

## **May 11, 2020 – Additional Government Relief Programs**

### **Canada Emergency Wage Subsidy (CEWS)**

Last week, Prime Minister Trudeau announced that this program will be extended beyond June to assist businesses to kick start the economy. We will provide details as they are made available.

The 2<sup>nd</sup> claim period has ended, as it covered remuneration paid between April 12<sup>th</sup>, 2020 to May 9<sup>th</sup>, 2020. When applying to the subsidy, please be advised that you are required to deduct on Line F the amount you qualify for under the TWSE (10% subsidy) from your CEWS claim even if you had not yet taken advantage of the program by reducing your payroll tax remittances. If you had not yet reduced your payroll tax remittances, you can reduce future payroll tax remittances. Alternatively, CRA will be publishing a self-identification form in the coming months where you can request a refund.

### **Canada Emergency Student Benefit (CESB)**

On May 1<sup>st</sup>, 2020, the Canadian Government passed Bill C-15 into legislation to introduce the Canada Emergency Student Benefit (CESB) to assist students experiencing difficulties due to COVID-19. The application is not yet setup, but you must apply on or before September 30<sup>th</sup>, 2020.

- 1) Students must be Canadian citizens, permanent residents, or registered as an “Indian under the Indian Act”. Applications must be made by the end of September. Also, they must meet one of two conditions:
  - been enrolled, at any time between December 1, 2019 and August 31, 2020, in a post-secondary educational program that leads to a degree, diploma or certificate;
  - graduated from secondary school in 2020, has applied for enrollment in such a post-secondary educational program that is scheduled to begin before February 1, 2021 and plans to enroll in the program if their application is accepted.
- 2) Payments will be made in respect of 4-week periods.
- 3) For reasons related to COVID-19 and whether as an employee or in self-employment, they are unable to work or unable to find work, or are working but are paid less than the amount determined under the regulations, during the four-week period for which they apply for the benefit
- 4) They cannot receive any employment or self-employment income other than prescribed by regulation (Prime Minister Trudeau had verbally indicated that this would be limited to \$1,000, more information to come), EI benefits, CERB, maternity/paternity benefits, or other prescribed income.
- 5) The payment will be \$1,250 per month for up to four months (May 2020 – Aug 2020). Students with disabilities and students with dependents would receive an additional \$750.

## **Canada Emergency Commercial Rent Assistance (CERCA)**

On April 16<sup>th</sup>, 2020, the Government announced a new assistance program for property owners. The program will provide eligible landlords a forgivable loan equivalent to 50% of the rent owed by impacted small business tenants. The landlord will cover 25% and the remaining 25% is paid by the tenant. Eligible landlords can apply to Canada Mortgage and Housing Corporation (CMHC) before August 31<sup>st</sup>, 2020. To qualify for this assistance, the property owner:

- must generate rental revenue from commercial real property located in Canada;
- must have impacted small business tenants located on the commercial real property;
- have a mortgage loan secured by the commercial real property, those who do not have a mortgage will need to discuss with CMHC to apply the assistance against other forms of debt,
- have entered or will enter into a rent reduction agreement for the period of April, May, and June 2020, that will reduce impacted small business tenant's rent by at least 75%;
- provide a moratorium on eviction for the period of April, May and June 2020 in the agreement; and
- declared rental income on your tax return (personal or corporate) for tax years 2018 and/or 2019.

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 an enforceable rent agreement),
- generate no more than \$20 million in gross annual revenues calculated on a consolidated basis, and
- have temporarily ceased operations, or had experienced at least a 70% decline compared to pre-COVID-19 revenue. Monthly revenue of April, May, and June 2020 is compared to the same month in 2019, or it can be compared to the average of their revenues earned in January and February 2020.

## **Updates to the Canada Emergency Response Benefit (CERB)**

On April 26, 2020, the CRA updated their FAQ on CERB. Some of the changes are as follows:

### **Q: Does Severance affect eligibility?**

**A:** A severance payment does not impact an individual's eligibility for the Canada Emergency Response Benefit.

### **Q: Does pension income and disability benefits affect eligibility?**

**A:** The receipt of pension income and disability benefits does not prevent eligibility for CERB, provided you stopped working for reasons related to COVID-19 and meet the other eligibility criteria. However, pension income and disability benefits do not count towards the requisite \$5,000 of previous earnings.

**Q: Can dividend income count towards the \$5,000 self-employment income requirement?**

**A:** Only non-eligible dividends can be counted towards the \$5,000 requirement.

**Q: Will workers with open EI claims (which they established before March 15) be handled by the old rules even if they reactivate their claim after March 15th?**

**A:** Yes. If you are already receiving Employment Insurance regular benefits, you will continue to receive these benefits until the end of your benefit period. You cannot exit the Employment Insurance system to apply for the Canada Emergency Response Benefit before the end of your Employment Insurance benefit period.

**Q: I am a seasonal worker who received EI regular benefits over the off-season and I have just exhausted my benefit entitlement, but I am unable to find work due to COVID-19—am I eligible for the CERB?**

**A:** Yes. You are eligible for the Canada Emergency Response Benefit if you are a former Employment Insurance claimant who used up your entitlement to your Employment Insurance regular benefits between December 29, 2019 and October 3, 2020, and are unable to find work due to COVID-19.

The date for which you would potentially become eligible for the Canada Emergency Response Benefit would be the week following your last Employment Insurance benefit payment or March 15, 2020, whichever is most recent. You may not receive EI benefits and the Canada Emergency Response Benefit for the same period.

**Q: How do I return or repay the CERB?**

**A:** If you no longer qualify (for example, you were re-hired with back-pay for the same 4-week period you had applied), or if you did not qualify previously, you will need to return your CERB payment. If you have the original CERB cheque, you can return the cheque by mail. Otherwise, you will need to make a payment to “Receiver General for Canada” either online via My Account or by mailing a cheque to this address:

Revenue Processing – Repayment of CERB  
Sudbury Tax Centre  
1050 Notre Dame Avenue  
Sudbury ON P3A 0C3

Please visit: <https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra/return-payment.html>