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WEATHERING THE COVID-19 STORM: RESOURCES FOR BC BUSINESSES

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Few businesses have been unaffected by the COVID-19 pandemic. For some, the impact will be temporary or a mere inconvenience; for others, it will be devastating and could even lead to the difficult decision to shut down operations indefinitely.

To provide a lifeline for those businesses hit hardest by the pandemic, Canadian governments at all levels have stepped up with a variety of resources to ease the pain felt by the forced closure or reduction of operations experienced by many Canadian businesses. Included among these efforts is the federal *Covid-19 Emergency Response Act*, providing over \$100 billion worth of direct support and tax deferral measures to individuals and businesses, which measures the federal government has indicated are just the beginning.

The resources have been rolling out quickly and evolving daily, and we expect that will continue until we have a better grasp on the full impact of COVID-19 and the measures and timelines necessary to contain it. In this article, we wanted to provide an overview of the current government resources that have been provided to help BC businesses weather this storm.

This article looks at four broad categories of resources that have been – or in some cases, will be – made available to BC businesses:

1. Tax Relief
2. Workforce Assistance
3. Financing
4. Rent Assistance

1. Tax Relief

There have been a number of measures implemented at all levels of government. We have focused on the main provincial and federal measures available to BC businesses.

BRITISH COLUMBIA (PROVINCIAL)





Extension of Tax Filing/Payment Deadlines: The following tax filing and payment deadlines have been deferred until September 30, 2020:

- Employer Health Tax
- Provincial Sales Tax*

**including the additional Municipal or Regional District Tax (MRDT) on accommodation*

- Carbon Tax
- Motor Fuel Tax
- Tobacco Tax

Delayed Tax Changes - Carbon Tax: The proposed increases to the Carbon Tax to align it with federal carbon pricing backstop methodology, where applicable, have been postponed until further notice.

Reduction in Taxes - School Tax: The School Tax rates for commercial properties (Classes 4, 5 and 6) will be reduced by 50% for the 2020 tax year. On April 16, 2020, the BC government has also announced a further reduction in the school property tax rate for commercial properties to achieve an average 25% reduction in the total property tax bill for most businesses.

CANADA (FEDERAL)

Extension of Tax Filing/Payment Deadlines: The following tax filing and payment deadlines have been extended:

- **GST/HST:** remittances and custom duty payments have been deferred to June 30, 2020.
- **Income Tax:** businesses are able to defer, until after August 31, 2020, the payment of any income tax balances and instalments due under Part 1 of the Income Tax Act for the period on or after March 18, 2020 and before September 1, 2020. No interest or penalties will accrue on these amounts during this period.

2. Workforce Assistance

Canada Emergency Wage Subsidy (CEWS): The following wage subsidies are available for qualifying employers:

- **75% Subsidy:** a 75% wage subsidy on the first \$58,700 of employees' wages for three months. This wage subsidy is available for qualifying businesses, charities and non-profit organizations that experience at least a 15% decline in revenue due to COVID-19. This subsidy will be retroactive to





March 15, 2020.

- **10% Subsidy:** for employers that do not qualify for the 75% subsidy, a 10% subsidy may be available on remuneration paid from March 18 to June 20, up to a maximum of \$1,375 per employee and \$25,000 per employer.

For more details on the CEWS, see C. Nicole Mangan's blog post *COVID-19 News: Details of the Canada Emergency Wage Subsidy (CEWS) Program Released*.

Work-Sharing Program: The maximum duration of the federal Work-Sharing program has been extended from 38 weeks to 76 weeks for employers affected by COVID-19. The Work-Sharing program is designed to avoid layoffs by helping some employers and employees enter into a temporary reduced work schedule, using EI benefits to provide the employee with income support during the reduction in work.

3. Financing

Canada Emergency Business Account (CEBA): The Government of Canada has established CEBA to help small businesses with between \$20,000 to \$1,500,000* in payroll in 2019 with immediate operating costs like payroll and rent. Under this program, financial institutions will be able to provide interest free loans of up to \$40,000 to eligible businesses. If repaid by December 31, 2022, 25% of the loan will be forgiven, up to \$10,000; otherwise, the outstanding balance at December 31, 2022 will be converted to a 3 year term loan at 5% interest. Applications for CEBA can now be submitted through your bank or credit union.

**previously access to these loans was limited to businesses with payrolls between \$50,000 and \$1,000,000, but on April 16, 2020 the availability of the loan program was expanded.*

Business Credit Availability Program (BCAP): The Government of Canada has established this program to help Canadian businesses obtain financing during the COVID-19 pandemic by way of \$65 billion in direct lending and other financial support. Businesses should contact their current financial institutions for additional information on BCAP financial assistance.

BDC and EDC Loan Guarantees for Small and Medium Businesses: The Government of Canada, through the Business Development Bank of Canada and the Export Development Canada, has provided \$40 billion to establish loan guarantee and co-lending programs, which programs are available for small and medium-sized Canadian businesses.

Industrial Research Assistance Program - Details Pending: Recently announced, but with details to follow, is a \$250 million contribution by the federal government to the Industrial Research Assistance





Program, intended to help support start-ups and development firms with fewer than 500 staff members and who would otherwise not be able to take advantage of the other government assistance programs previously announced.

4. Rent Assistance

Canada Emergency Commercial Rent Assistance Program (CECRA) - *Details Pending*: On April 16, 2020, Prime Minister Justin Trudeau announced a new rent-assistance program being developed to help small businesses cover their rents for April, May and June, and possibly longer. The details of this program are still being worked out between the federal government and the provinces and territories.

This is not an exhaustive list of all of the resources available to BC businesses, but instead tries to highlight the resources that we expect will be of the greatest assistance to those businesses.

The information provided above is current as of April 20, 2020, but it is evolving rapidly. For up to date information or for further assistance navigating any of the resources mentioned above, please contact the author, David W. Harvey, at dharvey@rbs.ca or any one of the lawyers in our Business Law Group.

