



HOTELIERS GUIDE
GOVERNMENT OF CANADA
ECONOMIC RELIEF OPTIONS

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KEY TAKEAWAYS:

The Government will pay 75% on the first \$58,700 of an employee's salary, up to \$847 per week which will be backdated to March 15, 2020.

This subsidy will be available to businesses for up to three months and allow hoteliers to re-hire laid off workers.

Qualifying businesses will include all hotels that have seen at least a 15 - 30% decline in revenue during the eligible periods.

Hoteliers can receive both the CEWS and the 10% wage subsidy. However, the CEWS benefit will be adjusted downward to account for any payments made through the previous program.

Canada Emergency Wage Subsidy Program

What does this program offer?

The Government of Canada will provide a wage subsidy of 75%, helping hoteliers keep employees on payroll, rehire laid off workers and position our industry for recovery once this health crisis is over. The specifics include:

This subsidy will be available to businesses for up to about three months. It is retroactive to March 15, 2020 and ends on June 6, 2020, allowing hoteliers to re-hire laid off staff. The Government will pay 75% on the first 58,700 dollars of an employee's salary, up to \$847 per week.

Who qualifies?

All hotels that have experienced a decline of at least 15% of their revenue in March 2020 and 30% or more for subsequent months.

How is the decrease in revenue calculated?

There are two methods by which decreased revenue can be determined:

A) By comparing gross revenues from a specific month in 2020 against the gross revenues of the same month in 2019. For example, if March 2020 revenues were down 15% compared to March 2019, the employer may claim the CEWS.

B) By comparing revenues in March, April, and May 2020 to an average of revenues in January and February 2020, rather than last year. This will help new or growing hotel properties who may not have qualified based on a comparison to 2019 revenues.

In either method, revenue would be calculated using your normal accounting method and would exclude revenues from extraordinary items and amounts on account of capital.

Do I apply and measure revenues on a consolidated basis or does each entity apply individually?

Hotel owners can apply and measure revenues on a consolidated group basis OR each entity can apply individually while measuring revenues at the entity level. Hotel companies may choose their preferred application method (group or individual).

How will pre-crisis wages for employees be determined?

Pre-crisis remuneration for an employee is based on the average weekly remuneration paid between January 1 and March 15 inclusively, excluding any seven-day periods in respect of which the employee did not receive remuneration.

Eligible remuneration may include salary, wages, and other remuneration like taxable benefits. These are amounts for which employers are generally required to withhold or deduct amounts to remit to the Receiver General on account of the employee's income tax obligation.

It does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle.

Do I need a minimum number of employees in order to qualify?

No, the number of people you employ has no bearing on your qualification for the wage subsidy. The only determinant to qualify is to prove the 15% revenue reduction for March, and 30% for the subsequent months.

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What if I don't qualify for the Canada Emergency Wage Subsidy?

If you do not qualify for the Canada Emergency Wage Subsidy, you may qualify for the previously announced wage subsidy of 10 % of remuneration paid from March 18 to before June 20, 2020. For more information on this subsidy please [click here](#).

How does the Canada Emergency Subsidy Program interact with the previously announced 10% wage subsidy?

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

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

To avoid duplication of funding, the government is now considering a new process requiring employees - who have received CERB payments that overlap with CEWS payments - to cancel their CERB claim and pay back the CERB for the period of overlap. This would eliminate employer liability as responsibility for notifying/repaying CRA would rest solely with the employee. Details will be forthcoming.

Do hotel owners qualify for the wage subsidy?

Hotel owners can receive the wage subsidy if they draw a salary from company profits. Hotel owners will not qualify if they are paid dividends.

Will I receive the 100% payroll contribution refund for all employees?

Only employees that are on leave with pay (furloughed employees) will qualify for a refund on 100% of the employer-paid contributions (EI, CPP, Quebec Pension Plan, and the Quebec Parental Insurance Plan).

Employers can apply to receive a refund for 100% of the employer-paid contributions at the same time they apply for CEWS.

Will hotel owners based outside of Canada qualify for the wage subsidy?

Yes, as long as the company has employees based in Canada and can demonstrate a 15% revenue reduction in March and 30% for subsequent months.

How can I apply for this program?

