more than $50,000 in monthly gross rent per location (as defined by a valid and enforceable lease agreement),
- generate no more than $20 million in gross annual revenues, calculated on a consolidated basis (at the ultimate parent level), and
- have temporarily ceased operations (i.e. generating no revenues) or has experienced at least a 70% decline in pre-COVID-19 revenues. To measure revenue loss, small businesses can compare revenues in April, May and June of 2020 to that of the same month of 2019. They can also use an average of their revenues earned in January and February of 2020.

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(ii) Canada Emergency Business Account (CEBA)

Qualifications

Is the CEBA only available to corporations? Most insurance and investment advisors are operating under a sole proprietorship, any way to have this CEBA?

The legislation for the CEBA has not yet been released and/or enacted, however we understand from the federal government announcements is that the CEBA is available to small businesses and not-for-profits. The entity-type (i.e. corporation vs. sole proprietorship is irrelevant).

The eligibility requirements are as follows:

- The borrower is a Canadian operating business in operation as of March 1, 2020.
- The borrower has a federal tax registration.
- The borrower's total employment income paid in the 2019 calendar year was between $20,000 Canadian and $1,500,000 Canadian.
- The borrower has an active business chequing/operating account with the lender, which is its primary financial institution. This account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the lender by 90 days or more as at March 1, 2020.
- The borrower has not previously used the program and will not apply for support under the program at any other financial institution.
- The borrower acknowledges its intention to continue to operate its business or to resume operations.
- The borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

The borrower must also confirm each of the following:

- It is not a government organization or body, or an entity owned by government organization or body.
- It is not a union, charitable, religious or fraternal organization or entity owned by such an organization or if it is, it is a registered T2 or T3010 corporation that generates a portion of its revenue from the sales of goods or services.
- It is not an entity owned by individual(s) holding political office.
- It does not promote violence, incite hatred or discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.

Finally, the funds from this loan shall only be used by the borrower to pay non-deferrable operating expenses of the borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Can an advisor who hires two to three assistants apply for CEBA even though he receives service fees during this period? Can he meet the condition that his income is affected by this pandemic?

The legislation for the CEBA has not yet been released and/or enacted, however what we understand from the federal government announcements is that the CEBA is available to small businesses and not-for-profits. Even though this government website (https://ceba-cuec.ca/)refers to this program providing funding where the revenue for these businesses and not for profits has been temporarily reduced, there does not appear to be such a requirement.

The eligibility requirements are as follows:

- The borrower is a Canadian operating business in operation as of March 1, 2020.
- The borrower has a federal tax registration.
- The borrower's total employment income paid in the 2019 calendar year was between $20,000 Canadian and $1,500,000 Canadian. *
- The borrower has an active business chequing/operating account with the lender, which is its primary financial institution. This account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the lender by 90 days or more as at March 1, 2020.
- The borrower has not previously used the program and will not apply for support under the program at any other financial institution.
- The borrower acknowledges its intention to continue to operate its business or to resume operations.
- The borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

* Note that hiring the assistants now would not allow the advisor to access the CEBA as the requirement is that payroll was at least $20,000 in 2019.

The borrower must also confirm each of the following:

1. It is not a government organization or body, or an entity owned by government organization or body.
2. It is not a union, charitable, religious or fraternal organization or entity owned by such an organization or if it is, it is a registered T2 or T3010 corporation that generates a portion of its revenue from the sales of goods or services.
3. It is not an entity owned by individual(s) holding political office.
4. It does not promote violence, incite hatred or discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.

Finally, the funds from this loan shall only be used by the borrower to pay non-deferrable operating expenses of the borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Use of the Funds

Can a business owner use the proceeds from the CEBA loan to pay down current debts?

The CEBA has been implemented by eligible financial institutions in cooperation with Export Development Canada (EDC). Funds from the CEBA can only be used to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service. The funds may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation. Presumably the loan agreement between the borrower and the financial institution will have defined terms for "regularly scheduled debt service" and "prepayment/refinancing of existing indebtedness".

