

## Transcript: Business Owners: Overview of COVID-19 Financial Relief Measures

[Onscreen Text: Jamie Golombek  
Managing Director, Tax and Estate Planning  
CIBC Financial Planning and advice]

[Soft music plays]

**Jamie:** The Government of Canada, in light of the COVID-19 pandemic, has introduced a number of measures for business owners, both large and small, to help them through this very difficult financial time, and slowdown of the economy and of their businesses. One of the most popular programs for some employers and for some business owners is the Canada Emergency Business Account.

[Onscreen Text: Relief measures for businesses: Canada's COVID-19 response plan April 3, 2020 Jamie Golombek, Debbie Pearl-Weinberg & Tess Francis Tax and Estate Planning, CIBC Private Wealth Management Many Canadian businesses, along with non-profits and charities, may be particularly hard-hit by the financial fallout of COVID-19 and may experience a significant loss of revenue. The Government of Canada has put into place a variety of measures to help Canadian businesses facing hardship as a result of the COVID-19 outbreak to avoid layoffs of workers. Among the measures are a new loan program for businesses, wage subsidy programs for employers and deferred payment deadlines for income tax and GST/HST. Here's a brief summary of a few of the relief measures available to businesses and non-profits in Canada.]

**Jamie:** You would go to your financial institution where you do business banking, and you could apply for a loan. The loan is worth up to \$40,000, but you qualify at payroll between \$50,000 and 1-million dollars. And that loan is 25% forgivable. So up to \$10,000 is forgivable, if you pay it back by the end of the following year, by the end of 2022. In addition to that, there are details on how that loan works available through your financial institution's website.

**Jamie:** In addition to that, there are some other loan guarantee programs. Again, depending on whether or not you qualify, speak to your business banking associate and determine whether or not there may be additional loans partly guaranteed by the Government of Canada, to help you with your business.

**Jamie:** Perhaps the most important thing for business owners, however, is the wage subsidy. There are two wage subsidy programs. We've outlined all of the details in our bulletin, specifically on wage subsidies.

[Onscreen Text: Wage subsidy programs for employers: Canada's COVID-19 response plan

April 2, 2020 Jamie Golombek, Debbie Pearl-Weinberg & Tess Francis Tax and Estate Planning, CIBC Private Wealth Management Some businesses in Canada may be particularly hard-hit by

the financial fallout of COVID-19. The Government of Canada has introduced a variety of measures to help individual Canadians and businesses facing hardship as a result of the COVID-19 outbreak. These measures include two separate wage subsidy programs for employers. The newly-announced Canada Emergency Wage Subsidy (CEWS) provides both large and small employers with a subsidy that may be up to 75% of employee wages, to help employers to keep their workers when they have had a significant decline in revenues. The second program, the Temporary Wage Subsidy (TWS), was passed into law on March 25, 2020 and is aimed at assisting small- and medium-sized employers with their payrolls. This report outlines what we know about these two subsidy programs so far.

#### Canada Emergency Wage Subsidy (75%) ]

**Jamie:** The most popular one, the one that will help most businesses is the 75% subsidy.

[Onscreen Text: Eligible period	Claiming period	Reference period for eligibility
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019]

**Jamie:** And what they're saying is that you've got a 75% subsidy up to a max \$847 per employee, per week. And that's if you've kind of a decline in revenues of 30%. And all the details of how that works are contained in our bulletin. The second subsidy is a 10% subsidy. This applies to a broad base of private companies. These are smaller companies typically, and also, there is no requirement to have a loss of revenue.

#### [Onscreen Text: Temporary Wage Subsidy (10%)

Under the TWS program, an “eligible employer” can claim an amount equal to 10% of the remuneration paid between March 18, 2020 and June 19, 2020. If no remuneration was paid to employees during this period, then no subsidy is available. The maximum amount of the subsidy is \$1,375 per employee and \$25,000 per employer. Employers who are considered to be associated<sup>6</sup> for tax purposes will not be required to share the subsidy.

#### Eligible employers

Employers that qualify for the TWS include individuals (sole-proprietors), certain partnerships, non-profit organizations, charities and certain Canadian-controlled private corporations (CCPCs). A CCPC is essentially a private corporation whose shares are not listed on a stock exchange, and that is owned and controlled by Canadian residents. Large CCPCs which have taxable capital of more than \$15 million among their associated corporations in the previous year won't qualify for the TWS. Employers are only eligible if they had a payroll program account with the CRA on March 18, 2020.

How does it work?]

**Jamie:** So, there may be a wider group of companies that qualify for that. That's a 10% subsidy. And the way that works is you simply reduce the remittances on income tax. So, employers have an obligation to remit income taxes, CPP and EI on a regular basis. What you can do to claim the 10%, is effectively, you don't send them the 10% wage subsidy. There is limits for employee. There is limits for employer. All those details are in our bulletin on wage subsidies. A reminder that these rules are changing daily. Be sure to visit our website for all the latest information on special measures for business owners.

[Onscreen Text: CIBC financial advisors provide general information on certain tax, investment and estate planning matters; they do not provide tax, accounting or legal advice. Please consult your personal tax advisor, accountant, licensed insurance professional and qualified legal advisor to obtain specialized advice tailored to your needs.]

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