



COVID-19

# Employer Programs

Federal and provincial  
program support

---

Targeted federal and  
provincial programs to  
support financial security

---

 **STRATFORD  
MANAGERS CORPORATION**

*Current as of May 6, 2020*

## Table of Contents

<b>EMPLOYER PROGRAMS .....</b>	<b>3</b>
<b>TARGETED FEDERAL PROGRAMS TO SUPPORT EMPLOYERS' FINANCIAL SECURITY .....</b>	<b>3</b>
<b>Avoiding layoffs .....</b>	<b>3</b>
Extending the Work-Sharing Program.....	3
Canada Emergency Wage Subsidy (CEWS) .....	4
Temporary 10% Wage Subsidy .....	6
<b>Access to credit .....</b>	<b>7</b>
Canada Emergency Business Account (CEBA).....	7
Canada Emergency Commercial Rent Assistance (CECRA) .....	8
Rural business and communities.....	8
Assisting innovative and early-stage businesses .....	8
Young entrepreneurs .....	8
Businesses in the territories .....	8
Small and medium-sized businesses unable to access other support measures .....	9
<b>Creating new jobs and opportunities for youth.....</b>	<b>9</b>
Youth Employment and Skills Strategy .....	9
Student Work Placement Program .....	9
Mitacs and The Business/Higher Education Roundtable .....	9
Temporary changes to Canada Summer Jobs program .....	9
<b>OTHER FEDERAL PROGRAMS TO SUPPORT FINANCIAL STABILITY AND FLEXIBILITY .....</b>	<b>10</b>
<b>Supporting financial stability .....</b>	<b>10</b>
Insured Mortgage Purchase Program .....	10
Bank of Canada actions .....	10
Lowering the Domestic Stability Buffer.....	10
<b>Additional programs to defer expenses .....</b>	<b>10</b>
More time to pay income taxes.....	10
Deferral of Sales Tax Remittance and Customs Duty Payments .....	10
<b>TARGETED ONTARIO AND QUEBEC PROVINCIAL PROGRAMS TO SUPPORT BUSINESSES.....</b>	<b>11</b>
<b>Ontario Provincial Programs .....</b>	<b>11</b>

Interest and penalty relief .....	11
Education property tax deferrals.....	11
WSIB payment deferrals.....	11
Affordable electricity bills .....	12
Employer Health Tax Relief .....	12
<b>Quebec Provincial Programs.....</b>	<b>12</b>
Emergency aid for small and medium-sized enterprises .....	12
Concerted temporary action program for businesses .....	13
Flexibility measures respecting exiting loans and guarantees .....	14
<b>MANAGING UNCERTAINTY WITH SUPPORT .....</b>	<b>15</b>

## Employer Programs

---

This section provides Canadian employers with basic information on the various federal government programs available to assist them during the COVID-19 period. Some are directly targeted to help organizations financially, while others are more general federal programs to support financial stability and flexibility. Please note that this information is subject to change as the situation evolves and may be modified or clarified in the coming days.

## Targeted Federal Programs to Support Employers' Financial Security

---

### Avoiding layoffs

#### Extending the Work-Sharing Program

To apply to this program click on the following [link](#)

This is an adjustment program designed to help employers and employees avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer. The measure provides income support to employees eligible for Employment Insurance benefits who work a temporarily reduced work week while their employer recovers.

The Federal government is extending the maximum duration of the [Work-Sharing Program](#) from 38 weeks to 76 weeks.

- I. Work-Sharing is a three-party agreement involving employers, employees and Service Canada. Employees on a Work-Sharing agreement must agree to a reduced schedule of work and to share the available work over a specified period.
- II. The Government of Canada introduced temporary special measures that extend the maximum duration of Work-Sharing agreements from 38 weeks to 76 weeks across Canada for those organizations affected by the economic downturn due to COVID-19 including the forestry and steel and aluminum sectors.
- III. The employer and the employees (and the union, if applicable) must agree to participate in a Work-Sharing agreement and must apply together. An application for a Work-Sharing agreement must be submitted a minimum of 30 days prior to the requested start date.