Administrative

For CEBA, does the client need to provide proof when they repay the $30,000 (keeping $10,000)? What if they spend only part of that $40,000? Or they just keep it in the bank and return $30,000?

Although different financial institutions may handle these differently, some provide the funds as a revolving line of credit until Dec. 31, 2020 and the outstanding balance on December 31, 2020 becomes a term loan. If the term loan is repaid by December 31, 2022, 25% is forgiven. So, where a business has utilized the full amount of the line of credit as of Dec. 31, 2020 (subject to the expense restrictions discussed below) the full amount will be converted to a term loan. If the business owner repays before December 31, 2022, it will result in 25% loan forgiveness. If the business owner repays later than this date, they have to repay the full amount.

The eligibility requirements are as follows:

- The borrower is a Canadian operating business in operation as of March 1, 2020.
- The borrower has a federal tax registration.
- The borrower's total employment income paid in the 2019 calendar year was between $20,000 Canadian and $1,500,000 Canadian.
- The borrower has an active business chequing/operating account with the lender, which is its primary financial institution. This account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the lender by 90 days or more as at March 1, 2020.
- The borrower has not previously used the program and will not apply for support under the program at any other financial institution.
- The borrower acknowledges its intention to continue to operate its business or to resume operations.
- The borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

The borrower must also confirm each of the following:

- It is not a government organization or body, or an entity owned by government organization or body.
- It is not a union, charitable, religious or fraternal organization or entity owned by such an organization or if it is, it is a registered T2 or T3010 corporation that generates a portion of its revenue from the sales of goods or services.
- It is not an entity owned by individual(s) holding political office.
- It does not promote violence, incite hatred or discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.

Finally, the funds from this loan shall only be used by the borrower to pay non-deferrable operating expenses of the borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Are CEBA penalties similar to CEWS?

With the caveat that we do not yet have full detail on many administrative aspects of the CEBA, we can comment that CEWS legislation under the Income Tax Act (ITA) carries penalties specific to the CEWS that don't apply to the CEBA namely:

1. A new specific anti-avoidance rule applies where an eligible entity, or a person who does not deal at arm's length with the eligible entity, enters into a transaction or series of transactions, or takes any other action (or fails to take an action), that has the effect of reducing the qualifying revenues of the eligible entity for the current reference period; and it is reasonable to conclude that one of the main purposes of that transaction, series or (in)action was to cause the eligible entity to qualify for the CEWS. If the anti-avoidance rule applies, the eligible entity is deemed to have suffered no revenue decline for the purposes of the Revenue Decline Test. Thus, it is ineligible for the CEWS. Additionally, where the anti-avoidance rule applies the eligible entity is liable to a new penalty equal to 25% of the amount of CEWS overpayment.

2. Disclosure of Applicant Identities and Information. New provisions explicitly provide the Minister (i.e. the CRA) with the power to disclose to the public the identity of any applicant, without qualification or specific justification, and in whatever format it deems appropriate. To be clear, any applicant may have its name – and, implicitly, the fact that its business suffered dramatically as a result of COVID-19 – disclosed to the public, regardless of whether it qualified for the CEWS or not. The CRA has indicated that it intends to publish a list of all employers who apply for the CEWS.

The following penalties under the ITA have broad application and could apply to both programs:

3. Gross Negligence Penalty. Statements or omissions can trigger the assessment of a gross negligence penalty under subsection 163(2). If a person makes (or participates in, assents to, or acquiesces to) a false statement or omission made knowingly or under circumstances amounting to gross negligence, then that person may be liable to a penalty equal to up to 50% of the understated tax and/or the overstated credits related to the false statement or omission. This penalty may be particularly relevant to the individual required to sign the attestation on the applications, as well as anyone who participates in the preparation of applications related to benefit programs. That penalty applies regardless of whether the CEWS was received. This penalty could also apply to the CEBA. We are continuing to monitor announcements, legislation and CRA interpretations for specific references to CEBA.

