

COVID-19 UPDATE (Vol 11)

Bill C-9 Passes for CERS and CEWS – New Rent Subsidy Applications go Live on Monday, Nov 23rd

CERS – 75% Canada Emergency Rent Subsidy

- Applications for the new **Canada Emergency Rent Subsidy (CERS)** will open through CRA on Monday, November 23rd, 2020. It will be retroactive to the beginning of October.
- The new rent subsidy will pick up where the previous program left off, delivering direct, targeted, and accessible rent support to qualifying organizations affected by COVID-19 without the need to work through their landlords. It will provide a subsidy for eligible fixed property expenses, including rent and interest on commercial mortgages. The announced program parameters will apply until December 19, 2020, with future parameters in 2021 to be adapted and targeted as needed.
- The Bill received Royal Assent on Thursday, November 19th and includes:
- The new **CERS** will provide direct rent and mortgage interest support to tenants and property owners until June 2021. The new rent subsidy will support businesses, charities, and non-profits that have suffered a revenue drop by providing support up to a maximum of 65% of eligible expenses until December 19, 2020. Claims can be made retroactively to September 27, 2020.
- The new **Lockdown Support**, which will provide an additional 25% through **CERS** for qualifying organizations that are subject to a lockdown and must shut their doors or significantly restrict their activities under a public health order issued under the laws of Canada, a province or territory (including orders made by a municipality or regional health authority under one of those laws).
- Combined, this would mean that hard-hit businesses subject to a lockdown could receive rent support of up to 90 per cent.
- The new [CERS attestation form \(RC665\)](#) is now available.
- Also, the government confirms its intention to formalize **rent payable as an eligible expense**, for purposes of the **CERS**, as of September 27, 2020. Qualifying organizations will be able to take advantage of the rent subsidy on this basis as soon as the application portal is launched on Nov 23rd.

CEWS – 75% Canada Emergency Wage Subsidy

- Bill C-9 also extended the **Canada Emergency Wage Subsidy (CEWS)** until June 2021. CEWS will remain at the current rate of up to 65% of eligible wages until December 19, 2020.

CEBA Updates – Canada Emergency Business Account

- Originally launched on April 9, 2020, the CEBA program provides interest-free loans of up to \$40,000 to small businesses and not-for-profits. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).
- Separate from Bill C-9, there have been updates to CEBA over the past month or so:
 - As of October 26, 2020, eligibility for CEBA has expanded by removing the previous March 1, 2020, condition for having an active business chequing/operating account. With this removal, eligible businesses can now apply after opening a business chequing/operating account with their primary financial institution.
 - In addition, as of October 26, 2020, eligible Canadian businesses currently operating through a **personal bank account** will be able to apply for CEBA.
 - Businesses will have until December 31, 2020, to apply for CEBA.
 - Watch for announcements on CEBA support being expanded from \$40K to \$60K in the near future.
 - This expansion will be available to all eligible previous and new CEBA applicants.
- For those businesses with a CEBA through RBC (Royal Bank of Canada) – **RBC** has updated its loan agreement, stating that the \$40,000 CAD line of credit funded by the Government of Canada, will cease revolving on **March 31, 2021**. On April 1, 2021, the outstanding balance of the Account as of March 31, 2021 will automatically convert to a non-revolving term loan.
- In addition, this RBC conversion was previously set at December 31, 2020, presumably, to match with the end of the period for which non-deferrable eligible expenses could be incurred. It is noted that the debt forgiveness component is calculated based on the highest balance up to March 31, 2021. It is unknown whether this means that the payment for non-deferrable expenses has, or will be, extended to this date.