



EIGENMACHT CRACKOWER

CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION

345 Renfrew Drive • Suite 202 • Markham, Ontario L3R 9S9

t: 905.305.9722 or 416.607.6468

f: 905.305.9502

jack@eigenmachtcrackower.com

www.eigenmachtcrackower.com

COVID-19 TAX UPDATE

As of April 16, 2020

For Individuals, Employed and Self-Employed

Canada Emergency Response Benefit

The online CERB application portal opened last week, for the March 15 to April 11 period and applications for the next period – April 12 to May 9 – opened on Monday, April 13. Millions of Canadians have already applied.

- Super easy process.
- You must re-apply for every period.
- You get \$2,000. This amount is a taxable benefit. You will need to pay tax on this income when you file your personal return for 2020.
- To qualify, you must be earning less than \$1k/month from employment/self-employment income or government maternity/parental leave benefits (based on Prime Minister Justin Trudeau's announcement on April 15, 2020) or you must stop working 14 consecutive days in your initial application.
- Eligibility periods are fixed in 4-week periods as follow:

4-week Period Cycle	Period Dates
1	March 15 to April 11, 2020
2	April 12 to May 9, 2020
3	May 10 to June 6, 2020
4	June 7 to July 4, 2020
5	July 5 to August 1, 2020
6	August 2 to August 29, 2020
7	August 30 to September 26, 2020

- The application portal can be found [HERE](https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html).
<<https://www.canada.ca/en/revenue-agency/services/benefits/apply-for-cerb-with-cra.html>>

For Businesses

Canada Emergency Business Account \$40,000 Interest-Free Loan

- Available for small business owners who have payroll over \$20,000 to \$1.5 million in total payroll in 2019 (as announced by Trudeau on April 16, 2020).
- Small business owners include sole-proprietorships and partnerships. You DO NOT need to be a corporate business to qualify.
- You can apply through your business bank.
- You need to have the total employment income BOX 14 from the T4 Summary as filed with CRA on or before February 29, 2020. You also will need the 15 BN# digit ending in RP 0001 to apply.
- You need to have an ACTIVE business chequing/operating account with the Lender on or prior to March 1, 2020.
- The funds must be used to pay non-deferrable operating expenses relating to the business.
- Interest is free until December 31, 2022.
- If you repay before December 31, 2022, you will only need to repay \$30,000. \$10,000 will be forgiven and will likely be taxable in the year it is forgiven.
- Additional information on this loan can be found [HERE](https://ceba-cuec.ca/).
<<https://ceba-cuec.ca/>>

Canada Emergency Wage Subsidy (CEWS) 75%

- 12 weeks program
- Assists employers with subsidies covering up to 75% of employee wages to a maximum of \$847/week per employee, retroactive to March 15, 2020.
- Eligible employers include individuals, corporations, partnerships, NPOs and charities.
- To qualify you need to demonstrate a decline in revenue (using cash or accrual basis).
- If you have a decline in revenue between March 2020 and March 2019 over 15% (or a decline of over 15% in revenue between March 2020 and the average of January



and February 2020), you would qualify for wage subsidy Period 1 and Period 2.

- To qualify for Period 3, you have to have a decline in revenue in April 2020 and over April 2019 by 30% (or decline in revenue in April 2020 over the average of January and February 2020) or you have a decline in revenue in May 2020 over May 2019 by 30% (or decline in revenue in May 2020 over the average of January and February 2020).
- NOTE: Whatever methodology used to determine the decrease in revenue for the first referenced period (i.e. Period 1) must use the same methodology for all future periods. For example, if you elect to use January and February 2020 to compare with March 2020's revenues then you'll have to use the same period to compare for the April and May 2020 period.
- Application will be available in the next couple of weeks through My Business Account portal via CRA's website. If you haven't yet registered for a My Business Account, you should do so ASAP to avoid delay on applying when the portal becomes available.

To register for a My Business Account click [HERE](#).

<<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>>

Eligible Periods

	Claiming Period	Required Reduction in Revenue	Reference Period for Eligibility
Period 1	March 15 to April 11	15%	March 2020 over: <ul style="list-style-type: none">• March 2019 or• Average of January and February 2020
Period 2	April 12 to May 9	30%	Eligible for Period 1 OR April 2020 over: <ul style="list-style-type: none">• April 2019 or• Average of January and February 2020
Period 3	May 10 to June 6	30%	Eligible for Period 2 OR May 2020 over: <ul style="list-style-type: none">• May 2019 or• Average of January and February 2020

Temporary 10% Wage Subsidy

- Employers who don't qualify for the CEWS may also be eligible for the previously announced 10% subsidy.
- Eligible employers include corporations eligible for the small business deduction, as well as NPOs and charities.
- The subsidy equal to 10% of remuneration paid during the period from March 18, 2020 to a maximum subsidy of \$1,375 / employee and \$25,000 / employer.
- No application is required. Simply reduce the amount of source deduction you need to send to CRA on a monthly basis.
- Employers who qualify for both the CEWS and the 10% subsidy for the same period, any benefit from the 10% subsidy will reduce the amount that is available from the CEWS.
- As a business owner you may also consider applying for the work-sharing program. This program pays for a portion of the employee's income via EI and you pay for the portion you're working on. You will need to submit an application 10 days prior to the requested start day.

For more information on the work-sharing program click [HERE](#).

<<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html#h4.04>>