

Overview of Federal Government Support Programs in Response to COVID-19



Women
Entrepreneurship
Knowledge Hub

Revised April 16, 2020

Agenda

- Employment Insurance
- Canadian Emergency Response Benefit (CERB)
- Business Credit Availability Program (BCAP)
- Canada Emergency Business Account (CEBA)
- Canada Emergency Wage Subsidy (CEWS)
- Additional Supports
- Federal Government Supports Flowcharts
- Questions



Employment Insurance

EI Changes & Eligibility

- Changes to the length and eligibility requirements of EI due to COVID-19 (e.g the one week waiting period waived March 15th, 2020, requirement to provide a medical certificate to access EI sickness benefits waived)
- EI still applies for maternity, parental, and caregiving.
- Those eligible for EI regular or sickness benefits on March 15th or onward will be automatically processed through the Canada Emergency Response Benefit (CERB)
- EI benefits and the CERB cannot be collected for the same period

Canadian Emergency Response Benefit (CERB)

- \$2000 per four week period up to 16 weeks (reapply every 4 weeks)
- Worked full time, on contract, or were self-employed. Also seasonal workers and those who have run out of EI
- Lost income because of COVID-19 and did not quit OR are eligible for EI regular or sickness benefits
- With income of at least \$5,000 in 2019 or in 12 months prior to application date
- When submitting your first claim, you cannot have earned more than \$1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of your claim.
- When submitting subsequent claims, you cannot have earned more than \$1,000 in employment and/or self-employment income for the entire four-week benefit period of your new claim.
- Will not receive EI benefits during that period



How to Apply for the CERB

- Apply through an online portal or via the phone 1-800-959-2019
- Create a CRA My Account and connect it to an eligible bank account to ensure direct deposit
 - With a **CRA account**, ensure banking and mailing information is correct, are able to currently log in, and have all income and employment information for the last 12 months
 - Without a **CRA account**, create one which provides all information required. Have SIN and Postal Code.

CERB Eligibility Periods

4-week period cycle	Period dates
1	March 15, 2020 to April 11, 2020
2	April 12, 2020 to May 9, 2020
3	May 10, 2020 to June 6, 2020
4	June 7, 2020 to July 4, 2020
5	July 5, 2020 to August 1, 2020
6	August 2, 2020 to August 29, 2020
7	August 30, 2020 to September 26, 2020

CERB FAQs

Is the CERB taxed?

Yes but tax will not be deducted at source. The benefit is reported as income on 2020 income taxes.

How long will it take for to receive the CERB?

From date of application, 3 business days by direct deposit; 10 business days by cheque

If they already applied for EI, can they cancel to apply for CERB?

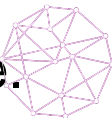
No. Applications for EI after March 15, will be automatically moved over. Applications for EI before March 15 will be handled as usual.

If they earned some income, can they apply for CERB?

Yes, as long as they do not earn \$1,000 per month in employment and/or self-employment income

Can they take both the CERB and EI Benefits?

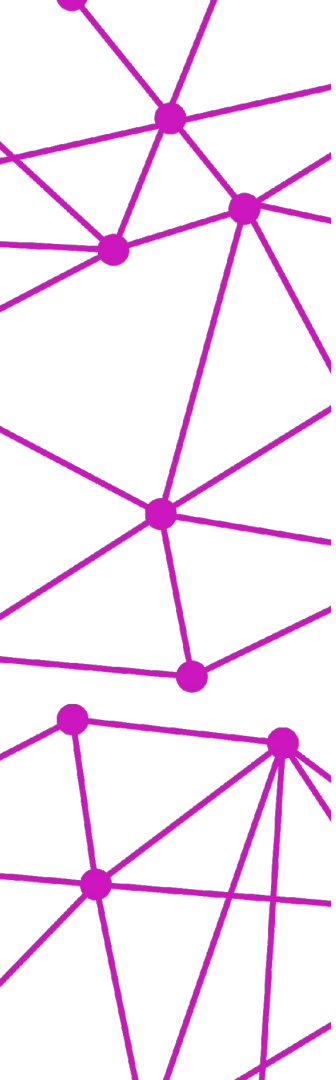
They can't be on both programs and should apply for Maternity if eligible.



