



Canadian Association of Radiologists
L'Association canadienne des radiologistes

Government Support During COVID-19 and What This Means For Radiologists

In collaboration with **MNP**

April 7, 2020



Presentation Goals

The purpose of this session is to provide the radiology community with the necessary information to effectively prepare for the financial impact of COVID-19 and how to mitigate against further loss.



Presenters



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Agenda

- Tax Filing and Payment Deadlines
- Canada Emergency Wage Subsidy “CEWS” and Temporary Wage Subsidy “TWS”
- Canada Emergency Response Benefit “CERB”
- Stimulus Government Programs
- Tax Planning During an Economic Slowdown

TAX FILING AND PAYMENT DEADLINES

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A decorative graphic consisting of a series of parallel, slightly curved lines that create a sense of motion or a stylized wave, located to the right of the "Professional Cycle" text.

Updated Tax Filing Deadlines

Filing Deadlines

Due Dates				
Jurisdiction	Form	Original	Revised	Notes
Federal	T1	April 30, 2020	June 1, 2020	Self-employed returns still due June 15
Federal	T2	six months after y/e	June 1, 2020	Returns due between March 18, 2020 and May 31, 2020
Federal	T3	March 30, 2020	May 1, 2020	Applicable for calendar year trusts only
Federal	T3010		December 31, 2020	Returns due between March 18, 2020 and Dec. 31, 2020
Federal	T5013	March 31, 2020	May 1, 2020	No change to partnership returns due five months after year-end
Quebec	TP-1	April 30, 2020	June 1, 2020	Self-employed returns still due June 15
Quebec	TP-646	March 30, 2020	May 1, 2020	Applicable for calendar year trusts only, does not apply to SIFTS
Quebec	TP-600	March 31, 2020	May 1, 2020	Applicable for calendar year partnerships only

Current as at April 3, 2020

Updated Tax Payment Due Dates

Balance Due

Due Dates				
Jurisdiction	Balance Due	Original	Revised	Notes
Federal	Part I tax	Amounts due after March 18, 2020	September 1, 2020	Includes instalments (business, individual, trusts)
Alberta	Alberta tax	Amounts due after March 18, 2020	August 31, 2020	Applicable to Alberta corporate income tax balances and instalment payments
Quebec	Quebec tax	Amounts due after March 17, 2020	September 1, 2020	Applicable to Quebec individual, trust and corporate tax balances and instalment payments

Current as at April 3, 2020

Other Tax Filing Considerations

Electronic Signatures – now accepted by CRA, Alberta and Revenue Quebec

- Federal T183 and T183 Corp (Authorization to file a personal or corporate tax return) can now be signed by taxpayer through an electronic signature – previously not permitted by CRA
- Quebec – has also permitted the use of electronic signatures for personal and corporate tax returns
- Alberta – Alberta Tax & Revenue Administration allows the Alberta Consent form to be signed electronically

Payroll and GST Considerations

Payroll Remittance Payments

- CRA has not permitted the extension of payments of payroll source deduction remittances
- These payments are still due when the payroll account is required to make payment

GST Payments and Filing Requirements

- CRA indicated that businesses should continue to file their GST/HST returns by the due dates, but the CRA will not impose penalties on late filed returns provided the returns are filed by June 30, 2020
- GST/HST remittances, including customs and duties have been deferred until June 30, 2020
- File returns with refunds to assist with cash flow
- Recommended to electronically file returns as paper filed returns will not be processed until CRA resumes operations

TEMPORARY WAGE SUBSIDY (“TWS”) – 10% AND CANADA EMERGENCY WAGE SUBSIDY (“CEWS”) – 75%

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Temporary Wage Subsidy (“TWS”)

- Organizations/Employers that do not qualify for the Canada Emergency Wage Subsidy may continue to qualify for the previously announced Temporary Wage Subsidy of 10 percent

Temporary Wage Subsidy (“TWS”)

Eligibility – limited to the following employers:

- A Canadian Controlled Private Corporation “CCPC” that is eligible for the small business deduction subject to rules;
- An individual (other than a trust);
- A partnership, all members of which are: eligible CCPC,s individuals, partnerships and registered charities;
- A non-profit organization exempt from tax; and
- A registered charity.

