# Support for Small Businesses - Fact Sheet

The ongoing Covid-19 pandemic is having a significant impact for everyone across the country. Many small businesses are struggling to stay afloat. The NDP has been advocating for measures to support small businesses.

As the federal government continues to announce new policies and updates the newest information can be found [here](https://www.canada.ca/en/department-finance/economic-response-plan/covid19-businesses.html#wage_subsidies).

As of April 16, 2020, these are the Federal programs in place:

**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).

Eligible employers include:

* + individual (excluding trusts),
  + partnership.
  + non-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.

Note: Partnerships are only eligible for the subsidy if their members consist exclusively of individuals (excluding trusts), registered charities, other partnerships eligible for the subsidy, or eligible Canadian-controlled private corporations (CCPCs).

To learn more about the program go to: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h1>

**Canadian Emergency Wage Subsidy (CEWS)**

* The subsidy covers 75% of an employee’s wages for up to 12 weeks, retroactive to March 15, 2020.
* The subsidy is taxable income for employers as it is considered government assistance.
* This does not replace the Temporary 10% Wage Subsidy program.
* Any benefit the employers received from the 10% Wage Subsidy program can be deducted from their benefits paid through the 75% CEWS program if they apply.
* To ensure that the Canada Emergency Response Benefit (CERB) applies as intended, the government is considering implementing an approach to limit duplication. This could include a process to allow individuals rehired by their employer during the same eligibility period to cancel their CERB claim and repay that amount.

**Eligible Employers**

* individuals
* taxable corporations
* partnerships consisting of eligible employers, non-profit organizations, and registered charities. Employers are eligible if they experience at least a 15% decline in revenue in March, and at least 30% decline in April and May. The program will be in place for a 12-week period, from March 15 to June 6, 2020.

Note: Public bodies are not eligible for this subsidy.

### Eligible employees

* An employee is **either** in receipt of the CEWS from their employer **or** the CERB from the government **but not both.**

**How to Apply**

* Eligible employers will be able to apply for the CEWS through the Canada Revenue Agency's My Business Account portal. Employers applying must keep records demonstrating their decline in revenues and remuneration paid to employees.

**Amount of Subsidy**

The subsidy amount for a given employee on eligible remuneration paid for the period between March 15 and June 6, 2020 is the greater of:

* 75% of the amount of remuneration paid, up to a maximum benefit of $847 per week; and
* the amount of remuneration paid, up to a maximum benefit of $847 per week or 75% of the employee's pre-crisis weekly remuneration, whichever is less.
* The pre-crisis remuneration for a given employee is based on the average weekly remuneration paid between January 1 and March 15 inclusively, excluding any seven-day periods in respect of which the employee did not receive remuneration.
* Employers are also eligible for a subsidy of up to 75% of salaries and wages paid to new employees.
* There is **no overall limit on the subsidy amount that an eligible employer may claim.**
* Employers are expected to make their best effort to top-up employees' salaries to bring them to pre-crisis levels.

\*A special rule applies to employees that do not deal with at arm’s length with the employer. Please refer [here](https://www.canada.ca/en/department-finance/economic-response-plan/covid19-businesses.html#wage_subsidies) for further details.

**Eligible Periods**

Eligibility is determined by the change in an eligible employer's monthly revenues, year-over-year, for the calendar month in which the period began.

All employers are allowed to calculate their change in revenue using an alternative benchmark to determine their eligibility. This provides flexibility to employers for which the general approach may not be appropriate, including high-growth firms, sectors that faced difficulties in 2019, non-profits and charities, as well as employers established after February 2019.

Under this alternative approach, employers are allowed to compare their revenue using an average of their revenue earned in January and February 2020. Employers can select the general year-over-year approach or this alternative approach when first applying for the CEWS.

Once an approach is chosen, the employer is required to use the same approach for the entire duration of the program.

In order to provide certainty to employers, once an employer is found eligible for a specific period, the employer automatically qualifies for the next period.

The amount of wage subsidy (provided under the [COVID-19 Economic Response Plan](https://www.canada.ca/en/department-finance/economic-response-plan.html)) received by the employer in a given month is ignored for the purpose of measuring year-over-year changes in monthly revenues.

**There are 3 Claiming periods.** The table below outlines each claiming period, the required reduction in revenue and the reference period for eligibility.

