

FINANCIAL AID DISCUSSION

April 6, 2020

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HESTER & HESTER
Chartered Professional Accountants

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DISCLAIMER

- We're trying to help during a crisis. We'd appreciate not being sued for it.
- This overview was based on the rules on April 5, but they are changing daily.
- Programs have detailed requirements that are not practical to put into slides. Please review the full rules prior to applying to anything.
- The presenters make no representations or accept any liability for this presentation's accuracy or completeness.
- Talk with a financial professional if you have any questions or require assistance.

INDIVIDUALS - OUT OF WORK EMPLOYEES & SELF-EMPLOYED

Canadian Emergency Response Benefit (CERB)

- Up to \$2,000 per 4 weeks, for up to 16 weeks
- Available from March 15 to October 3
- Criteria:
 - Stopped working due to COVID-19. **Not less work, no work. Trudeau said today change are coming....**
 - No income for at least 14 of 28 days (1st 4 weeks) or expect no income for entire 28 days (after 1st 4 weeks)
 - Earned \$5,000+ in 2019 or 12 months prior to application date
- Apply starting today, application day is based on your birthday
 - **Monday:** January-March **Tuesday:** April-June **Wednesday:** July-September **Thursday:** October-December
 - **Friday, Saturday, Sunday:** Anyone can apply
- Apply through CRA My Account and receive within in 3-5 days with direct deposit (10 days by cheque)

Employment Insurance

- Not accepting applications during CERB, you'll still be eligible afterwards and it won't count against your weeks
- Everyone who applied after March 15 will be processed under CERB

INDIVIDUALS - EVERYONE

Mortgage Deferrals

- No standard criteria to qualify
- Generally available to those who are out of work or who incomes have been reduced
- No payments for up to 6 months but interest will accrue; your principal will increase during this time
- Banks are also offering credit card rate reductions for some customers

Rent Deferrals / Reductions

- No evictions for non-payment of rent and/or utilities before May 1
- No rent increases while Alberta's State of Public Health Emergency is in effect
- No late fees on late rental payments until June 30
- Landlords must work with tenants to establish a rent payment plan, this could include deferred or reduced rent

Other Payments

- Many utility companies, such as Enmax, are offer no-fee payment deferrals
- Look at your budget and cut things you aren't using

BUSINESSES - CANADA EMERGENCY WAGE SUBSIDY

- Goal is to help you retain your employees and avoid layoffs
- The Good
 - Subsidy is up to 75% of employee salaries for 12 weeks, retroactive to March 15
 - Max payment of \$847 per employee, per week. Effectively, annual salaries up to \$58,700 get the full benefit
 - Payments to owners subject to further rules to limit abuse
 - Received soon-ish, not at year end
- The Bad
 - Requires 30% year-over-over decrease in sales to qualify (i.e. March 2019 vs March 2020)
 - New and growing businesses are unlikely to qualify unless the rules change
 - Designed like a rebate: no money until weeks after you paid your staff
 - You must have funds to pay employees upfront
 - Apply monthly, after the end of the month in question with payments expected ~2 weeks after that
 - All or nothing. Down 29%? You get nothing
- Good idea, questionable implementation

BUSINESSES - TEMPORARY WAGE SUBSIDY FOR EMPLOYERS

- The 10% wage subsidy originally announced still exists
- Criteria
 - Already had a payroll account open on March 18, 2020
 - Sole proprietor, partnership, CCPC (to to \$15M in capital), NPOs and charities
- Benefits
 - Subsidy is up to 10% of employee salaries paid from March 18 to June 19
 - Max subsidy of \$1,375 per employee. Effectively, annual salaries up to \$55,000 get the full benefit
 - Max subsidy of \$25,000 per employer
 - You can withhold it from your payroll remittances, so you get money instantly
 - You can still use it if you qualify for the 75% subsidy, but your rebate will be reduced by an equal amount
- It's nice, but 10% isn't very much

BUSINESSES - ACCESS TO CREDIT

Canada Emergency Business Account

- Aims to help small and mid-sized businesses and NPOs cover their operating costs
- Will provide loans of up to \$40,000
 - Loans are interest free
 - 25% of loan forgiven if loan is repaid by end of 2022 (Up to \$10,000 forgiven)
 - Must have paid between \$50,000 to \$1 million in payroll during 2019 to qualify
 - Apply via your financial institution ("FI")

Loan Guarantee for Small and Medium Enterprises, via Export Development Canada ("EDC")

- EDC will guarantee new operating credit (i.e. lines of credit) and cash flow term loans up to \$6.25M
- Loan will be extended by FIs but guaranteed by EDC

Co-Lending Program for Small and Medium Enterprises, via Business Development Bank of Canada ("BDC")

- BDC and FIs will partner to co-lend term loans to SMEs, up to \$6.25M
- BDC's portion of this program is up to \$5 million maximum per loan
- Eligible financial institutions will conduct the underwriting and manage the interface with their customers

DEFERRAL OF TAX FILING AND PAYMENTS

<u>Account Type</u>	<u>Filing Deadline</u>	<u>Payment Deadline</u>
Individuals	Jun 1 (from Apr 30)	Sep 1 (from Apr 30)
Self-employed	Jun 15 (No change)	Sep 1 (from Apr 30)
Corporations	Jun 1 (from Mar 18 - May 31)	Sep 1 (from Mar 18 - Aug 31)
Trusts	May 1 (if Mar 31) Jun 1 (if Apr 1 - May 31)	Sep 1 (from Mar 18 - Aug 31)
Charities	Dec 31 (from Mar 18 - Dec 30)	N/A
Payroll	No change	No change _{o-founder}
GST	No change	June 30 (from Apr 27 - May 31)

*No change to deadlines for returns and payments due before March 18, 2020, but collections are mostly paused

BREAKOUT GROUPS

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