

Update on Economic Measures Announced by the Governments of Québec and Canada – COVID-19

This document contains updates as of April 11, 2020 on a key measure announced by the Government of Canada and on certain measures announced by the Government of Québec:

- 1) CANADA EMERGENCY WAGE SUBSIDY
- 2) CANADA EMERGENCY BUSINESS ACCOUNT
- 3) EXTENSION OF THE DEADLINE FOR REPORTING AND REMITTING THE TAX ON LODGING
- 4) END OF THE TEMPORARY AID FOR WORKERS PROGRAM (PATT COVID-19)
- 5) A complete description of measures announced by the governments can be found on our website: <http://www.ltdl.ca/content/file/3-11-04-2020—mesures—conomiques—annonc—es—par—les—gouvernements—du—qu—bec—et—du—canada—covid—19.pdf>

CANADA EMERGENCY WAGE SUBSIDY

Following the adoption of Bill C-14, which received Royal Assent on April 11 (2020, c. 6. *COVID-19 Emergency Response Act, No. 2*), modifications have been made in employers' favour and additional specifications have been offered regarding eligibility criteria for the subsidy.

We are pleased to announce that the government appears to have heard employers' concerns with regards to the calculation of their gross revenue. With the lockdown in place, many employers were reluctant to re-hire employees before they could be certain their gross revenue would in fact drop by 30% for that month. In response to this, the government has now relaxed eligibility criteria for the second time. Employers that qualify for a particular period will now **automatically qualify** for the following period. For example, if your gross revenue for March 2020 dropped by 15%, you will automatically qualify for claim periods 1 and 2. If your gross revenue dropped by 30% in April, you will automatically qualify for claim periods 2 and 3.

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Reminder of the claim periods:

	Claim period	Required reduction in revenue	Reference period for eligibility
Period 1	March 15 to April 11	15%	March 2020 revenue over: 1) March 2019 2) Average of January and February 2020
Period 2	April 12 to May 9	30%	Eligible for period 1, or April 2020 revenue over: 1) April 2019 2) Average of January and February 2020
Period 3	May 10 to June 6	30%	Eligible for period 2, or May 2020 revenue over: 1) May 2019 2) Average of January and February 2020

Warning

We would like to issue a warning to those who may be tempted to engage in artificial transactions to reduce their gross revenue for the purpose of claiming the subsidy, as they risk severe penalties:

- 1) Requirement to repay the subsidy in full
- 2) A penalty equal to 25% of the value of the subsidy
- 3) Up to five years' imprisonment

Eligible employees

We wish to remind you that employee remuneration will be considered eligible for a claim period only if the employee has not been without remuneration from the employer for 14 consecutive days. This measure **automatically disqualifies** remuneration paid to an employee that is hired or re-hired less than 14 days before the end of a claim period. For example, if you re-hire an employee on April 26, remuneration paid to that employee during the period from April 26 to May 9 will not be eligible. However, if you re-hire that same employee on April 25, remuneration paid to them during the period from April 25 to May 9 will be eligible.

Any amounts that can reasonably be expected to be returned in any way, either directly or indirectly, shall not be part of eligible remuneration. In other words, if your company pays an employee remuneration that is reimbursed by another company, either directly or through management fees or re-invoicing, this remuneration is not eligible for the purposes of calculating the subsidy.

Deadline

The deadline to apply for the subsidy is September 30, 2020.

Employees holding more than one job

When an employee holds more than one job, each of their employers qualifies for the subsidy in relation to the remuneration they pay to the employee directly. Nevertheless, if the employers do not deal with each other at arm's length, the subsidy must be calculated as if only one of the employers were applying for it.

CANADA EMERGENCY BUSINESS ACCOUNT

The Canada Emergency Business Account was announced by the prime minister at a press conference on March 27. Loans of up to \$40,000 were to be implemented by eligible financial institutions in collaboration with Export Development Canada (EDC). Until today, we knew little of the terms, eligibility criteria or when the loans would become available.

These loans have now been available to eligible businesses **since April 9, 2020**. It was announced in advance that only small businesses affected by the crisis would be given access to them, though the only condition to be considered as such is to have had a payroll of between \$50,000 and \$1 million in 2019. Note, however, that these loans must be used to pay operating costs that cannot be deferred. In other words, you cannot pay a dividend out of the borrowed funds or place the money in investments.

Eligibility criteria

- 1) The borrower is a Canadian business in operation as of March 1, 2020
- 2) The borrower has a federal tax registration
- 3) The borrower had a payroll of between \$50,000 and \$1 million during the 2019 calendar year
- 4) The borrower has not previously used the program at any other financial institution
- 5) The borrower **must not**
 - a. Be a government organization or an entity owned by a government organization
 - b. Be a union, religious, charitable or fraternal organization or an entity owned by such an organization unless it is a registered T2 or T3010 corporation that generates a portion of its revenue from the sales of goods or services
 - c. Be structured as a **holding company**
 - d. Be an entity owned by individual(s) holding political office
 - e. Promote violence, incite hatred or discriminate on the basis of sex, gender, sexual orientation, ethnicity, religion, culture, region, education, age or mental or physical disability
- 6) The borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents

Note that you are required to request the loan through your primary financial institution. In addition, you must not have had payments overdue by 90 days or more as of March 1, 2020. It is not possible to request a smaller loan. The loan amount has been set at \$40,000.

Repayment terms

- 1) No interest or principal repayments are required before December 31, 2022
- 2) Repaying \$30,000 by December 31, 2022 will result in automatic loan forgiveness of \$10,000 (25% of the loan), without further conditions
- 3) You have the option to repay the principal up until December 31, 2025 rather than taking advantage of the forgiveness feature; a fixed interest rate of 5% will be applied starting January 1, 2023

Attestation of the borrower

To give you an idea of the type of attestation you will be required to complete as well as the document access rights you will have to give, we suggest the following documents prepared by the National Bank and TD Bank:

- [Attestation of the borrower – National Bank](#)
- [Attestation of the borrower – TD Bank](#)

Documents you will need in order to apply

- 1) Your business's T4 Summary for 2019
- 2) Your business's current account number

To apply

You can apply online today with your primary financial institution:

- 1) [CIBC](#)
- 2) [TD](#)
- 3) [Royal Bank](#)
- 4) [National Bank](#)
- 5) [Desjardins](#)
- 6) [Scotiabank](#)
- 7) [Laurentian Bank](#)
- 8) [BMO](#)

EXTENSION OF THE DEADLINE FOR REPORTING AND REMITTING THE TAX ON LODGING

On April 9, 2020, the Government of Québec announced an extension of the deadline for reporting and remitting the tax on lodging for the first calendar quarter of 2020. The April 30, 2020 deadline for filing the return and remitting the tax has been extended to July 31, 2020. No extension has been granted for reporting or remitting for the second quarter. Two returns must therefore be filed on or before July 31, 2020.

END OF THE TEMPORARY AID FOR WORKERS PROGRAM (PATT COVID-19)

The Temporary Aid for Workers Program (PATT) was launched on March 16, 2020 by the Government of Québec to offer financial assistance to meet the needs of workers who could not earn their full work income because they were in isolation to control the spread of COVID-19, and who were not eligible for another financial assistance program.

Given that the Canada Emergency Response Benefit covers the same needs as the PATT, the Government of Québec ended the program on April 10, 2020.