Subsection 239(1.1) of the Act will likely cover an employer making a false or deceptive attestation in the CEWS application. This is a criminal offence potentially resulting in up to 200% of the improper CEWS claim and 2 years of jail for the attestor. This penalty could also apply to the CEBA. We are continuing to monitor announcements, legislation and CRA interpretations for specific references to CEBA.

Will the $10,000.00 amount of the loan that is forgiven be considered taxable income?

Although not specifically yet mentioned on the CRA website, the $10,000 forgiven amount would likely be considered government assistance and, accordingly, must be included in taxable income of the recipient pursuant to paragraph 12(1)(x) of the ITA. This treatment, as taxable income, is consistent with all other funding announced thus far in response to COVID-19.

(iii) The Canada Emergency Wage Subsidy (CEWS)

My business is incorporated, and I have a total of three employees, which includes myself. Can I apply for CEWS for my own personal income as an employee?

Non-Arm's length employees (e.g. owner managers) qualify for CEWS if they were being paid eligible remuneration during the period between January 1 and March 15, 2020, excluding any period of seven or more consecutive days for which the employee was not remunerated ("baseline remuneration"). Eligible remuneration is defined to mean the most common forms of remuneration subject to payroll withholding, being salary, wages and fees for services. It excludes retiring allowances, employee stock option benefits, amounts which will be repaid by the employee or excess remuneration paid to an employee which is designed to increase the qualifying entity's CEWS claims.

The CEWS claim would be limited to the least of:

- 100% of remuneration paid to you for each week;
- 75% of your "baseline remuneration"; and
- $847.

For an example of how eligible wages are calculated for a non-arm's length employee, FAQ #20 and example 11 in the link below may help:

https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-frequently-asked-questions.html#h_2

Taxable Corporations may apply for the CEWS benefit. Professional Corporations, where the single shareholder is a professional (such as a physician) many have recorded large reductions in the medical practice income, is the doctor eligible?

The legislation applies also to sole shareholders. However, a special rule will apply to employees who do not deal at arm's length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of the lesser of $847 per week and 75 per cent of the employee's pre crisis weekly remuneration. The subsidy would only be available in respect of non-arm's length employees employed prior to March 16, 2020.

If he has a drop in gross revenues of at least 15% in March, 30% in April or 30% in May, would be able to access the subsidy.

The following programs are also available for qualifying business owners:

Canada Emergency Business Account (CEBA)

Another program for which you may qualify is the CEBA. The CEBA will provide loans of up to $40,000 for businesses with 2019 payroll between $20,000 and $1,500,000. Where 75% of the loan is repaid by December 31, 2022, the remaining 25% will be forgiven. The loan is interest-free until December 31, 2022 after which it becomes a five-year term loan at 5% annual interest.

Canada Emergency Commercial Rent Assistance (CECRA)

If you are renting an office there is a new program which will provide relief to small business owners. The CECRA offers forgivable loans to eligible commercial property owners so that they can reduce the rent owed by their impacted small business tenants by at least 75% for the months of April, May and June 2020.

Impacted small business tenants are businesses, including non-profit and charitable organizations who:

- pay no more than $50,000 in monthly gross rent per location (as defined by a valid and enforceable lease agreement),
- generate no more than $20 million in gross annual revenues, calculated on a consolidated basis (at the ultimate parent level), and
- have temporarily ceased operations (i.e. generating no revenues) or has experienced at least a 70% decline in pre-COVID-19 revenues. To measure revenue loss, small businesses can compare revenues in April, May and June of 2020 to that of the same month of 2019. They can also use an average of their revenues earned in January and February of 2020.