Business Credit Availability Program (BCAP)

- Export Development Canada (EDC) and Business Development Bank of Canada (BDC) will guarantee/co-lend loans through private financial institutions.
 - loans of up to \$6.25 million to SMEs – have a 1-year term with automatic renewal
 - 80% guaranteed by EDC, to be repaid within one year
- BDC Co-Lending Program with three different types of loans:
 - \$312,500 to businesses with revenues of less than \$1 million.
 - \$3.125 million for businesses with revenues between \$1 million and \$50 million.
 - \$6.25 million for businesses with revenues in excess of \$50 million
- EDC and BDC support can be accessed in parallel for up to \$12.5 M in additional liquidity.



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- Internal risk management processes will be applied
 - Credit-worthy businesses with viable business models whose activities fall within the mandate of either BDC and/or EDC are eligible.
 - Contact financial institutions to inquire.
 - Money is to be used for operational expenses, not for dividend payouts, shareholder loans, bonuses, stock buyback, option issuance, increases to executive compensation or repayment/refinancing of other debt.



Canada Emergency Business Account (CEBA)

- Interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs.
- Delivered through their banks and credit unions.
- To qualify, organizations must have paid between \$20,000 to \$1.5 million in total payroll in 2019.
- Up to 7 business days from the submission date and the loan will be deposited
- No interest rate, no minimum monthly principal payments until December 31, 2022.
 - Potential for loan forgiveness of up to \$10,000 provided the balance is fully paid on or before Dec 31, 2022.
 - If the loan is not repaid by December 31, 2022, the remaining balance will be converted to a three-year term loan at 5% interest.



Canadian Emergency Wage Subsidy (CEWS)

- For businesses, sole proprietorships, partnerships, entrepreneurs, non-for profits, and charities
- A 75% wage subsidy to cover annual earnings up to \$58,700 — or \$1,129 a week in pre-crisis earnings per employee (max \$847 a week)
- Organizations must prove that their revenues have declined
 - by 30% in April or May (compared to the same month in the previous year or an average of January and February 2020)
 - by 15% in March 2020
- Processed through the CRA's My Business Account portal in addition to a web-based application
- Eligible claims to be backdated to March 15th.
- The CEWS will last for a 12-week period, from March 15 to June 6, 2020, with the possibility of extension.



- Employers can calculate their revenues under the accrual method or the cash method and use that method on all applications.
- For **registered charities and non-profit organizations**, the calculation will include most forms of revenue, excluding revenues from non-arm's length persons and they would be allowed to choose whether or not to include revenue from government sources.
- Employers eligible for the CEWS can now receive a **100% refund for certain employer-paid contributions** to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan
- Any benefit from the automatic 10% wage subsidy for remuneration paid in a specific period will reduce the amount available to be claimed under the CEWS in that period.
 - This also applies to the Work Sharing program.





Application Process

1. Create a CRA online My Business Account and connect it to a bank account that enables direct deposit.
2. Demonstrate Loss of Revenue by filling out forms
3. Show attempts to hire and continue to pay workers
4. Get approvals and receive money directly in CRA connected bank account

More details to come!



Additional Programs

Work-Sharing Program Expansion

- A program that helps to avoid layoffs during a reduction of work. It gives income support to employees eligible for EI who work a temporarily reduced work week. Due to COVID-19, the program has been expanded.
- From March 15th 2020, to March 14th 2021, the maximum possible duration of an agreement has been extended from 38 to 76 weeks, and organizations only need to have been in operation for one year.
- The application has been simplified, and employers can apply immediately if they have used the program in the past.
- Public corporations, and not-for-profit employers experiencing a shortage of work due to COVID-19 are also eligible.



Tax Filing Extensions

- All businesses, including self-employed individuals, can defer all GST/HST payments until June, as well as customs duties owed
- The CRA will allow all businesses 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.
- The filing date for registered charities with Form T3010 has been extended to December 31, 2020.



