

May 20, 2020

We understand that as a result of the COVID-19 health crisis, many of you are experiencing business circumstances unlike any you have had to address before.

Internally, we have enacted our business continuity plan and transitioned much of our corporate head office team to work remotely. This ensures we are ready and able to support you as always, and our team members remain available via email or phone to respond to your enquiries.

In an effort to assist you during these times, our team has summarized the Canadian Government's recently announced COVID-19 Economic Response Plan that provides short- and long-term assistance to businesses and Canadians. We hope the information below helps you navigate what resources are available to your business, employees and their families. Please note that information and the government's economic response to Covid-19 are both developing and changing rapidly, and we will make every effort to update you as we find appropriate.

1. HELP FOR BUSINESSES

1.1 Tax Filing Flexibility:

- All businesses now can defer the payment of any income tax amounts that become owing on or after March 18, 2020, and before September 2020 until August 31, 2020. This applies to tax balances due and installments. No interest or penalties will accumulate on these amounts during this period.
- The Canada Revenue Agency (CRA) will not contact any small or medium-sized businesses to initiate post-assessment GST/HST or income tax audits for the next four weeks. For most businesses, the CRA will temporarily suspend audit interaction with taxpayers and representatives.
- If you need assistance from a CRA Liaison Officer to understand your tax obligations, this service is now available over the phone at 1-800-959-8281 or please visit <http://cra-arc-surveysondage.ca/Engine/s.aspx?surveyID=CFF549E6-246F-4CCC-818F-CDB50A53D7D&idlang=EN>.
- Sales remittances and customs duty payments can now be deferred to June 30, 2020. \$30 billion in cash flow or liquidity assistance for businesses and self-employed individuals over three months will be provided by the Government
- Vendors must collect the GST/HST and remit it (net of input tax credits) with their GST/HST return for each reporting period. Vendors with annual sales of more than \$6 million remit and report monthly; sales between \$1.5 million and \$6 million report quarterly; and less than \$1.5 million report annually
- The Government of Canada is providing direct support and tax deferrals to Canadian workers and businesses to help them in these difficult times. For information on the deferral of GST/HST remittances and payments please visit: <https://www.canada.ca/en/departmentfinance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impactof-covid-19.html>
- Customs Duty and Sales tax for Importers are generally subject to 5% GST + customs duties which are due the first day of the month following the month in which the Statements of Accounts are issued (by the Canada Border Services Agency (CBSA). Payment deadlines for a statement of accounts for March, April and May are being deferred to June 30, 2020
- Administrative income tax actions required of taxpayers by the CRA that are due after March 18, 2020 can be deferred to June 1, 2020. These actions include returns, elections, designations, and information requests. Payroll deductions, payments, and all related activities are excluded.
- Trusts, Partnerships, and NR4 Information Returns have been extended May 1, 2020 due to administrative requirements in advance of the June 1, 2020 deadline for filing individual income tax and benefit returns.
- Announced April 16, 2020, the government will provide loans, including forgivable loans, to commercial property owners who in turn will forgo the rent of small businesses for the months of April (retroactive), May, and June. This will require a partnership between the

federal government and provincial and territorial governments given they're responsible for property owner-tenant relationships.

- Canada has six Regional Development Agencies (RDAs) - the Canadian Northern Economic Development Agency, Western Economic Diversification Canada, FedNor, FedDev Ontario, Canada Economic Development for Quebec Regions, and the Atlantic Canada Opportunities Agency. The federal government will provide \$675 million to support their work, and in turn the businesses and workers they help, by enabling the RDAs to provide bridge financing to businesses who are unable to access the broader support measures, for example BCAP. The federal government is also providing \$287 million through the "Community Futures Network" which is meant to support rural businesses and communities through access to capital.
- The government will be injecting \$2 billion to create and protect jobs as well as make available new tailored credit solutions for small and medium-sized companies in the sector.
 - Up to \$1 billion to the government of Alberta to support the clean up of inactive oil and gas wells across the province.
 - Up to \$400 million to the government of Saskatchewan to support work to clean up orphan and inactive oil and gas wells across the province.
 - Up to \$120 million to the government of British Columbia to support work to clean up orphan and inactive oil and gas wells across the province. Orphan oil and gas wells arise when the developers cannot be located or do not have the financial means to pay for proper decommissioning and site remediation

