



HWG, Chartered Professional Accountants

An update to our clients about COVID-19 (#12) – April 17, 2020

Canada Emergency Wage Subsidy (CEWS)

Eligible employers will be able to apply in CRA My Business Account or through a web-based application shortly. Information on eligibility and how to apply will be available soon.

Source: <https://www.canada.ca/en/revenue-agency.html>

CEWS provides a 75% wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

The CEWS was created to prevent further job losses, encourages employers to re-hire workers previously laid off as a result of COVID-19, and help better position Canadian companies and other employers to more easily resume normal operations following the crisis.

Source: <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

New eligibility requirements for the Canadian Emergency Business Account (CEBA)

To ensure that small businesses have access to the capital they need to see them through the current challenges, the Government of Canada has launched the new Canada Emergency Business Account, which has been implemented by eligible financial institutions in cooperation with Export Development Canada (EDC).

It was announced this week that CEBA is now available to businesses that paid between \$20,000 and \$1.5 million in total payroll in 2019. This new range will replace the previous one of between \$50,000 and \$1 million.

This \$25 billion program provides interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.

This will better position them to quickly return to providing services to their communities and creating employment.

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Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).

- The Borrower is a Canadian operating business in operation as of March 1, 2020.
- The Borrower has a federal tax registration.
- The Borrower's total employment income paid in the 2019 calendar year was between Cdn. \$20,000 and Cdn.\$1,500,000.
- The Borrower has an active business chequing/operating account with the Lender, which is its primary financial institution. This account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the Lender by 90 days or more as at March 1, 2020.
- The Borrower has not previously used the Program and will not apply for support under the Program at any other financial institution.
- The Borrower acknowledges its intention to continue to operate its business or to resume operations.
- The Borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

Source: <https://ceba-cuec.ca/>

Eligibility criteria for the Canada Emergency Response Benefit (CERB) has changed

It was also announced this week that CERB is now available if you earned \$1,000 (before taxes) or less during an eligibility period. If this applies to your situation, you may be eligible to apply for a previous period, starting March 15, 2020.

Who can apply?

To be eligible, you must meet the following requirements:

- You did not apply for, nor receive, CERB or EI benefits from Service Canada for the same eligibility period
- You did not quit your job voluntarily
- You reside in Canada
- You are 15 years old or more when you apply
- You earned a minimum of \$5,000 (before taxes) income in the last 12 months or in 2019 from one or more of the following sources:
 - employment income
 - self-employment income
 - provincial or federal benefits related to maternity or paternity leave

AND

- You stopped or will stop working due to COVID-19, and:
 - **You are applying for the first time**
For at least 14 days in a row during the 4-week payment period, you do not expect to receive more than \$1,000 (before taxes) from employment and self-employment income
 - **You are re-applying for another period**
You do not expect your situation to change during this 4-week period and you do not expect to receive more than \$1,000 (before taxes) from employment and self-employment income

OR

- **You received regular EI benefits for at least 1 week since December 29, 2019**
You are no longer eligible for EI benefits

Source: <https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html#who>

Please contact us if you have any questions about any of the above. As our staff will be working remotely, there may be a slight delay in responding to you, but we will respond as quickly as possible.

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