

Canada COVID-19 Emergency Subsidy Individual and Business CERB, CEWS, TWS & CEBA

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Federal Emergency Response to Individual

- ▶ 1. CERB: Canada Emergency Response Benefit \$2,000/M for Max 4 months
▶ from March 15.2020 (This program will link with EI program)
- ▶ 2. Personal income tax filing deferred to 5/31, pay deferred to 8/31
- ▶ 3. All installment, GST payment all deferred to 6/30
- ▶ 4. GST credit one time boost in May and in July
- ▶ 5. Canada Child Benefit CCB, One time boost in May \$300 extra per child
- ▶ 6. Mortgage deferral max 6 month for individual impacted by COVID-19
- ▶ 7. Federal Student loan interests free for six months to 9/30

Federal Emergency Response to Business :

- ▶ 1. CEWS Canada Emergency Wage Subsidy → 75% of payroll (3/15-6/6)
- ▶ 2. TWS Temporary Wage Subsidy → 10% of payroll (3/18-6/20)
- ▶ 3. CEBA Canada Emergency Business Account → loan \$40,000
- ▶ 4. BCAP Business Credit Availability Program → \$6.25 million (Co-Lending)
- ▶ 5. Corp Tax and remittance deferral: to 9/30
- ▶ 6. GST and custom payment deferral: to 6/30
- ▶ 7. Export Development : budget \$12.5 billion
- ▶ 8. Protective Personal Equipment production : budget \$2 Billion
- ▶ 9. Support farmers: fisher/shell farmer, Agri farmer: budget \$5 Billion

CERB (1)

Canada Emergency Response Benefit

- ▶ 1. \$2,000 flat per month, for max 4 months (3/15-4/11 is first 4 weeks period)
- ▶ 2. can apply during March 15 to Oct. 3, 2020
- ▶ 3. must resident in Canada and over 15 years old; must have \geq \$5,000 salary or self employment income or under maternity leave or parental leave for Y2019 or past 12 months. (CRA 4/6 said non-eligible dividends also can be counted into \$5K)
- ▶ 4. you are or expect to be without employment or self employment for at least 14 consecutive days in the initial 4-week period due to:
 - ▶ 1) lost jobs
 - ▶ 2) sick;
 - ▶ 3) quarantined
 - ▶ 4) Take care of someone who is sick with COVID-19
 - ▶ 5) working parents has to stay home due to kids daycare closure

CERB (2)

Canada Emergency Response Benefit

- ▶ April 6, 2020 CRA website CERB portal is ready to register
- ▶ April 6, for birthday fall in Jan. Feb. March , each other day , for 3 months
- ▶ Must register CRA “My Account” first to set up Auto Deposit
- ▶ Once start apply CERB, be approved, 3~5 days money will wire to your bank .
- ▶ If you choose to paid by check, it will take 10 days to mail to your address.
- ▶ You must declare your job condition every four-weeks if you still have no income to be able to continue under this benefit
- ▶ Once CERB four months is done, if still no jobs, can apply EI if used have T4
- ▶ You can not have both EI and CERB at the same time.

CEWS (75% payroll subsidy) Canada Emergency Wage Subsidy

- ▶ 1. Period cover : March 15 to June 6, 2020, only 12 weeks, 3 months
- ▶ 2. Qualified business: Sole Proprietor, partnership, Corp, Non-for-Profit org, Charity, all size of business
- ▶ 2. Your revenue must at least DROP 30% compared with same period 2019
- ▶ 4. 75% of payroll PAID will be subsidy, exclude severance pay, stock option,...
- ▶ 5. Max payroll subsidy to each employee is \$847/week
- ▶ 5. apply period: 3/15-4/11; 4/12-5/9; 5/10-6/6
- ▶ 6. this subsidy will become taxable income for business
- ▶

TWS (10% payroll subsidy) Temporary Wage Subsidy

- ▶ 1. Period cover: March 18 to June 20, 2020
- ▶ 2. for organization revenue not drop up to 30%, can appl this program
- ▶ 3. For small business, NOT for big Corp capital assets \geq \$15 M
- ▶ 4. during cover period, max subsidy is per staff \$1,375, and per employer \$25,000.
- ▶ 5. can direct deduct from your source deduction as credit ; or if not use, can apply fund.
- ▶ 6. Corp. may apply both CEWS and TWS, but government will reduce TWS amount from your CEWS subsidy. Mean,: you can not have both.

CEBA (Loan \$40,000) Canada Emergency Business Account

- ▶ Business must prove their payroll size in 2019 is \$50K to \$1 M
- ▶ Interests free to 12/31/2022
- ▶ No need to pay back monthly.
- ▶ Pay back before 12/31/2022, will result in loan forgiveness of 25%=\$10K
- ▶ If can not pay back before 12/31/2022, can sign a new 3 years term at interests rate 5%
- ▶ Check out your bank's website for this subsidy application

BCAP (up to \$6.25M loan) Business Credit Availability Program

- ▶ It is a co-lending program for Small Business Enterprises
- ▶ Apply through your bankers

Corporate Tax deferral

- ▶ Corporate tax filing due date is not deferred. Same as within 6 months
- ▶ Tax payment due is after 3/18, then all extended to 9/30
- ▶ GST and Custom pay , deferred to 6/30

Conclusion:

- ▶ This is a epic emergency government effort to stimulate business to avoid great recession after end of COVID-19.
- ▶ Huge capital will pull into market for individual and business.
- ▶ Interests is historical low to 0.25%
- ▶ You have to think what subsidy programs you can apply and act fast to get it
- ▶ Hope nobody will suffer during this COVID-19 and economic will be resumed back to normal after 3~6 months
- ▶ Keep healthy, keep optimistic, you will survive. !

Questions ?

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