1.2 Credit Increases:

- Business Development Bank of Canada (BDC) and Export Development Canada (EDC) will provide more than \$65 billion of support to primarily small and medium-sized businesses. BDC and EDC are cooperating with private-sector lenders to coordinate on credit solutions for individual businesses. Businesses seeking support through BCAP would contact their existing bank, and if the existing bank can't satisfy (or fully satisfy) the need, they'll work with BDC or EDC to supplement the balance. Announced May 11, 2020, that Business Credit Availability (BCAP) will be expanded to midsized companies for larger financing needs - support for mid-market businesses will include loans of up to \$60 million per company and guarantees of up to \$80 million. EDC and BDC will work with private-sector lenders to support access to capital for Canadian businesses in all sectors and regions.

Three Sub-Programs that have recently been introduced Effective March 27th:

1. Canada Emergency Business Account

Interest-free loans up to \$40,000 to small businesses and not-for-profits to help cover operating costs during this period while revenues have been temporarily reduced. In order to qualify, the organization must demonstrate they paid between \$50,000 - \$1M in payroll during 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000). If the loan is not repaid by Dec 31/22, the remaining balance will be converted to a 3-year term loan at 5%

interest. \$25 billion will be allocated to this program.

2. Loan Guarantee for Small and Medium-Sized Enterprises

EDC is working with financial institutions to issue new operating credit and cash flow term loans of up to \$6.25 million to small to medium-sized enterprises (SMEs). The cap for this new loan program will be a total of \$20 billion for the export sector and domestic companies and;

3. Co-Lending Program for Small and Medium-Sized Enterprises

BDC is working with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements. BDC is working with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements. The program offers differing maximum finance amounts based on business revenue - 80% provided by BDC, 20% provided by your financial institution. \$20 billion will be allocated to this program <https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19> The co-lending program for small and medium-sized enterprises will end on September 30, 2020.

- On May 11, 2020 a new program was announced Large Employer Emergency Financing Facility (LEEFF) to provide bridge financing to Canada's largest employers who do not qualify for traditional financing in order to keep their operations going. The program is not intended to resolve insolvencies or restructure firms, nor provide financing to companies that have the capacity to manage through the crisis. Companies seeking support must demonstrate how they intend to preserve employment and maintain investment activities, as well as commit to respect collective bargaining agreements and protect workers' pensions.
The program will require strict limits to dividends, share buy-backs, and executive pay, and eligibility will depend on its employment, tax, and economic activity in Canada, as well as its international organizational structure and financing arrangements. Recipient companies will be required to publish annual climate-related disclosure reports consistent with the Financial Stability Board's Task Force on Climate-Related Financial Disclosures. The financing is intended to be applicable to all eligible sectors in a consistent manner, and companies that have been convicted of tax evasion will not qualify.
 - Regional Relief and Recovery Fund (RRRF) was created by the federal government and operated through the six regional development agencies, the government will provide close-to \$1 billion in funding to businesses. The fund is intended to mitigate the financial pressure experienced by businesses and organizations to allow them to continue their operations, including paying their employees and support projects to prepare for a successful recovery. Administered through the regional development agencies because they're meant to be familiar with the economic realities of their respective region. https://www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07662.html
<https://www.cannor.gc.ca/eng/1587153226618/1587153246025>
 - \$675 million will be allocated to regional economies, businesses, organizations, and communities across all regions of Canada.
 - \$287 million will be allocated to support the national network of Community Futures Development Corporations, which will specifically target small businesses and rural communities