Deferral of Income Tax and GST/HST Payments

You will also benefit from the deferral of Income Tax and GST/HST payments. Personal income tax balances and instalments payable, otherwise due on April 30 and June 15, 2020, respectively, can be deferred until September 1, 2020 without interest or penalties.

GST/HST payments due from March 27 to June 30, 2020, can be deferred until June 30, 2020 without interest or penalties.

Business Credit Availability Program (vBCAP)

This program will allow the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) to provide more than $10 billion of additional support, largely targeted to small and medium-sized businesses. BDC is working with financial institutions to co-lend term loans for operational cash flow requirements of up to $6.25 million. EDC is working with financial institutions to issue new operating credit and cash flow term loans of up to $6.25 million.

For the Wage Subsidy program, how is revenue calculated; are expenses deducted?

Expenses are not deducted in determining revenue decline. Revenue is a top line figure. If the eligibility was based on "income" or "net income" then expenses would be a factor. The revenue decline test is based on "qualifying revenue" during the months being tested. The legislation defines "qualifying revenue" as the "inflow of cash, receivables or other consideration arising in the course of the ordinary activities of the employer – generally from the sale of goods, the rendering of services and the use by others of resources of the employer – in Canada in the particular period".

The following are to be excluded from the calculation:

- extraordinary items
- amounts derived from persons or partnerships not dealing at arm's length with the employer
- any CEWS claimed and any entitlement to the 10% wage subsidy"
- amounts on account of capital.

All of the above is to be determined in accordance with the employer's "normal accounting practices" (a new phrase introduced in subsection 125.7(4) of the Act), but an election can be made to determine revenue on the cash method instead for all claim periods.

What happens when a corporation started this year to pay a worker and issue a T4A so zero pay role deduction?

The payroll deduction remittances are to be made depending on the average monthly withholding amount and it varies from every week to a quarterly remittance. Even though the company has started this year and if it has employees (even only one employee) it has to remit the payroll deductions.

In order to qualify for 10% Temporary Wage Subsidy, you have an existing business number and payroll program account with the CRA on March 18, 2020; and pay salary, wages, bonuses, or other remuneration to an eligible employee, an eligible employee is an individual who is employed in Canada.

For more details please visit:

https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h1

For Canadian Emergency Wage Subsidy purposes here is what an eligible remuneration of an eligible employee means amounts paid to employee as salary, wages, and other remuneration, certain taxable benefits (provided such amounts are actually paid), and fees, commissions or other amounts paid for services. These are amounts for which an eligible employer would generally be required to make payroll deductions to be remitted to the CRA. The following amounts are not considered eligible remuneration:

- a retiring allowance;
- an amount deemed to have been received by the eligible employee as an employment benefit in respect of a stock option agreement;
- any amount received that can reasonably be expected to be paid or returned, directly or indirectly, to the eligible employer or to a person (or a partnership) at the direction of the eligible employer or with whom the eligible employer does not deal at arm's length;
- any amount that is paid in respect of a week in the claim period, if, as part of an arrangement involving the eligible employee and the eligible employer:
- the amount is in excess of the eligible employee's baseline remuneration,
    - after the claim period, the eligible employee is reasonably expected to be paid a lower weekly amount than their baseline remuneration, and
    - one of the main purposes for the arrangement is to increase the amount of the wage subsidy.

Baseline remuneration means the average weekly eligible remuneration paid to an eligible employee by an eligible employer for the period that begins on January 1, 2020 and ends on March 15, 2020. However, any period of seven or more consecutive days for which the employee was not remunerated is excluded from the calculation.

Claim Periods	Required Reduction in revenue	Reference periods for comparison under the general approach	Reference periods for comparison under the alternative approach
March 15 to April 11, 2020	15%	March 2020 over March 2019	March 2020 over average of January & February 2020
April 12 to May 9, 2020	30%	April 2020 over April 2019	April 2020 over average of January & February 2020
May 10, to June 6, 2020	30%	May 2020 over May 2019	May 2020 over average of January & February 2020

As a general rule to qualify for the CEWS before deciding what the eligible remuneration is, the employer has to have a reduction in qualified income. There are two methods to determine the reduction in the income. For a corporation which has started business the reference period will be under the alternative approach.