#### Eligible employers:

- I. Have been in business in Canada year-round for at least two years;
- II. Be a private business, a publicly-held company, or a not-for-profit organization;
  - a) A publicly-held company is a for-profit company whereby its shares/stocks are owned by the general public. Public sector employers, including government or publicly-owned corporations, such as crown corporations, are not eligible for Work-Sharing.

- b) For a not-for-profit employer to be eligible, the shortage of work must be directly associated with a reduction in the organizations normal level of business activity. A reduction in revenue levels alone (for example, grants, donations, memberships, etc.) would not meet the Work-Sharing eligibility criteria. Business activity is defined as the selling of goods or services with an objective to earning profit.
- III. Demonstrate that the shortage of work is temporary and beyond their control, and is not a cyclical/recurring slowdown;
- IV. Demonstrate a recent decrease in business activity of approximately 10%; and,
- V. Submit and implement a recovery plan designed to return the Work-Sharing unit(s) to normal working hours by the end of the Work-Sharing agreement. There must be a reasonable expectation that recovery (that is, a return to normal work hours for all participating employees) will be achieved by the end of the agreement.

Follow this link to the work-sharing application guide: [Guide](#). For more information on the Work-Sharing program, please call 1-800-367-5693.

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

The Federal government announced a wage subsidy of up to 75% of an employee's wage to a maximum of \$847 per week for employers of all sizes and across all sectors who have suffered a drop in gross revenues of at least 15% in March, and 30% in April and May.

The program will be in place for a 12-week period, from March 15 to June 6, 2020.

The criteria to be eligible to receive CEWS are:

- be an eligible employer
- have experienced an eligible reduction in revenue, and
- have a CRA payroll account as of March 15, 2020

Eligible employers include:

- individuals (including trusts)
- taxable corporations
- persons that are exempt from corporate tax (Part I of the Income Tax Act), other than public institutions:
  - not-for-profit organizations
  - agricultural organizations
  - boards of trade
  - chambers of commerce
  - not-for-profit corporations for scientific research and experimental development
  - labour organizations or societies
  - benevolent or fraternal benefit societies or orders

- registered charities
- partnerships consisting of eligible employers

Public institutions are not eligible for the subsidy. This includes municipalities and local governments, Crown corporations, public universities, colleges, schools and hospitals.

Eligible revenue reduction is calculated by comparing eligible revenue for the starting month of the claim period with your baseline revenue. Baseline revenue is either:

- the revenue you earned in the corresponding month in 2019, or
- the average of the revenue you earned in January and February 2020

One of the baseline revenue options for comparison must be selected and can not be changed for subsequent calculations for the other 2 periods.

If you determine that you qualify for the CEWS for one claim period, you will automatically qualify for the following claim period.

Employers who are eligible for the CEWS are entitled to receive a 100% refund for certain employer contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan paid in respect of employees who are on leave with pay.

For employers that are eligible for both the CEWS and the 10% Temporary Wage Subsidy for a period, any benefit from the Temporary 10% Wage Subsidy for remuneration paid in a specific period will generally reduce the amount available to be claimed under the CEWS in that same period.

The subsidy will be processed at the payroll program (RP) account level. Separate application will need to be completed for each RP account.

There are three ways to apply:

- Most businesses may apply using My Business Account
- Business representatives may apply using Represent a Client
- If neither are an option, there is a Web Forms application

If registered with direct deposit, applicants can generally expect to receive payment within 10 business days.

The Canada Emergency Wage Subsidy is taxable. The amount of CEWS received must be included on your Annual Return of Income (e.g. Corporation Income Tax Return, Partnership Return) when calculating your taxable income.

The amount of the CEWS that was used to pay each of your employees' salaries must be reported by using a special code in the "other information" area at the bottom of the employees' T4 slips. More information on the reporting requirements will be released before the end of the year.

## Temporary 10% Wage Subsidy

The Temporary 10% Wage Subsidy is a three-month measure that will allow eligible employers to reduce the amount of payroll deduction required to be remitted to the Canada Revenue Agency (CRA).

