

COVID-19 RESPONSE ADDITIONAL UPDATES TO FEDERAL SUPPORT PROGRAMS

YET MORE CHANGES TO THE COVID-19 ECONOMIC RESPONSE PLAN

Changes continue to be reported by way of news conference and press release to the federal support

"We will always be there to support our Canadian businesses. That is why we are working closely with the business community to make sure that our emergency measures are as effective and inclusive as possible. Expanding the Canada Emergency Business Account and making sure businesses can afford their rent is the smart thing to do. Small businesses are the backbone of our communities and will keep our economy strong in this uncertain time."

- The Rt. Hon. Justin Trudeau, Prime Minister of Canada

programs being rolled out by the Government of Canada in response to the economic implications arising from the COVID-19 pandemic. We, as a professional advisory community, are doing our best to stay abreast of these changes, evaluate their implications for business and for Canadians and communicate them to you in a (hopefully) understandable manner.

On April 15th we brought you an update on changes to the CERB eligibility and an analysis of the legislation passed On April 14th to bring the CEWS program into force.

Since this date, more changes and new programs have been announced – generally at the PM's morning news conference from the steps of Rideau Cottage, where he is self-isolating (?).

On April 16th, changes to the Canada Emergency Business Account (**CEBA**) were announced along with the government's intention to introduce the Canada Emergency Commercial Rent Assistance (**CECRA**). On April 17th, a number of programs that will be administered by Canada's Regional Development Agencies, the Community Futures Network, IRAP and other agencies. Today, the PM announced the introduction of the Canada Emergency Student Benefit (**CESB**) and the new Canada Student Service Grant (**CSSG**). Here is what we know...so far:

CHANGES TO THE CEBA Expanding Eligibility to Access the Program

In response to the notion that a number of small businesses in Canada are "falling through the cracks" when it comes to eligibility for federal support programs, the government of Canada announced today that the payroll eligibility criteria has been adjusted to allow more businesses to qualify for the CEBA. Effective April 16th, the payroll eligibility criteria is adjusted to include all qualifying Canadian businesses who have reported a minimum payroll of \$20,000 to a maximum of \$1.5 million in 2019. This will be substantiated by submitting a copy of the business's 2019 T4-Summary report filed with the Canada Revenue Agency (**CRA**) in respect of the 2019 fiscal year. This broadens the eligibility base as the previous eligibility was a range of \$50,000 to \$1.0 million in 2019 payroll. As of today's date, no changes

have been introduced to consider those businesses that pay owner-manager/employees by way of dividends, but we understand that this argument has been put forward to Minister Joly for consideration.

THE CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE (CECRA) PROGRAM

Help for Commercial Tenants

On April 16th, the PM also indicated that help was “on its way” for Canadian businesses who are having difficulty making their lease and rent payments for commercial properties. This program is designed to provide loans, including 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.

The announcement indicated that implementation of the program will require a partnership between the federal government and provincial and territorial governments, which are responsible for property owner-tenant relationships. The intention of the government is to increase rent support for businesses that are most impacted by the COVID-19 pandemic. On April 16th this announcement was released with no details or framework – simply the message that “we will have more details soon”. As of today’s date, there are no details or even an outline of the operational framework for the program. Stay tuned.

PROGRAMS AND SUPPORTS TO BUSINESSES “FALLING THROUGH THE CRACKS”

Supports for Emerging Businesses, Rural Businesses and Cultural Organizations

On April 17th, in response to the perception that some small businesses and emerging businesses were not able to access the previously announced programs, the government of Canada announced the following support mechanisms:

- \$675 million to give financing support to small and medium-sized businesses that are unable to access the government’s existing COVID-19 support measures, through Canada’s Regional Development Agencies. In Alberta, this assistance will be administered through Western Economic Diversification Canada (**WD**). Details on the application process and eligibility criteria has not yet been released.
- \$287 million to support rural businesses and communities, including by providing them with much-needed access to capital through the Community Futures Network. In Alberta, this assistance will also be administered through Western Economic Diversification Canada (**WD**). Details on the application process and eligibility criteria has not yet been released.
- \$250 million to assist innovative, early-stage companies that are unable to access existing COVID-19 business support, through the National Research Council of Canada’s Industrial Research Assistance Program (**NRC IRAP**). As of today’s date, there is no information available on the IRAP website related to this initiative.
- \$20.1 million in support for Futurpreneur Canada to continue to support 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. As of today’s date, there is no information available on the Futurpreneur Canada website related to this initiative.

- \$500 million to establish a COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations to help address the financial needs of affected organizations within these sectors so they can continue to support artists and athletes. This measure is consistent with the government's other existing COVID-19 support measures for wages and fixed costs for organizations.

These initiatives are certainly long on promises but, once again, short on details. The concern for these (and other programs) is the speed of delivery to the intended recipients. In order for these programs to have their intended beneficial results, it is important that they get into the hands of those businesses that need them most...in a timely manner!

SUPPORTS FOR CANADIAN STUDENTS

The CESB and the CSSG

Today (April 22nd), the PM announced support for students and new grads affected by COVID-19. The new program announcements are intended to address the economic impacts felt by post-secondary students and recent graduates who find themselves without meaningful summer employment. In an attempt to assist students and recent grads who are unable to find summer employment (or continuing employment) as a result of the COVID-19 pandemic, the government of Canada proposes to introduce support programs totaling \$9 billion as follows:

- the proposed Canada Emergency Student Benefit, which would provide support to students and new graduates who are not eligible for the Canada Emergency Response Benefit. This benefit would provide \$1,250 per month for eligible students or \$1,750 per month for eligible students with dependents or disabilities. The benefit would be available from May to August 2020. No application details have been provided at this time. It is likely that this program will similarly be administered through the *My Account* portal on the CRA website.
- the new Canada Student Service Grant, which will help students gain valuable work experience and skills while they help their communities during the COVID-19 pandemic. For students who choose to do national service and serve their communities, the new Canada Student Service Grant will provide up to \$5,000 for their education in the fall. Eligibility criteria has yet to be released and details are also outstanding as to the application process.

The government of Canada has also proposed a number of changes to double Canada Student Grants, enhance the Canada Student Loans program, increase support for Inuit and First Nations students and extend expiring federal graduate research and post-doctoral scholarships. Stay tuned for details on these changes.

For additional information on supports & benefits for individuals and families, please click on the following link for a comprehensive summary compiled by Jennifer Robson, Associate Professor of Political Management, Carleton University.

https://drive.google.com/file/d/1lOJn7XS6ETtkbLRodYk681M_2dxkkQsc/view

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In these trying and challenging times we can help you navigate the programs and benefits available to keep you moving forward. Do not hesitate to contact us for assistance.