An Eligible Employer qualifies provided they:

- Employ one or more individuals in Canada;
- Have an existing business number and payroll program account with the CRA on March 18, 2020; and
- Pay salary, wages, bonuses, or other remuneration to an eligible employee.

Temporary Wage Subsidy (“TWS”)

Calculation of Subsidy

- Equal to 10 percent of the remuneration paid between March 18, 2020 and June 19, 2020
- Maximum Subsidy amount is \$1,375 per employee to a maximum of \$25,000 for the employer
- Each corporation in an associated group would be permitted these amounts provided that the taxable capital of the associated group is below \$15 million
- There is no reduction to the remittance of CPP and EI premiums
- CRA has confirmed that the subsidy is taxable to the corporation

Example

- 5 employees earning monthly salaries of \$4,100 for total monthly payroll of \$20,500
- Subsidy is \$2,050 ($\$20,500 \times 10\%$) per month.
- Over the designated three-month period, the total subsidy received would be \$6,150

What is the Canada Emergency Wage Subsidy (“CEWS”)?

- A 75 percent wage subsidy provided by the Government of Canada for qualifying businesses, for up to 3 months, retroactive to March 15, 2020.
- Applies at a rate of 75 percent on the first \$58,700 normally earned by employees – representing a benefit of \$847 per week.
- The program is in place for a 12-week period – March 15 to June 6, 2020

Eligible Employer

- Individuals, taxable corporations, partnerships, non-profit organizations and registered charities
- Available to employers who see a reduction of gross revenues of at least 30 percent in March, April or May, when compared to the same month in 2019, would be able to access the subsidy.
- Employers are required to attest to the decline in revenue.

Calculating Gross Revenues

- Revenue from its business carried on in Canada earned from arm's length sources.
- Calculated using the employer's normal accounting method and would exclude revenues from extraordinary items and amounts on account of capital.
- NPOs and Charities – the Government will continue to work with the sector to ensure the definition of revenue is appropriate to their specific circumstances

Amount of Subsidy

- **The subsidy amount for a given employee on eligible remuneration paid between March 15 and June 6, 2020 would be the greater of:**
 - 75 percent of the amount of remuneration paid, up to a maximum of \$847 per week; and
 - The amount of remuneration paid, up to a maximum benefit of \$847 per week or 75 percent of the employee's pre-crisis weekly remuneration, whichever is less.
- **Further guidance with respect to how to define pre-crisis weekly remuneration for a given employee will be provided in the coming days.**
- **The Government anticipates that employers may be eligible for a subsidy of up to 100 percent of the first 75 percent of pre-crisis wages or salaries of existing employees.**
- **Employees that do not deal at arm's length with the employer - the subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75 percent of the employee's pre-crisis weekly remuneration.**

Eligible Periods

- Eligibility is determined by the change in an eligible employer's monthly revenues, year-over-year, for the calendar month in which the period began.
- The amount of the wage subsidy received by the employer in a given month is not taken into account for measuring the year-over-year changes in monthly revenues.
- The table below outlines each claiming period and the period in which the employer has a decline in revenue of 30 percent or more.

	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

How to Apply

- Eligible employers would be able to apply for the CEWS through the Canada Revenue Agency's My Business Account portal as well as a web-based application
- Employers are required to maintain records demonstrating their reduction in arm's-length revenues and remuneration paid to employees.

Compliance

- Employers are required to repay amounts paid under the CEWS if they do not meet the eligibility requirements and pay their employees
- Anti-abuse rules will be proposed to ensure that the subsidy is not inappropriately obtained
- Penalties may include fines or even imprisonment

Government Subsidy - Taxable

- The wage subsidy received by an employer would be considered government assistance and be included in the employer's taxable income.
- The assistance received under either wage subsidy would reduce the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration

Interaction with the various programs

How does the Canada Emergency Wage Subsidy interact with the 10 percent wage subsidy?