You are an eligible employer if you:

- are a(n):
  - individual (excluding trusts),
  - partnership.
  - not-for-profit organization,
  - registered charity, or
  - Canadian-controlled private corporation (including a cooperative corporation) eligible for the small business deduction;
- 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.

Partnerships are only eligible for the subsidy if their members consist exclusively of individuals (excluding trusts), registered charities, or Canadian-controlled private corporations eligible for the small business deduction.

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 to a maximum of \$25,000 total per employer.

Associated Canadian Controlled Private Corporations (CCPCs) will not be required to share the maximum subsidy of \$25,000 per employer.

The subsidy calculation is based on the total number of eligible employees employed at any time during the three-month period.

The amount of the subsidy is reduced from the current payroll remittance of federal, provincial, or territorial income tax that is remitted to the CRA.

If the income taxes deducted are not enough to offset the value of the subsidy in a specific period, the amount can be reduced in future payroll remittances. This includes reducing remittances that may fall outside of the application period for the wage subsidy (after June 19, 2020).

An eligible employer can choose not to reduce payroll remittances during the year. At the end of the year, the CRA will pay the amount to eligible employer or transfer it to your next year's remittance.

In order to support the subsidy calculation, the following information should be kept:

- the total remuneration paid from March 18, 2020 to June 19, 2020;
- the federal, provincial, or territorial income tax that was deducted from that remuneration; and
- the number of eligible employees employed in that period.



The CRA is currently updating reporting requirements. More information on how to report this subsidy will be released in the near future.

If you receive the subsidy, you have to report the total amount as income in the year in which the subsidy is received.

## Access to credit

### Business Credit Availability Program

The Federal government established a Business Credit Availability Program (BCAP) to provide \$65 billion of additional support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

BDC and EDC are working with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation, exportation and tourism.

This program includes:

- **Loan Guarantee for Small and Medium-Sized Enterprises:** EDC is working with financial institutions to guarantee 80% of new operating credit and cash flow term loans of up to \$6.25 million to SMEs. This financing support is to be used for operational expenses and is available to both exporting and non-exporting companies. Contact your financial institution for more information.
- **Co-Lending Program for Small and Medium-Sized Enterprises:** BDC is working with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements. The program offers differing maximum finance amounts based on business revenues. Financed amounts are provided 80% by EDC and 20% by your financial institution. This support is available until September 30, 2020. Contact your financial institution for more information.

### Canada Emergency Business Account (CEBA)

The Canada Emergency Business Account (CEBA) will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced.

To qualify, these organizations will need to demonstrate they paid between \$20,000 to \$1.5 million in total payroll in 2019.

Business owners can apply for support from the Canada Emergency Business Account through their banks and credit unions.



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

An agreement in principle has been reached with all provinces and territories to implement the Canada Emergency Commercial Rent Assistance (CECRA) for small businesses. This program will lower rent by 75 per cent for small businesses that have been affected by COVID-19.

The program will provide forgivable loans to qualifying commercial property owners to cover 50% of three monthly rent payments that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June.

The loans will be forgiven if the mortgaged property owner agrees to reduce the small business tenants' rent by at least 75% under a rent forgiveness agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25% of the rent.

Impacted small business tenants are businesses paying less than \$50,000 per month in rent and who have temporarily ceased operations or have experienced at least a 70% drop in pre-COVID revenues. This support will also be available to not-for-profit and charitable organizations.

It is expected that CECRA will be operational by mid-May, and further details will be announced soon.

## **Rural business and communities**

The federal government is providing \$287 million to support rural businesses and communities by providing them with much-needed access to capital through the Community Futures Network.

## **Assisting innovative and early-stage businesses**

The federal government is investing \$250 million to assist innovative, early-stage companies that are unable to access other COVID-19 business supports through the Industrial Research Assistance Program (IRAP).

IRAP provides advice, connections, and funding to help Canadian small and medium-sized businesses increase their innovation capacity and take ideas to market.

