

# COVID-19 ECONOMIC RELIEF FOR BC SMALL BUSINESS OWNERS

The Vancouver Chinatown Foundation has compiled a summary of certain support programs for BC small business owners as of August 5, 2020. If you have further questions, we recommend you contact your legal or accounting professional advisor.

You may also contact [info@chinatownfoundation.org](mailto:info@chinatownfoundation.org). We will make every effort to connect you with an accounting professional to provide you with more information.

## WHAT YOU CAN APPLY FOR

1

### Canada Emergency Business Account (CEBA)

**The federal government will provide interest-free loans of up to \$40,000 (25% of received loan is forgivable if loan is fully repaid by December 31, 2022).**

For small businesses and non-profit organizations with payroll

- How to apply: through your financial institution
- You must have paid at least \$20,000 to \$1.5 million in total payroll in 2019 to qualify.

**On May 19, 2020, it was announced that the program is to be expanded to include the following small businesses that likely have payroll lower than \$20,000 in 2019:**

- Businesses that rely on contractors,
- Family-owned corporations that do not have a payroll and pay employees through dividends
- Sole proprietors that receive income directly from their business

**To qualify for CEBA, businesses with payroll lower than \$20,000 or qualify under the above categories need:**

- A business operating account at a participating financial institution,
- A CRA business number
- Have filed a 2018 or 2019 tax return, and
- Eligible non-deferrable expenses between \$40,000 and \$1.5 million, (including but not limited to rent, property taxes, utilities, and insurance.)

## Canada Emergency Commercial Rent Assistance (CECRA)

**For commercial property owners (CPOs) who have tenants or subtenants whose ability to pay rent has been affected by COVID-19.** CECRA offers eligible CPOs forgivable loans to cover 50% of the monthly gross rent owed by impacted small business tenants for the months of April, May, and June 2020. CPOs can apply for an extension for July and August 2020.

### **Tenants would have at least a 75% reduction in rents for April, May, June (and July and August if applicable) 2020**

- 50% of the gross rental amount will be covered by forgivable loan by federal government
- The remaining 25% will be forgiven by the commercial property owner
- The commercial property owner must meet [these requirements](#) for the tenant to be eligible for this program.

### **How to apply:**

- Via an [online application process](#).
- Deadline to apply: August 31, 2020. Forgivable loans will be applied retroactively.
- Deadline for July and August extension: September 14, 2020
- Information to be made available soon for the August extension. Please check [this page](#) for updates.

### **To qualify, tenants (businesses, non-profit organizations, and charities) must be:**

- Paying less than \$50,000 per month in rent,
- Generate no more than \$20 million in gross annual revenues, and
- Who have temporarily ceased operations or have experienced **at least 70 percent drop** in pre-COVID-19 revenues\*\*

\*\*To measure revenue loss, small businesses can compare revenues in April, May, June, and July 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.

**If the tenant has already paid the rent for the period, the property owner must refund the amount to the tenant or if agreed to by both owner and tenant, a credit can be issued towards future months' rent.**

### 3

## Canada Emergency Response Benefit (CERB)

The federal government will provide **\$500 per week for up to 28 weeks**. For self-employed individuals and workers who are no longer working or are receiving less than \$1,000 of income due to reduced work hours.

- Application start date: April 6, 2020
- Application deadline: December 2, 2020
- You will receive a single payment of \$2,000 for a four-week period
- How to apply: through your [online CRA account](#) or call 1-800-959-2019 (you will need your SIN and postal code)
- Please note this benefit may affect an employer's right to lay off an employee
- You may apply for CERB after you have exhausted your EI regular benefits.
- Eligibility periods:
  - March 15, 2020 to April 11, 2020
  - April 12, 2020 to May 9, 2020
  - May 10, 2020 to June 6, 2020
  - June 7, 2020 to July 4, 2020
  - July 5, 2020 to August 1, 2020
  - August 2, 2020 to August 29, 2020
  - August 30, 2020 to September 26, 2020

### To qualify...

- You must have minimum \$5,000 of employment or self-employment income in the last 12 months
- You must not have voluntarily ceased working and must be at least 15 years of age.

