

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 October 20, 2020. If you have further questions, we recommend you contact your legal or accounting professional advisor.

You may also contact 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.
- If the loan is not repaid by December 31, 2022, it will be converted into a three-year term loan (to December 31, 2025) with a 5% interest rate.

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.)

***Please note: The federal government announced on October 9, 2020 that the CEBA loan will increase to \$60,000 and the deadline will be extended to December 31, 2020. Details are yet to be formalized.**

2

Canada Emergency Commercial Rent Assistance (CECRA) Extensions

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. **CPOs can apply for an extension for July, August, and September 2020.**

Tenants would have at least a 75% reduction in rents for July, August, and September 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: October 30, 2020. Forgivable loans will be applied retroactively.

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 July, August, and September 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 Rent Subsidy (details TBD)

The federal government announced on October 9, 2020 that it plans to provide up to 65% of eligible costs through to December and up to 90% to businesses that have closed due to a mandatory public health order.

For commercial tenants who can now apply directly. Eligibility requirements have not been announced.

4

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. The eligibility requirement is identical to CERB and the eligible periods includes March 1-14, 2020.

Find out how to apply [here](#). Deadline to apply is December 2, 2020.

5

Canada Recovery Benefit (CRB)

The federal government will provide \$500 per week for up to 26 weeks. For employees and self-employed individuals who are not eligible for EI who have been laid-off or are experiencing at least a 50% reduction in their average weekly income due to COVID-19.

- Eligibility period: September 27, 2020 to September 25, 2021
- You will receive a single payment of \$900 (after tax withheld by CRA) for a two-week period.
- Application start date: October 12, 2020
- Application deadline: You must apply within 60 days after the end of the two-week period you wish to apply for.
- How to Apply: through your [online CRA account](#) or call 1-800-959-2019 or 1-800-959-2041. Please visit this [CRA webpage](#) for more information.
- You may re-apply after every two-week period if you continue to meet all eligibility requirements. You may apply for up to 13 two-week periods.
- Eligibility periods: 2-week periods starting from September 27, 2020.
 - E.g.
 - Period 1: September 27, 2020 to October 10, 2020
 - Period 2: October 11, 2020 to October 24, 2020

To qualify...

- You must be unemployed or self-employed or have experienced a reduction of 50% in your average weekly income due to COVID-19 for atwo-week period.
- You must not have voluntarily ceased working and must be at least 15 years of age.
- You are actively looking for work and do not qualify for EI.
- You do not receive benefits under certain provincial programs, CRSB or CRCB during the two-week period.

Note: If your net income is above \$38,000 (excluding CRB), you must reimburse \$0.50 of the benefit for every dollar of net income that you earned above \$38,000.

Canada Recovery Sickness Benefit (CRSB)

The federal government will provide \$500 per week for up to 2 weeks. For employees and self-employed individuals who have contracted COVID-19, have underlying conditions that make them more vulnerable to COVID-19, or have been advised to self-isolate.

- Eligibility period: September 27, 2020 to September 25, 2021
- You will receive a single payment of \$450 (after tax withheld by CRA) for a one-week period.
- Application start date: October 5, 2020
- Application deadline: You must apply within 60 days after the end of the two-week period you wish to apply for.
- How to Apply: through your [online CRA account](#) or call 1-800-959-2019 or 1-800-959-2041. Please visit this [CRA webpage](#) for more information.
- You may re-apply for the second (and final) period after the first one-week period if you continue to meet all eligibility requirements.

To qualify...

- You are unable to work at least 50% of your scheduled work week because you're self-isolating for one of the following reasons:
 1. You are sick with COVID-19 or may have COVID-19.
 2. You are advised to isolate due to COVID-19.*
 3. You have an underlying health condition that puts you at greater risk of getting COVID-19.*
- You must have a Social Insurance Number (SIN) and be at least 15 years old.
- You reside in Canada and are not receiving paid leave benefits from your employer.
- You do not receive benefits under certain provincial programs, CRSB or CRCB during the two-week period.

***A medical practitioner, nurse practitioner, person in authority, the government, your public health authority can advise you on these reasons.**

Canada Recovery Caretaker Benefit (CRCB)

The federal government will provide \$500 per week for up to 26 weeks. For employees and self-employed individuals who are unable to work because they need to take care of a family member due to COVID-19.

- Eligibility period: September 27, 2020 to September 25, 2021
- You will receive a single payment of \$450 (after tax withheld by CRA) for a one-week period.
- Application start date: October 5, 2020
- Application deadline: You must apply within 60 days after the end of the two-week period you wish to apply for.
- How to Apply: through your [online CRA account](#) or call 1-800-959-2019 or 1-800-959-2041. Please visit this [CRA webpage](#) for more information.
- You must re-apply if you continue to meet all eligibility requirements for up to 26 one-week periods.

To qualify...

- You are unable to work at least 50% of your scheduled work week because you are caring for your child under 12 years old or a family member who needs supervised care for the following reasons:
 1. Their school, daycare, day program, or care facility is closed or unavailable to them due to COVID-19
 2. Their regular care services are unavailable due to COVID-19
 3. The person under your care is sick with COVID-19; has symptoms of COVID-19; at risk of serious health complications if they get COVID-19, as advised by a medical professional; or self-isolating due to COVID-19.
- You are the only member of your household applying for CRCB for the week.
- You must have a Social Insurance Number (SIN) and be at least 15 years old.
- You reside in Canada and are not receiving paid leave benefits from your employer.
- You do not receive benefits under certain provincial programs, CRSB or CRCB during the two-week period.

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 15, 2020 to April 11, 2020
 - Period 2 - 30% for April 12, 2020 to May 9, 2020
 - Period 3 - 30% for May 10, 2020 to June 6, 2020
 - Period 4 - 30% for June 7, 2020 to July 4, 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*

Base CEWS rate + Top-Up CEWS rate = Overall CEWS rate

REDUCED EXPENSES

9

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.

10

EI Premium Rate Freeze

The federal government is freezing the EI Premium Rate for employees at the 2020 level of \$1.58 per \$100 of insurable earnings for two years.

Employers who pay 1.4 times the employee rate will also remain unchanged at \$2.21 per \$100 of insurable earnings.

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
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.

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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

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.