## **Young entrepreneurs**

The federal government is providing \$20.1 million in support for Futurpreneur Canada to continue supporting young entrepreneurs across Canada who are facing challenges due to COVID-19. The funding will allow Futurpreneur Canada to provide payment relief for its clients for up to 12 months.

## **Businesses in the territories**

The federal government is making available \$15 million in non-repayable support for businesses in the territories to help address the impacts of COVID-19. This support will assist businesses with operating costs not already covered by other Government of Canada measures.

### **Small and medium-sized businesses unable to access other support measures**

The federal government is providing \$675 million to give financing support to small and medium-sized businesses that are unable to access other COVID-19 business supports, through Canada's Regional Development Agencies.

## **Creating new jobs and opportunities for youth**

### **Youth Employment and Skills Strategy**

The Federal government is providing \$153.7 million for the Youth Employment and Skills Strategy to help youth develop the skills and gain the experience they need to successfully transition into the labour market.

Funding will support a range of measures in high-demand sectors such as agriculture, technology, health and essential services, creating over 6,000 additional job placements.

### **Student Work Placement Program**

The Federal government is providing \$80 million for the Student Work Placement Program to support up to 20,000 post-secondary students across Canada to obtain paid work experience related to their field of study.

### **Mitacs and The Business/Higher Education Roundtable**

The Federal government is investing \$40 million to support Mitacs in order to create 5,000 new job placements. The Business/Higher Education Roundtable (BHER) will also create a further 5,000 to 10,000 new student placements, by reorienting existing federal support and building online tools.

### **Temporary changes to Canada Summer Jobs program**

The Canada Summer Jobs program provides opportunities for youth to develop and improve their skills within the not-for-profit, small business, and public sectors, and supports the delivery of key community services.

The federal government is making temporary changes to the Canada Summer Jobs program to allow employers to:

- receive an increased wage subsidy, so that private and public sector employers can also receive up to 100 per cent of the provincial or territorial minimum hourly wage for each employee;
- extend the end date for employment to February 28, 2021;
- adapt their projects and job activities;
- hire staff on a part-time basis.

## Other Federal Programs to Support Financial Stability and Flexibility

---

### Supporting financial stability

#### Insured Mortgage Purchase Program

The Federal government has launched an [Insured Mortgage Purchase Program](#), in which they will purchase up to \$150 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation.

This action will provide long-term stable funding to banks and mortgage lenders, help facilitate continued lending to Canadian consumers and businesses, and add liquidity to Canada's mortgage market.

#### Bank of Canada actions

The Bank of Canada is acting in several ways to support the economy and financial system and stands ready to take any and all actions that it can to protect the well-being of Canadians during this difficult time. The Bank has responded by lowering interest rates, intervening to support key financial markets and providing liquidity support for financial institutions.

#### Lowering the Domestic Stability Buffer

The Office of the Superintendent of Financial Institutions announced it is lowering the Domestic Stability Buffer by 1.25% of risk-weighted assets. This action will enable Canada's large banks to inject \$300 billion of additional lending into the economy.

### Additional programs to defer expenses

#### More time to pay income taxes

The Federal government will allow all businesses to defer, until August 31, 2020, the payment of any income tax amounts that become owing on or after March 18 and before September 1, 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the Income Tax Act.

No interest or penalties will accumulate on these amounts during this period.

#### Deferral of Sales Tax Remittance and Customs Duty Payments

The Federal government will allow businesses, including self-employed individuals, to defer until June 30, 2020 payments of the Goods and Services Tax / Harmonized Sales Tax (GST/HST), as well as customs duties owing on their imports.

The deferral will apply to GST/HST remittances for the February, March and April 2020 reporting periods for monthly filers; the January 1, 2020 through March 31, 2020 reporting period for quarterly filers; and for annual filers, the amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

For GST and customs duty payments for imported goods, deferral will include amounts owing for March, April and May. These amounts were normally due to be submitted to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of this month.

## Targeted Ontario and Quebec provincial programs to support businesses

---

### Ontario Provincial Programs

Several provincial programs are currently available for Ontario businesses and other entities. Before applying, please review the eligibility requirements.