- For employers that are eligible for both the Canada Emergency Wage subsidy and the 10 percent wage subsidy for a period, any benefit from the 10 percent wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the Canada Emergency Wage Subsidy in that same period

How does the Canada Emergency Wage Subsidy interact with the Canada Emergency Response Benefit?

- The wage subsidy and CERB program are targeted to different recipients. The wage subsidy program is for employers and is a three-month measure, for remuneration paid between March 18, 2020 and June 20, 2020 , to help them prevent layoffs. The CERB program is to support workers that have lost income because of Covid-19 and is applicable for any four-week period falling between March 15, 2020 and October 3, 2020.

CANADA EMERGENCY RESPONSE BENEFIT (“CERB”)

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What is the CERB Program?

- A program that provides temporary income support to workers who have **stopped working** and are without employment or self-employment income for reasons related to COVID-19.
- The benefit is temporary in nature and is paid in blocks of four weeks for a total of \$2,000 per month or equivalent to \$500 per week; Maximum 16 weeks of benefits can be paid.
- The benefit is available from March 15, 2020 to October 3, 2020.
- The applicant must apply before December 2, 2020.

Applying for the CERB Program?

- Applications are proposed to open on April 6, 2020
- Applicants can apply through CRA My Account, Service Canada, or through the 1-800 Number to be released shortly
- For individuals who do not currently have a CRA My Account number should consider registering online at:
 - <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>

Who is Eligible for the CERB?

- A Canadian resident with a valid Social Insurance Number;
- At least 15 years of age;
- In 2019, or in the 12 month period ending at the time of application, has earned at least \$5,000 from employment, self-employment, maternity or parental EI benefits, benefits under a provincial maternity or parental plan;
- Only available to individuals who stopped work as a result of reasons related to COVID-19, note voluntary work stoppages are not applicable.

Eligibility Requirements

- The employee or self-employed individual **ceases working** due to COVID-19 for at least 14 consecutive days within a 4-week period in which they apply for payment;
- The individual does not receive income from employment or self-employment, EI benefits or allowances under a provincial maternity or parental plan or any other income as prescribed by regulation.

What does “ceases working” mean?

- **The term is not defined in the Income Tax Act. However, the literal meaning is “to stop; discontinue, or to come to an end.”**
- **The Department of Finance in their FAQ’s on the CERB program have indicated the following examples:**
 - You have been let go from your job or your hours have been reduced to zero;
 - You are in quarantine or sick due to COVID-19;
 - You are away from work to take care of others because they are in quarantine, sick due to COVID-19; and/or
 - You are away from work to take care of children or other dependents whose care facility is closed due to COVID-19.
 - It is also specifically stated that you cannot quit your job voluntarily.

Source: <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

Is the CERB amount taxable?

- The amount is taxable to the individual and CRA indicated that tax will not be deducted at source

Can I have other income while receiving the CERB?

- The individual must have stopped working as a result of COVID-19 and be without employment income for at least 14 consecutive days within the initial four-week period. For subsequent periods, you must expect to have no employment income.

When will payment be received?

- Benefits will start within 10 days of the individual submitting the application. Payments will be retroactive to the individual's eligibility date.

I am currently on EI, do I qualify for this program?

- If the individual was eligible for EI benefits that started before March 15, 2020 and these benefits end before October 3, 2020, then the individual may apply for the CERB if they meet the eligibility requirements

Source: <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

STIMULUS CREDIT PROGRAMS

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Stimulus Credit Programs Available to Small Businesses



1. Working Capital Loan
2. Small and Medium Enterprise Loan and Guarantee
3. Canada Emergency Business Account

Working Capital Loan Program

Through this Working Capital Loan, the new relief measures for qualified businesses include:

- 36 month subordinated working capital loans of \$100,000 up to \$2 million with flexible terms.
- Principal payment postponements during the first 12 months for all qualifying businesses and for existing BDC clients.
- Following the initial 12-month principal payment free period, 40 percent of loan is to be repaid within the remaining 24 months.
- 60 percent is payable in a balloon payment due at the 36th Month.

