



# Government Support During COVID-19

What This Means For You and Your Practice?

Presented by: Jessy Sra and Jennifer Hollis

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## Introduction

### **Jessy Sra, CPA, CA**

Jessy is a Senior Manager with MNP's Professional Services practice. Jessy has been advising medical and dental professionals for more than 10 years, helping clients build their practices and plan for their future. Jessy works with each of her clients on various business matters such as buying/selling practices, tax planning, bank financing and financial performance and benchmarking.

### **Jennifer Hollis, CPA, CA**

Jennifer is a Partner with MNP's Professional Services practice in B.C. Jennifer has more than 10 years of experience providing compliance services and advising doctors, dentists and other health care professionals on wealth creation and accumulation, tax structuring and strategic planning. She works closely with her clients, developing a strong understanding of their financial goals and guiding them to the most effective business, investment and tax structure and strategies for their unique situation.

# Agenda

- **Canada Emergency Wage Subsidy “CEWS” and Temporary Wage Subsidy “TWS”**
- **Canada Emergency Response Benefit “CERB”**
- **Commercial Rent Assistance Program**
- **Stimulus Government Programs**

**TEMPORARY WAGE SUBSIDY  
("TWS") – 10%**

**AND**

**CANADA EMERGENCY WAGE SUBSIDY  
("CEWS") – 75%**

## Temporary Wage Subsidy (“TWS”)

- Organizations/Employers that do not qualify for the Canada Emergency Wage Subsidy may continue to qualify for the previously announced Temporary Wage Subsidy of 10 percent

### **An Eligible Employer qualifies provided they:**

- Employ one or more individuals in Canada;
- 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.

## What is the Canada Emergency Wage Subsidy (“CEWS”)?

- A 75 percent wage subsidy provided by the Government of Canada for qualifying businesses, retroactive to March 15, 2020.
- Applies at a rate of 75 percent on the first \$58,700 normally earned by employees – representing a maximum benefit of \$847 per week.
- The program is in place for a 12-week period – March 15 to June 6, 2020
- Legislation and qualifications are very complex

# What is the Canada Emergency Wage Subsidy (“CEWS”)?

## Eligible Employee

- An individual employed in Canada by an eligible entity, that has not been without remuneration of 14 or more consecutive days in the qualifying period.

## Eligible Entity

- Individuals, trusts, taxable corporations, partnerships consisting of eligible employers, non-profit organizations and registered charities; Excludes public bodies – crown corps, universities, etc.

## Example of Wage Subsidy Calculation

### Assumptions to determine A in formula:

Baseline remuneration                      \$2,000 per week

Current remuneration                         \$750 per week

GREATER OF:	Arm's Length	NAL
<b>Least of</b>		
- 75% of remuneration paid	562.50	562.50
- \$847 per week	847.00	847.00
- NIL if NAL employee	N/A	-
<b>Least of</b>		
- Eligible remuneration paid	750.00	750.00
- 75% of baseline remuneration	1,500.00	1,500.00
- Max Benefit	847.00	847.00
Maximum Subsidy	750.00	750.00



## Qualifying Periods

	Claiming Period	Required reduction in revenue	Reference Period for Eligibility
<b>Period 1</b>	March 15 to April 11	15%	March 2020 over: <ul style="list-style-type: none"> <li>• March 2019 or</li> <li>• Average of Jan and Feb 2020</li> </ul>
<b>Period 2</b>	April 12 to May 9	30%	Eligible for Period 1 <b>or</b> April 2020 over: <ul style="list-style-type: none"> <li>• April 2019 or</li> <li>• Average of Jan and Feb 2020</li> </ul>
<b>Period 3</b>	May 10 to June 6	30%	Eligible for Period 2 <b>or</b> May 2020 over: <ul style="list-style-type: none"> <li>• May 2019 or</li> <li>• Average of Jan and Feb 2020</li> </ul>

- Once an employer is found eligible for a specific period, the employer will automatically qualify for the next period; Must requalify for the third qualifying period

## Refund of Certain Payroll Contributions

- The Government is proposing a new 100 percent refund for certain employer paid contributions to EI, CPP and QPP and the Quebec Parental Insurance Plan
- This refund is available on employer-paid contributions for eligible employees for each week throughout which those employees on leave with pay, and for those employees that the employer is eligible to claim the CEWS