How do related companies qualify? E.G. Two Opcos owned by one Holdco but only one opco would qualify for the 15%/30% drop in revenue)

There are special rules for calculating the qualifying revenue of a group of eligible employers.

According to CRA;

> *"The qualifying revenue of an eligible employer is generally determined in accordance with its normal accounting practices. Consequently, when a group of eligible employers generally prepares consolidated financial statements, each member of the group will determine its qualifying revenue in accordance with those statements. However, each member of such a group may determine its qualifying revenue separately and not based on the consolidated statements, so long as every member of the group determines its qualifying revenue on that separate basis".*

All the members in the related group Opco1, Opco 2 and Holdco must elect that their qualifying revenue will be calculated separately.

For example, Corporation A owns all the shares of Corporation B. Both corporations are eligible employers. Corporation A prepares consolidated financial statement for accounting purposes. Assume that that there is no intercompany revenue. Below is the qualifying revenue for each corporation as well as their qualifying revenue on a consolidated basis for March 2019 and March 2020.

	Qualifying Revenue March 2019	Qualifying Revenue March 2020	Qualifying Revenue March 2020
Corporation A	$1,000,000	$1,000,000	0%
Corporation B	$1,000,000	$800,000	20%
Total on a consolidated basis	$2,000,000	$1,800,000	10%

In accordance with normal accounting practice Corporations A and B will not be eligible for the wage subsidy as their qualifying revenue, determined on a consolidated basis, has not experienced the required reduction in revenue of at least 15%. Therefore, Corporation A and Corporation B have decided to report their qualifying revenue separately. In that case, while Corporation A will not qualify for the wage subsidy, as it has not experienced the required reduction in revenue of at least 15%, Corporation B will qualify for the wage subsidy because its qualifying revenue has dropped by more than 15%.

(iv) The Temporary Wage Subsidy

What about the 10% wage subsidy? Is this cancelled by the 75% subsidy?

The CEWS provides a 75% wage subsidy to eligible employers for up to 12 weeks. For those who are not eligible for CEWS the 10% Temporary Wage Subsidy for Employers is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the CRA.

You are an eligible employer if you are a(n):

- individual (excluding trusts),
- partnership,
- non-profit organization,
- registered charity, or
- Canadian-controlled private corporation (including a cooperative corporation);

You have an existing business number and payroll program account with the CRA on March 18, 2020; and pay salary, wages, bonuses, or other remuneration to an eligible employee.

An eligible employee is an individual who is employed in Canada.

Does the wage subsidy help keep people at home if they are supposed to go back to work? Isn't this wage subsidy to pay employees to stay at home?

There are two types of Wage subsidies, both aim to help employers keep their employees and provide some relief. Because most businesses had to shut down, the revenues have declined, the wage subsidies are support measures to prevent employers laying off their employees or to help them rehire. Unlike the original 10% subsidy program where the eligible employers withheld tax in accordance with the normal tax withholding rules but would reduce the amount of the tax remittances to the CRA, the CEWS program provides for the transfer of cash from the government to the employer.

Is the original 10% small business wage subsidy still available on top of 75% CEWS?

Both measures still exist, but they cannot be claimed both at the same time. The 10% Temporary Wage Subsidy for Employers is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the CRA, it provides subsidy up to $1,350 per employee and $25,000 per employer and there is no condition such as revenue loss, whereas for CEWS, one of the conditions is an eligible revenue deduction. If one employer does not qualify for CEWS, he can apply to Temporary Wage Subsidy.

