THE
SMALLBIZ BUILDER

PADGETT
THE SMALL BIZ PROS

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This Month:

- Updates on Government Support Initiatives: Wage Subsidy, Business Account Loan & Student Benefit

Canada Emergency Wage Subsidy

The **CEWS** program has been **extended for another 16 weeks, ending August 29, 2020**. Other regulatory changes were announced including:

- corporations formed by amalgamation, or where there has been a wind-up of one corporation into another, will be allowed to calculate the decline in revenue test using the combined revenues of the predecessor corporations. This change is retroactive to the start of the program.
- employers will be able to choose between the Jan 1 - Mar 15th, 2020 period or alternatively, the March 1 to May 31 2019 period for computing "pre-crisis" remuneration for seasonal employees and employees returning from extended leave (parental, disability, other). Note this alternative method is not available for other employees. The choice of which period to use will be made on an employee-by-employee basis. This change is also made retroactively to the first claim period.
- private colleges and schools will be eligible entities for the CEWS. This means arts schools, language schools, driving schools, flight schools and culinary schools will now be eligible (with retroactive effect to the start of the program).

YOUR FIRM NAME
Address
Telephone #s
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Web Site

Canada Emergency Business Account

The government will be **expanding the eligibility criteria** for the **CEBA** program. This program offers businesses an interest free loan of up to $40 000. Businesses that repay the loan by Dec 31, 2022 will have up to 25% of the loan forgiven. After that date, interest would apply on the loan. Previously, a business needed to have a minimum of $20 000 salaries on its T4 Summary for 2019 to qualify. The **new criteria** will allow the following types of businesses to qualify:

- sole proprietors receiving income directly from their businesses, or
- businesses that pay independent contractors rather than employees, or
- family-owned corporations that pay employees through dividends rather than payroll.

To qualify under these expanded criteria, applicants with less than $20 000 payroll in 2019 would need:

- a business account at their financial institution,
- a CRA business number, and to have filed a 2018 and 2019 tax return, and
- eligible non-deferrable expenses between $40 000 and $1.5 M. (eg: rent, property taxes, utilities, and insurance.)

More details, including the launch date for applications under the new criteria will be announced. The government is also working on solutions for business owners who operate through their personal bank account rather than a business account, or new businesses who have not filed returns yet.

Canada Emergency Student Benefit

The application process for the **CESB** program opened on May 15, 2020. The CESB can be applied for directly through My Account or by phone.

Students are supposed to be unable to work due to Covid19 or are looking but unable to find work due to Coved19, or are working but paid less than $1 000 for the 4 week benefit period (this may require a repayment if the limit is breached). Students may have to justify that they were actively looking for work, so it is recommended that there is proof kept of this effort (eg: applications made, interview dates & locations etc.) It is recommended that students register with the Canada Jobs Bank: www.jobbank.gc.ca/findajob/resources/cesb

This claim periods are as follows:

1st: May 10th to June 6th
2nd: June 7th to July 4th
3rd: July 5th to August 1st
4th: August 2nd to August 29th

Students who are already claiming the CERB or receiving EI benefits cannot also apply for the CESB.

The benefit is $1250 per claim period and can be increased by $750 (for a total of $2 000) if the student has a disability or has a dependent. (This supplement was increased from the initial proposal.)