1.3 Helping Businesses Keep Their Workers:

- To help businesses facing revenue losses or the possibility of workforce layoffs, the government is proposing to provide employers of all sizes and across all sectors of the economy with a **Canada Emergency Wage Subsidy** for three months. The subsidy will be equal to 75% of the remuneration paid to employees during the period will be subsidized retroactive to March 15 on the first \$58,700 earned this year. Applicable to businesses of all sizes that have seen at least a 15% drop in March, and a 30% drop in revenues in April and May. If you receive the subsidy, you must report this as income in the year. Eligible employers are entitled to receive a 100% refund for certain employer contributions to EI, CPP, QPP, and QPIP. If you do not qualify for the 75%, you may still qualify for the previously announced 10% wage subsidy paid from March 18 to June 20, 2020. For further information please visit [Canada's COVID-19 Economic Response Plan](#) and check out the CRA's [Frequently Asked Questions](#) page.
- The government has expanded the **Work Sharing** program. This program allows employers to avoid temporary layoffs by having employees work fewer hours and share the available work over a specified period. [Click here](#) for full details on this program.
- The Work Safety and Insurance Board (WSIB) announces \$1.9 billion in financial relief for Ontario businesses. All employers covered by the WSIB's workplace insurance are automatically eligible for the financial relief package. Businesses can defer premium reporting and payments until August 31, 2020.

For further information please visit:

<https://www.wsib.ca/en/news-release/wsibannounces-19-billion-financial-relief-ontario-businesses>

1.4 What are the Banks Doing?

- The Bank of Canada has enhanced its Standing Liquidity Facility (SLF) by lengthening the term over which they lend money to banks and expanding what is considered to be acceptable collateral. The list of institutions that are eligible for lending has also been expanded. BMO, Canadian Western Bank, CIBC, Equitable Bank, HSBC Bank Canada, National Bank of Canada, RBC, Scotiabank and TD Bank are accessing the facility as of March 31.
- Effective April 01, 2020, The Bank of Canada launched a program to purchase the Government of Canada securities in the secondary market - intended to address strains in the Government of Canada bond market and enhance other actions taken thus far. Purchases will begin with a min of \$5 billion per week across the yield curve. Operations will be conducted daily and will be cash purchases conducted via reverse auctions. The Bank will discontinue the government's repurchase operations (cash and switch buybacks) and cash management bond buyback operations done as fiscal agent.
- The Bank of Canada has also reduced its interest overnight rate from 1.75% to 0.75%. Reduced again 50 bps to 0.25% on March 27 - an unscheduled change putting the rate to its lower bound. Despite this, banks such as TD are increasing their rates (e.g. 2.69 to 2.89% for 3 year fixed; 2.85 to 2.95% for 5-year variable). The Bank Rate is 0.5% and the

deposit rate is at 0.25%

- A program has been launched to support provincial funding markets (PMMP). This will support the liquidity and efficiency of provincial government funding markets. An asset purchase facility that will acquire provincially issued money market securities through the primary issuance market - to support liquidity for short-term provincial borrowing. The Bank will purchase up to 40% (which may be adjusted if conditions warrant) of each offering of directly issued provincial money market securities with terms to maturity of 12 months or less. This includes treasury bills and short-term promissory notes of all Canadian provinces. As of March 31/20, the Bank was allocated \$10 million of provincial treasury bills and/or promissory notes. As of April 15, 2020 - Provincial Bond Purchase Program (PBPP) has been introduced to purchase eligible securities in the secondary market, capped at \$50 billion. This is to be operational early May, for a period of 12 months. The Bank has retained BlackRock Financial Markets Advisory as advisor and CIBC Mellon as custodian.
- Effective April 02, 2020, **Commercial Paper Purchase Program (CPPP)** will purchase commercial paper (including asset-backed commercial paper) in the primary and secondary market with a tenor of up to 3 months of high quality, broadly equivalent to a minimum short term credit rating of R-1 (high/mid/low). The max amount of a single issuer's commercial paper that the program may hold at any time is limited to 1.25x the greatest amount of CAD-denominated commercial paper the issuer had outstanding on any day in the 12 months prior to the start of the program. Eligible Issuers include; Canadian incorporated firms, Canadian municipalities, Canadian provincial agencies with an outstanding CAD dollar-denominated commercial paper program. The program can be accessed through your dealer. Pricing will be on a fixed rate set daily (spread above a reference rate based on the current 3-month Canadian overnight index swap rate). Spread depends on the credit rating of the issuer.
- All of Canada's six major banks have stimulus packages currently being developed. For more information see the following links for announcements from Canada's six largest lenders:
 - [Bank of Montreal](#)
 - [CIBC](#)
 - [National Bank of Canada](#)
 - [RBC Royal Bank](#)
 - [Scotiabank](#)
 - [TD Bank](#)