### AFTER YOU HAVE BEEN APPROVED...

You can apply for **the BC Emergency Benefit for Workers**, which provides a one-time and tax-free \$1,000 benefit. Applications begin on May 1, 2020. Find out how to apply [here](#).

### 4

## Business Wage Subsidy

The federal government will provide **10% of an employee's wage for up to 3 months, up to \$1,375 per employee (max. \$25,000 per employer)**. For employers (individuals, partnerships, corporations) with payroll

- Subsidy period: March 18 to June 19, 2020.
- How to receive: The monthly remittance to the CRA should be reduced by the amount of the business wage subsidy. No application is required.
- You have to manually calculate the subsidy. Please read [this page from the CRA](#) to find out how.

## 5

# Canada Emergency Wage Subsidy 1.0 (CEWS)

The federal government will provide **75% of an employee's wage (max. \$847 per week)** from **March 15, 2020 to August 29, 2020**.

For employers with payroll who have suffered a drop in gross revenue of at least 15% in March, at least 30% in April, May, and June. Please see the next page for details on the months of July to November.

- Application start date : April 27, 2020
- Employer must make best efforts to top up remaining 25% of employee's wage.
- How to apply: through your [My Business Account on CRA](#) or a [Web Forms application](#) (you will need a [web access code](#) and your most recent original 2018 tax year submitted T4 summary)
- This is a form of government assistance and should be included in your taxable income.
- You must reapply after each month and administer and make payroll remittance to the CRA as usual.
- **You need to provide supporting documents confirming a drop in gross revenues during the respective periods of at least:**
  - Period 1 - 15% for March 2020
  - Period 2 - 30% for April 2020
  - Period 3 - 30% for May 2020
  - Period 4 - 30% for June 2020
- **There are two benchmarks to confirm drop in revenue. You must use only one method consistently.**
  - Comparing the eligibility period year over year using the same month, e.g. May 2020 to May 2019.
  - Comparing a period to the average gross revenue of January and February 2020.

**Announced by the federal government on April 8, 2020, employers who qualify for CEWS can also apply for **an expanded measure**.**

- 100% refund for certain payroll contributions.
- You must apply for this refund at the same time as when you apply for CEWS .

**Please see the next page for CEWS 2.0**

## Canada Emergency Wage Subsidy 2.0

An extension of the CEWS from July 5, 2020 to November 21, 2020 with a top-up subsidy provided to hard-hit businesses.

For employers with payroll who have suffered a drop in gross revenue under 30% will also be eligible for a wage subsidy. CEWS 2.0 provides base wage subsidies based on a sliding scale as shown below:

- **Period 5\*: July 5 to August 1st**
  - 1.2 x revenue drop = % base CEWS rate
    - *E.g. 1.2 x 30% revenue drop = 36% base subsidy claim*
  - Maximum subsidy claim: 60% or \$677/week/employee
- **Period 6\*: August 2 to August 29**
  - 1.2 x revenue drop = % base CEWS rate
  - Maximum subsidy claim: 60% or \$677/week/employee
- **Period 7: August 30 to September 26**
  - 1.0 x revenue drop = % base CEWS rate
  - Maximum subsidy claim: 50% or \$565/week/employee
- **Period 8: September 27 to October 24**
  - 0.8 x revenue drop = % base CEWS rate
  - Maximum subsidy claim: 40% or \$452/week/employee
- **Period 9: October 25 to November 21**
  - 0.4 x revenue drop = % base CEWS rate
  - Maximum subsidy claim: 20% or \$225/week/employee

\* In Periods 5 and 6, employers who would have been better off in the CEWS design in Periods 1 to 4 would be eligible for a 75% wage subsidy if they have a revenue decline of 30% or more.