#### Interest and penalty relief

Businesses will get five months of interest and penalty relief to file and make payments for the majority of provincially administered taxes.

Between April 1, 2020 and August 31, 2020, the province will not apply any penalty or interest on any late-filed returns or incomplete or late tax payments under select provincially administered taxes, such as Employer Health Tax, Tobacco Tax and Gas Tax.

This complements relief from the federal government on interest and penalties from not remitting Corporate Income Tax owing.

#### Education property tax deferrals

The Ontario government has deferred the June 30 property tax payments municipalities make to school boards by 90 days.

#### WSIB payment deferrals

Employers can defer Workplace Safety and Insurance Board (WSIB) payments for up to six months.

All employers covered by the WSIB's workplace insurance are automatically eligible for the financial relief package.

- Schedule 1 employers who owe premiums to the WSIB will be allowed to defer reporting and payments until August 1, 2020.
- Schedule 2 businesses that pay WSIB for the cost related to their workplace injury and illness claims can defer reporting and payments until August 31, 2020.

No interest will be accrued on outstanding premium payments and no penalties will be charged during this six-month deferral period.

## Affordable electricity bills

From March 24 to May 8, 2020, residential, farm and small business time-of-use customers will get the lowest rate — also known as the off-peak price — 24 hours a day. That means customers will pay 10.1 ¢/kWh no matter what time of day you use electricity.

**This rate will be automatically applied to individual bills.**

## Employer Health Tax Relief

The Ontario government is increasing the Employer Health Tax (EHT) exemption for 2020 from \$490,000 to \$1 million. As an employer, this means relief of up to \$9,945.

The annual tax return form is not changing. Only the amount for the exemption claimed will change. Eligibility for the tax exemption, tax rates and everything else remains the same.

Employers will begin making instalment payments after payroll has exceeded the new \$1 million exemption level.

Businesses who no longer need to make instalment payments as a result of the increased exemption amount, do not need to notify the Ministry of Finance.

The ministry will be reviewing all 2020 EHT returns and correcting the returns for the new exemption level.

Regional Opportunities Investment Tax Credit

Businesses building, renovating or acquiring commercial or industrial buildings in designated regions in Ontario could be eligible to save up to \$50,000 this year.

**Businesses can apply for this tax credit when filing their tax returns.**

## Quebec Provincial Programs

Several programs are currently available for Quebec-based businesses. Before applying, please review the eligibility criteria.

## Emergency aid for small and medium-sized enterprises

The Emergency Assistance Program for Small and Medium-Sized Businesses aims to support, for a limited period, eligible businesses who are experiencing financial difficulties due to COVID-19 and who need cash under \$50,000.

The following companies are eligible for the program:

- companies from all sectors of activity;
- social economy enterprises, including cooperatives and non-profit organizations carrying out commercial activities.
- To be eligible, the business must:
- have been in business in Quebec for at least one year;
- be temporarily closed, likely to close or show warning signs of closure;

- be in a context of maintaining, consolidating or reviving its activities;
- have demonstrated a cause and effect relationship between their financial or operational problems and the COVID-19 pandemic.

Applicants who are under the protection of the Companies' Creditors Arrangement Act (RSC, 1985, chapter 36) or the Bankruptcy and Insolvency Act (RSC, 1985, chapter B-3) are excluded.

Financing relates to the company's liquidity needs and is determined on the basis of justified and reasonable expenses.

It will have to make up for the lack of liquidity caused by:

- an impossibility or a substantial reduction in the capacity to deliver products (goods or services) or goods;
- a problem of supply of raw materials or products (goods or services).

The assistance will take the form of a loan or loan guarantee of up to \$50,000.

For more information on the Emergency Assistance Program for Small and Medium-Sized Enterprises, contact your MRC, your municipality office or the organization responsible for managing the Local Investment Fund (FLI) in your MRC.

### **Concerted temporary action program for businesses**

For businesses whose liquidity is affected by the repercussions of COVID-19, this new emergency funding measure provides ad hoc and exceptional support for businesses affected by the repercussions of COVID-19.