Student Work Placement Program Changes

- Subsidies for undergraduate student co-op, internships or work integrated work placements of 50% - 70% or up to \$10,000
- Employers can postpone placement start dates to avoid rescinding placements, and will be able to apply for funding before they finalize their selection of students to hire.
- Small and medium sized employers (fewer than 500 employees) and non-profit organizations will be able to use wage subsidies up-front when there is an operational cash flow need.
- Post-secondary institutions (universities, colleges and polytechnics) will be able to be the employer of record to offer meaningful placements to students.
- These measures will be in place until March 31st, 2021.



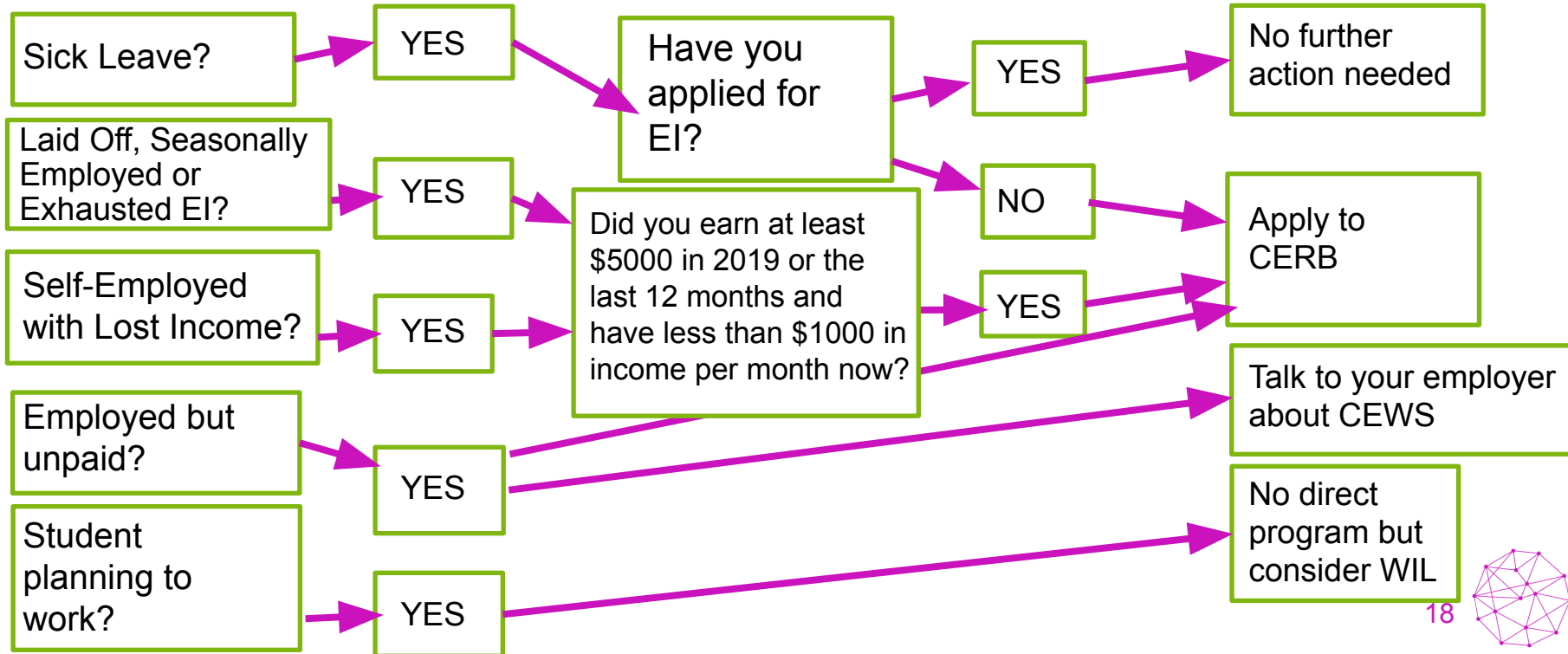
Canada Summer Jobs Program Updates

- Increases to the wage subsidy - up to 100 % of the provincial or territorial minimum hourly wage for each employee.
- Allowing employers to adapt their projects and job activities to support essential services.
- Allowing employers to hire staff on a part-time basis.
- End date for employment extended to Feb. 28, 2021.
- Expecting extended eligibility for organizations who could provide student jobs, but who did not apply before February 28th, 2020. Please contact your local MP if interested.
- This program is also coupled with a six-month, interest-free moratorium on Canada Student Loans, to provide additional support for students.