(v) Canada Emergency Commercial Rent Assistance Program (CECRA)

With the new government rent subsidy for small businesses, would this subsidy be useful to small business owners who are incorporated and own the building they work in? E.G. can they take advantage of the subsidy to continue to pay themselves rental income, even if they are the owner and tenant at the same time?

The CECRA program is a new program with the initial details introduced on April 24th, but final details are not yet available. The CECRA is a joint program between the provinces and the federal government and will be administered by the Canada Housing and Mortgage Corporation. As the program stands today, it would appear the landlord and the tenant may be one and the same entity so long as they both qualify as "eligible".

The CECRA provides support for small businesses by providing loans or forgivable loans to the small businesses' landlords who forego rent for April, May and June.

If a small business tenant is eligible under CECRA and its qualifying commercial landlord agrees to participate in the program, then responsibility for rent for the months of April, May and June 2020 will be apportioned as follows:

- The eligible small business tenant will be responsible to pay 25% of the rent;
- The qualified landlord will forgo 25% of the rent;
- The federal government will be responsible for 37.5% of the rent; and
- The provincial government will be responsible for 12.5% of the rent

The belief is that in forgoing 25% of the rent the landlord will in effect be forgoing the profit it would have usually enjoyed. In applying for this program, a qualifying commercial property owner agrees to forego profit for a three-month period.

The governments' 50% contribution will be provided to qualifying commercial property owners through a forgivable loan of three-monthly rent usually payable by eligible small business tenants who are experiencing financial hardship during April, May, and June.

The forgivable loans are paid directly to the mortgagee of a qualifying commercial property owner. If a property owner does not have a mortgage on the rental property, the property owner is directed to contact the Canada Mortgage and Housing Corporation to discuss program options.

Eligible small business tenants must meet the following criteria:

- pay less than $50,000 per month in gross rent; and
- be a non-essential business that has temporarily closed or that has experienced at least a 70 per cent drop in pre-COVID-19 revenues, determined by comparing revenues in April, May or June to the same month in 2019 or alternatively compared to average revenues for January and February 2020.

Not-for-profit organizations and charitable entities would also be considered for the program.

Commercial landlords and tenants must agree to enter into "rent forgiveness agreements" in order to participate in the program. The agreements must include the following terms:

- a landlord agrees to reduce the tenant's rent by at least 75 per cent for April, May and June; and
- a landlord agrees not to evict the tenant during those three months.

What about help for rent for corporations and business?

Rent relief for corporations and businesses is offered through the new CECRA program. The initial details were introduced on April 24th, but final details are not yet available. The CECRA is a joint program between the provinces and the federal government and will be administered by the Canada Housing and Mortgage Corporation.

The CECRA provides support for small businesses by providing loans or forgivable loans to the small businesses' landlords who forego rent for April, May and June.

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Not-for-profit organizations and charitable entities would also be considered for the program.

Commercial landlords and tenants must agree to enter into "rent forgiveness agreements" in order to participate in the program. The agreements must include the following terms:

- a landlord agrees to reduce the tenant's rent by at least 75 per cent for April, May and June; and
- a landlord agrees not to evict the tenant during those three months.

(vi) The GST/HST Filing Deadlines

Can you please clarify the GST/HST filings and possible issues with those submitted in the first two weeks of April?

The CRA will allow all businesses to defer, until June 30, 2020, any GST/HST payments or remittances that become owing on or after March 27, 2020, and before June 30, 2020. This means that no interest will apply if payments or remittances are made by June 30, 2020.

The deadline for businesses to file their GST/HST returns is unchanged. Those who are able to, should continue to file their GST/HST returns on time reporting their net tax for the reporting period to help facilitate tax compliance and administration. However, the CRA won't impose penalties where a return that was due to be filed between March 27, 2020 and June 30, 2020 is filed by June 30th, 2020.

The CRA has noted that penalties and interest may have been assessed for returns submitted during the first two weeks of April. These assessments will be corrected to reverse application of such.

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