2. Help for Canadians and Families

For your employees without paid sick leave, the Federal Government has made access to wage supplements easier:

- On March 25, 2020, the government announced the Emergency Response Benefit that will provide \$2,000 per month for the next four months to workers who have lost their income due

to COVID-19. This benefit is available for those who have lost their job, are sick, quarantined, taking care of someone who is sick with COVID-19, or working parents who must stay home due to school/childcare closures related to COVID-19. This new benefit has faster processing times than typical employment insurance (EI) benefits – payments will start within 10 days of the application and will occur every 4 weeks. The period of eligibility is between March 15 – October 3, 2020. The portal to apply will be available in early April. Individuals can still apply for regular EI benefits in the interim if the need is immediate ([click here](#) to apply). If your employee has already been laid off and has already applied for EI, there is no need to re-apply when this new benefit becomes available.

- **EI benefits** are available for those employees who agree to reduce their hours in order to reduce layoffs (e.g. when business declines beyond the control of their employer) and who do not have paid sick benefits through their employer. Eligibility has now been extended from 38 to 76 weeks, and requirements for eligibility have been lightened (e.g. no downtime to apply for new after former expired) Individuals can apply if they are unable to work because of illness, injury or quarantine. Apply [online](#) or call 1-833-381-2755.
- For low- and modest-income families, the Canadian Government is proposing to provide a one-time special payment by early May 2020 through **the Goods & Services Tax Credit (GSTC)**. This will double the maximum payments for 2019-2020.
- The government is proposing to increase the maximum annual **Child Care Benefit (CCB)** for the 2019- 2020 benefit year. Families will receive an extra \$300 per child as part of their May 2020 payment.
- Individuals have an **extended period to file income taxes** for the 2019 tax year, with the filing deadline now moved to June 1, 2020. Taxpayers can also defer the payment of any income tax amounts that are owing on or after March 18, 2020 until September 2020 without interest or penalties.
- As of April 6, 2020, for 12 months the CTRF offers Canadian dollar funding for a 1-month term to eligible counterparties on a standing, bilateral basis against securities issued or guaranteed by the government of Canada or provincial government. To be eligible, financial market participants need to demonstrate significant activity in the Canadian dollar fixed income or money markets and be subject to federal or provincial financial sector/market regulation - at the discretion of the Bank of Canada. Pricing will be set at the overnight index swap (OIS) rate of the maturity of the operation plus the higher of (1) 35 bps, (2) the highest spread over the OIS rate on the most recent term repo with the closest tenor, or (3) as determined by the Bank.
- The Office of the Superintendent of Financial Institutions (OSFI) had created a Domestic Stability Buffer (DSB) requirement, imposed on domestic systemically important banks (D-SIBs). The DSB requires that these banks maintain a buffer of capital during good times, so that capital is available when the cycle 7 turns. The buffer was formerly set at 2.25% of risk-weighted assets as of April 30, 2020; however, as of March 13/2020, this buffer was revised to 1.00%. This frees up lending capacity from Canadian banks in addition to their ability to use their liquidity buffers if required. OSFI expects banks will use the additional lending capacity to support Canadian businesses and households, not to increase distributions to shareholders, employees, or undertake share buybacks.
- The government will purchase up to \$150 billion of insured mortgage pools through CMHC

(increased from \$50 billion announced on March 16). The idea is this provides funding to banks and mortgage lenders to help facilitate continued lending to Canadian consumers and businesses and add liquidity to the mortgage market. The Bank purchased \$235 million of CMBs in the secondary market.

For complete details about Canada's COVID-19 Economic Response Plan, please visit:

- <https://www.canada.ca/en/department-finance/economic-response-plan.html>
- <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update.html>

Provinces and local municipalities are also offering additional supports for businesses and individuals. You can click on the links below for additional information:

- [Quebec](#)
- [Ontario](#)
- [Nova Scotia](#)
- [Alberta](#)

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