CEWS 2.0 provides top-up wage subsidies of up to 25% to employers who have experienced a 3-month average revenue drop of more than 50% based on the following calculation:

- $1.25 \times (\text{revenue drop} - 50\%) = \text{Top-up CEWS rate}$
- Maximum top-up subsidy claim: 25% or \$1,129/week
- Eligible for the months of March to November

**The three-month average revenue drop can be calculated using one of two methods with the three months prior to the claim period.**

- Year over year by using the same three months in 2019
  - *E.g. Revenue drop for Period 5 would be measured by comparing April to June 2020 average over April to June 2019 average*
- Average gross revenue earned in January and February 2020
  - *E.g. Revenue drop for Period 5 would be calculated by comparing April to June 2020 average over January and February 2020 average*

**The overall CEWS rate would be equal to the top-up CEWS rate plus the base CEWS rate.**

# TAX DEFERRALS

7

## Personal income tax

2019 personal income tax return is deferred until June 1, 2020. The tax payment is deferred until September 1, 2020.

8

## Partnership return (T5013) and Statement of amounts paid to non-residents (NR4)

Information return or form due dates deferred until May 1, 2020.

9

## Corporate income tax

Corporate income tax return (that was due between March 1- May 31, 2020) is deferred until June 1, 2020. Part I tax payments on or after March 18, 2020 deferred until September 1, 2020.

10

## GST, HST, and customs duties on imports

Payments are deferred until June 30, 2020 with no interest applied. **Please note that GST & HST (GST34) cannot be deferred.**

11

## Various Provincial Taxes

Deferred until September 30, 2020, including:

- PST
- Municipal and regional district tax
- Tobacco tax
- Motor fuel tax
- Carbon tax

12

## Property Taxes - City of Vancouver

The City has a [property tax deferral program](#) to delay all property tax payment for up to 60 days as an immediate relief measure.

# REDUCED EXPENSES

13

## Reduced School Tax Rate

The province will reduce school tax rates by 50% for commercial properties (Class 4, 5, 6) for the 2020 tax year to allow for landlords to immediately pass savings on to their tenants in triple-net leases.

14

## BC Hydro Bill Waived

Small businesses that have been forced to close due to COVID-19 will have their power bills forgiven for three months from April to June 2020.

Warning: The above is general information and is not tax or legal advice. The above summary does not provide information on all programs available for BC business owners and does not provide all relevant details of the above programs. You should consult your accounting and legal professional advisors for advice appropriate to your situation. No individual or organization involved in either the preparation or distribution of this content accepts any contractual, tortious, or any other form of liability for its contents or for any consequences arising from its use.

# The Vancouver Chinatown Foundation is here for you

Please do not hesitate to email [info@chinatownfoundation.org](mailto:info@chinatownfoundation.org)  
with the subject line "COVID-19 Relief".

Thank you to Baker Tilly Canada Cooperative and KPMG for assisting us in compiling resources and summarising the above information.

華埠基金  
VANCOUVER  
CHINATOWN  
FOUNDATION

# Helpful Resources:

Summary of all federal relief from Baker Tilly

<https://www.bakertilly.ca/en/btc/publications/table-support-for-businesses>

MNP COVID-19 Business Advice Centre

<https://www.mnp.ca/en/covid-19>

Information and Portal for Canada Emergency Commercial Rent Assistance (CECRA) from CMHC

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>

Canada Emergency Response Benefit FAQ from the Government of Canada

<https://www.canada.ca/en/services/benefits/ei/ceerb-application.html>

COVID-19 Business Resources by Vancouver Economic Commission

<https://www.vancouvereconomic.com/covid-19-business-resources/>

COVID-19: Support for Small Businesses by the BC Government

[https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/covid-19\\_small\\_business\\_supports.pdf](https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/covid-19_small_business_supports.pdf)

Additional Support for Canadian Businesses by CRA

<https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html>

You can call an advisor at Small Business BC at [1-800-667-2272](tel:1-800-667-2272). Services are available in Cantonese, Mandarin, and Vietnamese.