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| --- | --- | --- | --- |
|  | **Claiming Period** | **Required reduction in revenue** | **Reference period for eligibility** |
| **Period 1** | March. 15 – April 11 | 15% | March 2020 over:   * March 2019 or; * Average of January and February 2020 |
| **Period 2** | April. 12 – May. 9 | 30% | Eligible for Period 1 **OR**  April 2020 over:   * April 2019 or; * Average of January and February 2020 |
| **Period 3** | May. 10 – June. 6 | 30% | Eligible for Period 2 **OR**  May 2020 over:   * May 2019 or; * Average of January and February 2020 |

**Calculating Revenues:**

An employer's revenue for this purpose is its revenue in Canada earned from arm's-length sources. This refers to business deals in which buyers and sellers act independently of each other, without one party influencing the other.

Employers select an accounting method when first applying (either accrual method or cash method) for the CEWS and are required to use that method for the entire duration of the program.

For registered charities and non-profit organizations, the calculation includes most forms of revenue, excluding revenues from non-arm's length persons. These organizations are allowed to choose whether or not to include revenue from government sources as part of the calculation.

### Refund for Certain Payroll Contributions:

* Businesses will be able to receive a 100% refund of some employer-paid contributions to Employment Insurance, Canada Pension Plan, Quebec Pension Plan, and Quebec Parental Insurance Plan. This refund covers 100% of employer paid contributions for eligible employees for each week throughout which those employees are on leave with pay and for which the employer is eligible to claim for the CEWS for those employees.
* This refund is not be available for eligible employees that are on leave with pay for only a portion of a week and it is not  subject to the weekly maximum benefit per employee of $847 that an eligible employer may claim in respect of the CEWS.
* Employers are required to continue to collect and remit employer and employee contributions to each program as usual. Eligible employers apply for a refund, as described above, at the same time that they apply for the CEWS.

To learn more about the program go to: <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

## Access to Credit and Financing:

1. **Canada Emergency Business Account (CEBA)**
   * CEBA will provide interest-free loans of up to $40,000 to eligible small businesses. To qualify, small businesses will need to demonstrate they paid between $20,000 to $1.5 million in total payroll in 2019. Repaying the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to $10,000). The CEBA is now available through eligible financial institutions in cooperation with Export Development Canada.
2. **Loans and Support from the Business Development Bank of Canada (BDC)**
   * Through the $10 billion Federal government [Business Credit Availability Program](https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html), BDC has made available working capital loans of up to $2 million, postponement of payments and reduced rates on new eligible loans. A new Co-Lending Program will bring BDC together with financial institutions to co-lend term loans to small and medium enterprises for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts up to $6.25 million under this new program
3. **Enhanced Financing through Export Development Canada (EDC)**
   * Through the $10 billion Federal government [Business Credit Availability Program](https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html), EDC has enhanced financing and insurance programs to ensure that impacted exporters have access to the credit and support they need. EDC will guarantee new operating credit and cash flow term loans that financial institutions extend to small and medium enterprises, up to $6.25 million
4. **Financing Products through Farm Credit Canada (FCC)**
   * Through an additional $5 billion received from the Federal government, [FCC is offering](https://www.fcc-fac.ca/en/covid-19/program-details.html) loan payment deferrals and other financing products to the agriculture and food industry.
5. **Speak to your Financial Institution**
   * Canada’s largest financial institutions (BMO, CIBC, National Bank of Canada, RBC, Scotiabank, and TD Bank), as well as some credit unions are committed to working with small business banking customers on a case-by-case basis to provide flexible financing solutions. Small businesses operating in rural communities may also check with their local Community Futures office for emergency loans and business advice

### Deferral of Income taxes for Businesses

Businesses are allowed to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after March 18 and before September 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

Businesses, including self-employed individuals, will be allowed 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 the month of March.

**Canada Emergency Commercial Rent Assistance – Coming Soon:**

Missing in the programs to support the small business community is relief for their commercial rent. The NDP has been calling for a commercial rent abatement program and are happy to report that on April 16, 2020, the Federal Government announced that they will introduce the Canada Emergency Commercial Rent Assistance program to support small businesses’ rent obligations for the months of April, May and June.  Details are expected shortly.

Please refer to the government website for updates: <https://www.canada.ca/en/department-finance/economic-response-plan.html#businesses>

**Contact Information:**

If you are interested in exploring financing opportunities for your business through the BCAP, **please contact your financial institution directly and it will contact BDC and EDC where appropriate**.  BDC and EDC can also be contacted at the phone numbers below.

[Business Development Bank of Canada](mailto:info@BDC.ca)

1-877-232-2269

[Export Development Canada](mailto:BCAP@EDC.ca)

1-800-229-0575