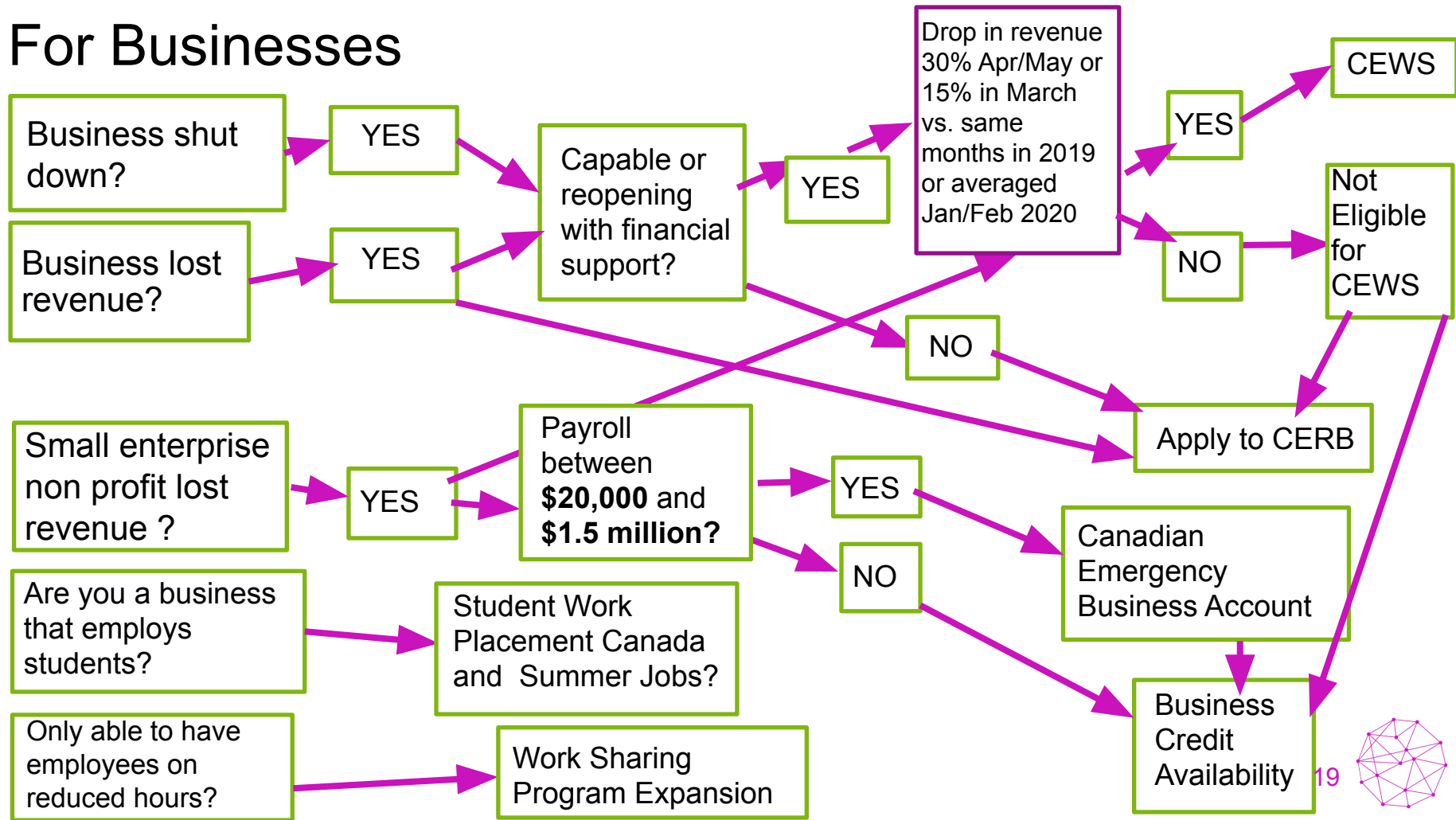


Federal Government Supports Flowcharts

For Individuals



For Businesses



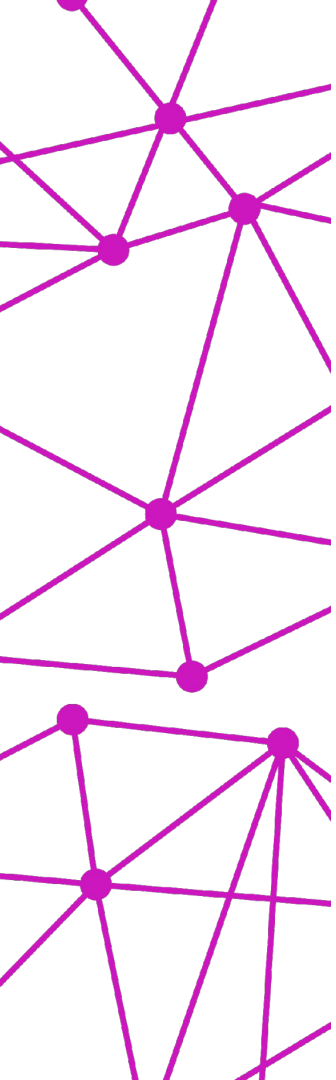
Example Eligibility Cases

- Nia is a public relations professional who operates her own firm and earned over \$150,000 in revenue in the last year, but she only employs independent subcontractors for her business.
 - She not eligible for the CEWS as her staff are independent contractors and not on payroll.
 - She is not eligible for the CEBA as her payroll expenses are less than \$20,000 and she pays herself in dividends.
 - She is potentially eligible for the CERB if she is making less than \$1000 per month.

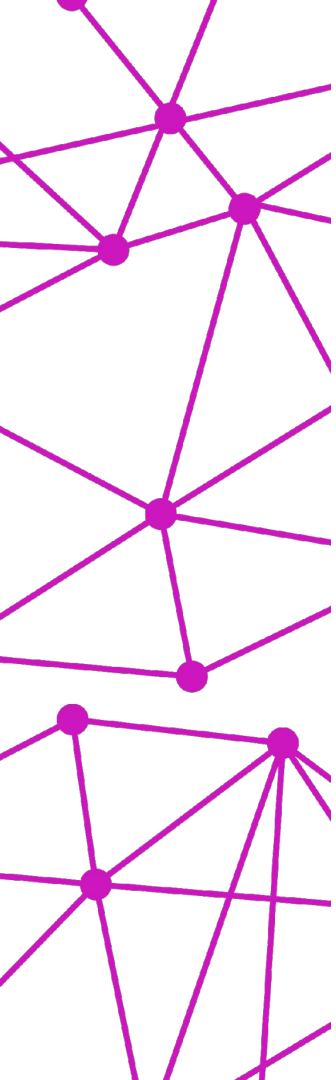


- Alison founded a tech startup that is using existing capital and haven't generated revenue yet, but she does have staff on payroll.
 - She is not eligible for the CEWS as she has not operated long enough to show a drop in revenue.
 - She is eligible for the CEBA as she has three employees whose payroll equals \$87,000.
 - She may be eligible for the BCAP and she should contact her bank or credit union.



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- Adriana is a self employed artist who has seen a drop in business but is still making some revenue.
 - She is potentially eligible for the CERB if she is making less than \$1000 per month.
 - She is not eligible for the CEBA as the amount she pays herself is below \$20,000
 - She is not eligible for the CEWS as she does not have an employees or pay herself an hourly salary.



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- Jiya has recently started a bakery with a partner, but they have not drawn salary yet.
 - She is not eligible for the CEBA as she does not have enough payroll to be eligible.
 - She is not eligible for the CEWS as she and her partner do not have salary, but receive dividends
 - She may be eligible for the BCAP and should contact her financial information for details.
 - She may be eligible for CERB if her current income is less than \$1000 per month



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Questions?

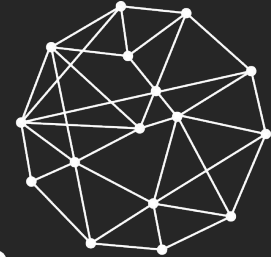
Thank you

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