

COVID 19 – BULLETIN #5 Emergency Response Announcements

RELEASE DATE MARCH 30, 2020

The purpose of this bulletin is to provide information regarding the Canadian government's recent announcements regarding the business support measures that are being put in place to aid Canadian businesses during this challenging period, including the Business Credit Availability Plan, the Emergency Response Wage Subsidy, and GST and HST deferral.

The Minister of Finance is scheduled to address the nation tomorrow, March 31st, 2020, in order to supply further information and specific details regarding these measures, we will continue to update you regarding these developments. If in doubt about whether anything in this document is still current, please do not hesitate to contact us.

AS OF MARCH 30, 2020:

*This bulletin is current to the morning of **March 30, 2020**. Please note that while we continue to monitor the situation, the circumstances remain very fluid as legislative and government rules and policies are ever changing. The responses of federal and provincial governments will continue to evolve, and this may impact the accuracy of the information in this bulletin and any information is subject to revision with the introduction of new or additional government guidelines.*

EMERGENCY RESPONSE WAGE SUBSIDY

The Federal Government has announced that it will be enacting a wage subsidy program for Canadian businesses, regardless of their size or employee count, in order to mitigate the need to layoff or let go of employees during this difficult time. This will include:

- 75% wage subsidy on the first \$58,700 of an employee's income.
 - Up to \$847 per week.
 - This is a change from the previously announced 10% wage subsidy.
- These measures will be retroactive to March 15, 2020.

The intent is to maintain the relationship between employers and employees, and keep employees on payroll, so that they can come back to work quickly once the emergency phase of the pandemic is over.

Employer Eligibility

The following information has been announced in regard to the eligibility for the Emergency Response Wage Subsidy. The Emergency Response Wage Subsidy will be available to businesses, charities and non-profits:

- Of all sizes and structures, whether they are currently operating or closed.
- That have experienced a revenue decreased of at least 30%.

Further Details to Come

Government officials have been in talks throughout the weekend with business leaders to craft the terms of the new program and the federal Finance Department is preparing technical information for employers. ***It is important to note that much of what has been announced is still in development and that the Finance Minister, Bill Morneau, will be announcing further details and information regarding the Emergency Wage Subsidy plan as of tomorrow, March 31, 2020.***

BUSINESS CREDIT AVAILABILITY PLAN

The Canadian Government has established a Business Credit Availability Program (BCAP) to provide \$65 billion of additional support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

BDC and EDC are working with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation, exportation and tourism.

This program includes the Canada Emergency Business Account, *Loan Guarantee for Small and Medium-Sized Enterprises program and the Co-Lending Program for Small and Medium-Sized Enterprises.*

Canada Emergency Business Account

The government also promised to guarantee loans of up to \$40,000 for small businesses which will be interest-free for the first year, launching the new Canada Emergency Business Account, as a way to help businesses “bridge to better times.”

This program will provide up to \$25 billion to eligible financial institutions so they can provide interest-free loans to small businesses. These loans are guaranteed and funded by the Government of Canada. They will ensure that small businesses have access to the capital they need, at a zero per cent interest rate, so they can pay for rent and other important costs over the next number of months.

The new Canada Emergency Business Account will provide funding to eligible financial institutions so that they can provide interest-free loans in the form of lines of credit of up to

\$40,000 to businesses with payrolls of less than \$1 million. A quarter of this loan (up to \$10,000) is eligible for complete forgiveness.

Small and Medium-Sized Enterprise Loan and Guarantee

A new Small and Medium-sized Enterprise Loan and Guarantee program will be introduced to enable up to \$40 billion in lending, supported through Export Development Canada and the Business Development Bank of Canada, for guaranteed loans when small businesses go to their financial institutions to help weather the impacts of COVID-19. This is intended for small and medium-sized companies that require greater help to meet their operational cash flow requirements.

- Export Development Canada will provide guarantees to financial institutions so that they can issue new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized businesses.
- These loans will be 80 per cent guaranteed by Export Development Canada, to be repaid within one year.

Co-Lending Program for Small and Medium-Sized Enterprises

Small and medium-sized businesses can also get support through a new Co-Lending Program that will bring the Business Development Bank of Canada together with financial institutions to co-lend term loans to these businesses for their operational cash flow requirements.

- Eligible businesses may obtain incremental credit amounts of up to \$6.25 million through the program, which will be risk-shared at 80 percent between the Business Development Bank of Canada and the financial institutions.
- Eligible financial institutions will conduct the underwriting and funding directly for customers.

These programs will roll out in the three weeks after March 27, 2020 and interested businesses should work with their current financial institutions.

GST AND HST DEFERRAL

Prime Minister Trudeau also announced that GST and HST payments, as well as duties and taxes owed on imports, will be deferred until June to help businesses, including self-employed individuals, continue to pay their employees and their bills, and help ease cash-flow challenges across the country. This measure is the equivalent of providing up to \$30 billion in interest-free loans to Canadian businesses.

- The deferral to June of GST/HST payments, as well as customs duties owing on imports, will generally apply to remittances that become due in March, April, and May.
 - These amounts would normally have been due to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of this month.
- This measure will take effect immediately, through existing authorities.

For further information regarding the specific measures that were announced by Prime Minister Justin Trudeau please visit <https://www.canada.ca/en/department-finance/economic-response-plan/covid19-businesses.html> to see the full scope of proposed implementations.

*Please note that this information bulletin is current to **March 30, 2020**. As this situation is evolving rapidly, we urge you to remain informed to the greatest extent you can. To understand how the information contained in this bulletin might apply in the context of your particular business or operation, please do not hesitate to contact us.*



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