



# Relief measures for businesses: Canada's COVID-19 response plan

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Many Canadian businesses, along with non-profits and charities, may be particularly hard-hit by the financial fallout of COVID-19 and may experience a significant loss of revenue. The Government of Canada has put into place a variety of measures to help Canadian businesses facing hardship as a result of the COVID-19 outbreak to avoid layoffs of workers. Among the measures are a new loan program for businesses, wage subsidy programs for employers and deferred payment deadlines for income tax and GST/HST.

Here's a brief summary of a few of the relief measures available to businesses and non-profits in Canada.

## Canada Emergency Business Account

The Canada Emergency Business Account (CEBA) will provide interest-free loans of up to \$40,000 to 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 pandemic. The loans will be guaranteed by the Canadian government and administered by your financial institution.

To qualify, borrowers will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019, based on their 2019 *T4 SUM Summary of Remuneration Paid*. Up to \$10,000 can be forgiven (25% of the loan amount) if the balance is repaid by December 31, 2022.

### Applying at CIBC

Business owners who do day-to-day business banking with CIBC will be able to use a fully digital application process to apply for CEBA once the loans are available beginning the week of April 6th. To qualify, the business must use a CIBC business operating account, opened on or before March 1, 2020, for day-to-day payments and cash management activities. If CIBC isn't your primary bank, you should apply through the financial institution that holds your primary business operating account.

CIBC business clients will be notified when the application date is announced, provided they have an e-mail address on file with CIBC. To be ready to apply for a CEBA as soon as it becomes available, clients should ensure they have registered for *CIBC Online Banking® for Business* and have their *T4 SUM Summary of Remuneration Paid* available to supply key information for their application. Once the loan is processed, funds will be deposited directly to the client's CIBC business operating account. If the loan can't be repaid by December 31, 2022, it can be converted into a 3-year term loan with an interest rate of 5%.

To make sure CIBC can manage application volumes and process loans quickly, all applications must be submitted online. If your business isn't yet registered for *CIBC Online Banking® for Business*, you must **register in advance** using your *CIBC Business Convenience Card®* number. Completing this step now will help make sure you gain access to the loan as quickly as possible once the loan becomes available.

## Other Loan and Guarantee Programs

Some businesses may also be able to obtain financing to assist with operational cash flow requirements through new co-lending and loan guarantee programs set up through the Business Development Bank of Canada and the Export Development Bank of Canada. Loans under each of these programs will be for incremental credit amounts up to \$6.25 million. Further details of these programs will be released later in April.

## Wage subsidy programs

To help prevent lay-offs, the government has announced two separate wage subsidy programs. The newly-announced Canada Emergency Wage Subsidy provides both large and small employers with a subsidy that may be up to 75% of employee wages, to help employers to keep their workers when they have had a decline in revenues of 30% or more. The second program, the Temporary Wage Subsidy, was passed into law on March 25, 2020 and is aimed at assisting small- and medium-sized employers with their payrolls by offering qualifying employers a wage subsidy of 10% through reduced payroll remittances.

Detailed information on these two wage subsidy programs may be found in our report, "[Wage subsidy programs for employers: Canada's COVID-19 response plan](#)."<sup>1</sup>

## Tax payment and filing deadlines

The government announced extensions of certain deadlines for filing tax returns and paying balances owing.<sup>2</sup>

### Income taxes

The tax return filing deadlines for some corporations and partnerships have been extended. A *T2 Corporation Income Tax Return* is normally due six months after the corporation's year end. For corporations that would otherwise have a filing due date after March 18 and before June 1, 2020, the filing deadline has been extended to June 1, 2020. For partnerships, a *T5013 Partnership Information Return* is normally due on the earlier of March 31 after the calendar year in which the fiscal period of the partnership ended and five months after the end of the fiscal period. The filing date for 2019 *T5013 Partnership Information Returns* has been extended to May 1, 2020. The filing deadline for a 2019 *T1 Income Tax and Benefit Return* for self-employed individuals and their spouses or common-law partners remains unchanged and these returns must still be filed by June 15, 2020.

There has also been an extension in the time to make certain payments. The Canada Revenue Agency ("CRA") will allow all businesses to defer, until September 1, 2020, the payment of any income tax amounts that become owing on or after March 18, 2020 and before September 2020. This relief applies to tax balances due, as well as corporate income tax instalments. The government made it clear that no arrears interest or penalties will accumulate on these amounts during this period.

### GST/HST Remittances

The CRA has also pushed back the deadline for GST/HST remittances. Normally, GST/HST amounts collected by businesses are due by the end of the month following the vendor's reporting period. For example, if your business is a monthly filer, the GST/HST amounts collected on its February sales are due by the end of March.

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<sup>1</sup> The report "Wage subsidy programs for employers: Canada's COVID-19 response plan" is available online at [cibc.com/content/dam/personal\\_banking/advice\\_centre/tax-savings/covid-wage-subsidy-en.pdf](https://www.cibc.com/content/dam/personal_banking/advice_centre/tax-savings/covid-wage-subsidy-en.pdf).

<sup>2</sup> Information from the CRA on income tax filing and payment dates in light of COVID-19 is available at [canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html](https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html)

The CRA has announced that it will extend the remittance deadline until June 30, 2020. The result is that monthly filers can delay remitting amounts collected for the February, March and April 2020 reporting periods until June 30 while quarterly filers have until that date to remit amounts collected for the January 1, 2020 through March 31, 2020 reporting period. Annual filers, whose GST/HST return or instalments are due in March, April or May 2020, can now remit amounts collected and owing for their previous fiscal year as well as instalments of GST/HST for current fiscal year by June 30, 2020.

## **Audits**

Finally, the CRA confirmed it won't be contacting any small- or medium-sized businesses to initiate any post assessment GST/HST or income tax audits for the next four weeks.

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