The Working Capital Loan – COVID 19 requires a General Security Agreement and a Personal Guarantee by ownership. Pricing is BDC Rate less 1.75 percent (currently this is 3.3 percent).

Working Capital Loan Program

What You Need to Apply:

- Application can be requested from your local BDC officer
- Statement of personal affairs and Government Photo ID by each shareholder with ownership of 25 percent or more
- Most recent telecommunications and/or electricity bill
- Most recent bank and/or credit card statement
- 2-3 photos of the office premises
- Ownership chart
- Last three years of accountant-prepared financial statements
- Interim statements if fiscal year-end more than three months old
- Monthly cash flow forecasts for at least the next six months
- Specifics around the impact of COVID-19 on the business:
 - Has this reduced your activity level?
 - Have you experienced partial and / or complete closures of your facilities or operations?
 - What activity level do you anticipate over the next six months?
- BDC may require written concurrence from your primary lending institution that the bank will not pull their line of credit or other lending facility even if the new BDC / EDC financing puts the company in breach of covenants

Small and Medium Enterprise Loan and Guarantee Program



- BDC together with financial institutions co-lend term loans for operational cash flow requirements.
- EDC will also provide guarantees to financial institutions so that they can issue new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized businesses, as a result of a new domestic mandate enhancing EDC's role in supporting Canadian businesses through COVID-19 crisis. These loans will be 80 percent guaranteed by EDC, to be repaid within one year.
- Eligible companies could obtain up to \$12.5 million through these two lending streams.
- Applications must be made and can only be adjudicated through the existing bank or other authorized financial institution with whom the applicant has an existing banking relationship with.

Canada Emergency Business Account Program



- Small businesses may apply for an interest-free loan of up to \$40,000 through the \$25 billion established for this program and purpose.
- The funding is targeted to small businesses to help cover operating costs because of the impact of Covid-19.
- This will better position the applicants to quickly return to providing services to their communities and to creating employment.
- The applications must be made through the applicants existing financial institution.
- To qualify, each applicant must demonstrate that they paid between \$50,000 to \$1 million in total payroll in 2019. Repaying the loan in full prior to December 31, 2022 will result in loan forgiveness of 25 percent of the loan being repaid, subject to a cap of \$10,000.

TAX PLANNING DURING AN ECONOMIC SLOWDOWN

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Income Tax Planning

- Review Owner Renumeration Strategy (salary vs dividends)
- Triggering Capital Losses on Investments (selling investments)
- Consider selling shares and acquiring companies in the same sector
- Payment of Tax-Free Capital Dividends – Capital Dividend Account
- Transfer of Property from Corporation to the Individual Shareholder
- Asset Protection Planning
- Estate Freeze
- Thaw/Refreeze Transaction

Questions?



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Resources

- Canadian Association of Radiologists
 - [CAR COVID-19 webpage](#)
- MNP
 - [MNP latest Tax Alert](#)
 - [MNP COVID-19 microsite](#)

The screenshot shows the CAR website with a blue header. The main content area is titled "COVID-19" and includes a paragraph about the association's commitment to supporting radiologists during the pandemic. Below this, there are sections for "Position Statements and Guidelines" and "COVID-19 EMERGENCY RADIOLOGIST SUPPORTING ROOM RULES". The latter includes icons and text for "SOCIAL DISTANCING >2M", "WIPE DOWN WORK AREA", and "WIPE DOWN YOUR CELLPHONE".

The screenshot shows the MNP website with a dark header. The main content area is titled "MNP COVID-19 Business Advice Centre" and includes a paragraph about the company's commitment to helping clients navigate the pandemic. Below this, there are three columns of content: "GOVERNMENT & TAX ALERTS", "BUSINESS RESILIENCE", and "RECOVERY". Each column has a title, a brief description, and a "LEARN MORE" button.

Thank you!

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