This financial assistance is available to businesses operating in Québec, including cooperatives and other social economy enterprises with commercial activities. Eligible businesses are those that find themselves in a precarious situation and temporary difficulty as a result of COVID-19. They must show that their financial structure offers realistic prospects for profitability. Businesses cannot be under the protection of the Companies' Creditors Arrangement Act or the Bankruptcy and Insolvency Act.

Businesses must show that their cash flow issues are temporary, and that the liquidity shortage stems from:

- A problem involving the supply of raw materials or products (goods or services)
- An inability, or a substantially decreased ability, to deliver goods, products or services

Applications will be reviewed on a case-by-case basis, according to the business's circumstances and Investissement Québec's management practices.

All industries are eligible, except for the following:

- Weapons manufacturing or distribution
- Games of chance and gambling, combat sports, racing and other similar activities

- Bars or any establishment where the most of its revenue is earned from alcohol consumption or slot machines
- Production and sale of tobacco and drugs along with services related to their use, except for projects involving pharmaceutical-grade products approved by Health Canada and having a DIN, or their ingredients, as well as R&D projects licensed by Health Canada
- Any activity whose main purpose is protected by the Canadian Charter of Rights and Freedoms (religion, politics, human rights advocacy, etc.)
- Any other activity that may offend public morals.

The details of financial assistance are as follows:

- A loan guarantee is the preferred form of financing. Financing can also take the form of a loan from Investissement Québec.
- Investissement Québec aims to work in close cooperation with financial institutions and federal authorities in order to share risks
- For a line of credit guarantee, the guarantee is only applicable in the following specific conditions:
  - New lines of credit
  - Increases to existing lines of credit. In such case, Investissement Québec only guarantees the portion of the increase, based on the agreed upon collateral rate.
  - The minimum funding amount is \$50,000.
  - Refinancing is prohibited.
  - This measure is designed to shore up the business's working capital.

Special conditions may apply.

### **Flexibility measures respecting exiting loans and guarantees**

In order to support businesses affected by the repercussions of COVID-19, flexibility measures relating to loans and loan guarantees in progress are being implemented.

A six-month moratorium has been introduced for the repayment (capital and interest) of loans already granted through the FLI. Interest accrued during this period will be added to the loan balance. This measure is in addition to the moratorium already in place under most of the investment policies in force in regional county municipalities (MRCs), which can reach twelve months.

The Government of Quebec is also implementing the Emergency Aid program for small and medium-sized enterprises through the RCMs and their economic development service.

The Local Investment Fund (FLI) represents the main financial tool for regional county municipalities (MRC) set up to support businesses in their territory.

Each of the FLIs was created from a loan from the government of Quebec.



The FLI aims to stimulate local entrepreneurship by promoting access to capital for the start-up or growth of traditional businesses or the social economy and for supporting entrepreneurial succession.

Thanks to the FLI, companies whose objectives fall within the guidelines of the MRC's investment policy can benefit from financial assistance in one of the following forms:

- existing;
- equity loan;
- loan guarantee;
- other types of funding.

Grants are not part of the type of financial assistance provided.

The FLI also allows financial assistance in the form of a loan to any entrepreneur or group of entrepreneurs wishing to acquire a participation of at least 25% of the value of an existing business or 25% of the fair value of its assets in order to take over. The simple takeover of a business is not eligible for funding.

For any information about the FLI, contact your MRC or the mandatory body responsible for managing the FLI of your MRC.

## Managing uncertainty with support

---

We are here and ready to help you with any needs you may have in this time of upheaval. If we can help you provide strength to your leaders and organization please don't hesitate in reaching out, especially if you're worried about finances. We're happy to have conversations, act as a sounding board and provide advice without charge.

We are here to meet you where you are right now. We genuinely want to know and care about:

- What's happening for you and your organization right now?
- How are your leaders doing?
- How are your employees doing?

Our greatest reward is in our client's success, and that's seeing you and your business through this uncertainty such that you're stronger than before the upheaval.

Contact us at [info@stratfordmanagers.com](mailto:info@stratfordmanagers.com).