## How to Apply/Other information

- Eligible employers should apply for the CEWS through the Canada Revenue Agency's My Business Account portal, Represent a Client as well as a web-based application
- Employers are required to maintain records demonstrating their reduction in revenues and remuneration paid to employees
- Eligible employers must attest to decline in revenue and that the conditions of the subsidy program have been met
- Government wants employers to continue to pay the employees baseline remuneration (pre-crisis earnings) if possible
- Subsidy is included in the employer's income in the period in which it relates

## Compliance/Penalties

- Employers not meeting eligibility requirements will be required to repay amounts received under the CEWS – 100%
- Employers engaging in artificial transactions to reduce revenues for the purpose of claiming the CEWS will be subject to a penalty equal to 25% of the subsidy claimed, in addition to the full repayment of the subsidy received.
- Fraudulent claims may result in penalties, including fines or even imprisonment.
- Minister may make information relating to CEWS application public



## Integration between TWS and CEWS

- The two programs are intended to provide total support of up to 75%, not 75% + 10%
- Under the new rules, any employer who qualifies for TWS is “deemed” to have sent in too much money for source deductions if they did not claim TWS on wages paid. Government will be releasing a form to apply and get a refund of overpayment.
- Need to consider TWS eligibility prior to completing CEWS application

# CANADA EMERGENCY RESPONSE BENEFIT ("CERB")

## What is the CERB Program?

- A program that provides temporary income support to workers who have stopped working and are without employment or self-employment income for reasons related to COVID-19.
- The benefit is temporary in nature and is paid in blocks of four weeks for a total of \$2,000 per month or equivalent to \$500 per week; Maximum 16 weeks of benefits can be paid.
- The benefit is available from March 15, 2020 to October 3, 2020.
- The applicant must apply before December 2, 2020.

## Who is Eligible for the CERB?

- A Canadian resident with a valid Social Insurance Number;
- At least 15 years of age;
- In 2019, or in the 12 month period ending at the time of application, has earned at least \$5,000 from employment, self-employment, maternity or parental EI benefits, benefits under a provincial maternity or parental plan;
  - Non-Eligible Dividends of at least \$5,000 will also qualify for the income
- Only available to individuals who stopped work as a result of reasons related to COVID-19, note voluntary work stoppages are not applicable.



## Eligibility Requirements

- The employee or self-employed individual ceases working due to COVID-19 for at least 14 consecutive days within a 4-week period in which they apply for payment;
- The individual does not receive more than \$1,000 in employment or self-employment income during each period of your claim.

# Canada Commercial Rent Assistance Program

- Will provide forgivable loans to qualifying commercial property owners to cover 50% of April, May and June rent payments that are payable by eligible small business tenants who are experiencing financial hardship during
- The loans will be forgiven if the mortgaged property owner agrees to reduce the eligible small business tenants' rent by at least 75 per cent for the three corresponding months under a rent forgiveness agreement
- Impacted small business tenants are businesses paying less than \$50,000 per month in rent and who have temporarily ceased operations or have experienced at least a 70 per cent drop in pre-COVID-19 revenues.
- More details to be released in the coming weeks

# STIMULUS CREDIT PROGRAMS

# Stimulus Credit Programs Available to Small Businesses

1. Working Capital Loan
2. Small and Medium Enterprise Loan and Guarantee
3. Canada Emergency Business Account (CEBA)

Note: 1 and 2 above are very complex and time consuming, may not qualify to dental corporation. Contact you bank to find out more about the programs.

# Canada Emergency Business Account Program

- Small businesses may apply for an interest-free loan of up to \$40,000
- To help cover operating costs because of the impact of Covid-19 – used to pay non-deferrable operating expenses including payroll, rent, utilities, insurance, property tax and regularly scheduled debt service.
- Must not be used to pay dividends, distributions and increases in management compensation or prepayments/refinancing of existing indebtedness
- To qualify, each applicant must demonstrate that they paid between \$20,000 to \$1.5 million in total payroll in 2019.
- Repaying 75% of the term loan prior to December 31, 2022 will result in loan forgiveness of 25 percent, subject to a cap of \$10,000.
- No interest during the initial term (Dec 31/22) and then 5% per annum during extended term

## MNP's work with Canadian Medical Association

- MNP is commissioned by CMA to provide a detailed analysis of current federal assistance programs and how they can be leveraged by physicians
- <https://www.cma.ca/physician-financial-guidance-MNP>

# Thank You!



## Contact information:

**Jessy Sra**

[jessy.sra@mnp.ca](mailto:jessy.sra@mnp.ca)

Ph: 778.644.5259

**Jennifer Hollis**

[jennifer.hollis@mnp.ca](mailto:jennifer.hollis@mnp.ca)

Ph: 250.469.6485