Businesses can apply online through the Canada Revenue Agency Portal that will be made available in 4 weeks. If a hotel's CEWS application is approved for the first month/eligibility period, hotel businesses will be automatically eligible for the second month/eligibility period. Hoteliers will need to re-apply for the third month/eligibility period and demonstrate the 30% drop in revenue. All businesses should register for direct deposit to ensure money can be sent electronically to avoid further delay.

How soon can I access funds?

Hotels will be able to receive funds once the online portal is set up in 4 weeks. Hotel Association of Canada is working with government officials in order to streamline and obtain priority access for hoteliers to access funds as soon as possible.

Am I required to pay the remaining 25% of my employee's wages?

Businesses are strongly encouraged by government to top up the other 25% of the wage if they can afford it, but the government understands that some businesses will not be in a financial position to do this.

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KEY TAKEAWAYS:

Immediate relief for small businesses with a 10% wage subsidy for the next 90 days, up to a maximum of \$1,375 per employee and \$25,000 per employer.

To qualify you must be a Canadian-Controlled Private Corporation eligible to the small business deduction.

Hoteliers do not need to apply. The subsidy is calculated when you remit these amounts to the CRA. Once you have calculated your subsidy, you can reduce your current payroll remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy.

10% Wage Subsidy

What does this subsidy offer?

Immediate relief for small businesses with a 10% wage subsidy for the next 90 days, up to a maximum of \$1,375 per employee and \$25,000 per employer.

Who qualifies?

Canadian-Controlled Private Corporation (CCPC) eligible to the small business deduction that have an existing business number and payroll program account with CRA on March 18 and pay salary, wages, bonuses, or other remunerations to an employee. Unlike the Canada Emergency Wage Subsidy, you do not need to prove a 30% loss in revenue to access this subsidy.

CCPCs are only eligible for the subsidy if their taxable capital employed in Canada for the preceding taxation year, calculated on an associated group basis, is less than \$15 million.

How is this subsidy calculated?

The subsidy must be calculated manually, either by you or whoever is responsible for making your payroll remittances. The CRA will not automatically calculate the allowable subsidy.

What if subsidies exceed the remittances?

If the income taxes you deduct are not sufficient to offset the value of the subsidy in a specific period, you can reduce future remittances to benefit from the subsidy. This includes reducing remittances that may fall outside of the application period for the wage subsidy (after June 20, 2020).

For example: If you calculated a subsidy of \$2,050 on remuneration paid between March 18, 2020, and June 20, 2020, but only deducted \$1,050 of federal, provincial, or territorial income tax from your employees, you can reduce a future income tax remittance by \$1,000, even if that remittance is in respect to remuneration paid after June 20, 2020.

Will the subsidy affect deductions from my employees?

No. You will continue deducting income tax, Canada Pension Plan contributions, and Employment Insurance premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do. The subsidy is only calculated when you remit these amounts to the CRA.

What if I don't reduce remittances during the year?

If you are an eligible employer, but choose not to reduce your payroll remittances during the year, calculate the temporary wage subsidy on remuneration paid between March 18, 2020, and June 20, 2020. You can then ask for the subsidy to be paid to you at the end of the year, or transferred to the next year.

How will I receive this subsidy?

You do not need to apply for the subsidy. You will continue deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do. The subsidy is calculated when you remit these amounts to the CRA. Once you have calculated your subsidy, you can reduce your current payroll remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy.

For example: If you deducted \$2,500 of income tax from your employees' pay and calculated a subsidy of \$2,050, you would reduce your current payroll remittance of federal, provincial, or territorial income tax by \$2,050. You would remit \$450 of income tax to the CRA. The remaining \$2,050 that you keep would represent your subsidy.

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KEY TAKEAWAYS:

Defer GST & HST payments, duties and taxes on imports until June 2020.

Defer the payment of any income tax amounts that become owing until after August 31, 2020.

Applies to tax balances due, as well as instalments.

No interest or penalties will accumulate on these amounts during this period.

All businesses are eligible.

Tax Payment Deferrals

How has Government deferred tax payments?

Recently announced government measures have allowed businesses to defer numerous tax payments in order to allow businesses to have more liquidity on hand to survive the financial impact of COVID-19. Specifics include:

Deferred GST & HST payments, duties and taxes on imports until June 2020.

The Canada Revenue Agency will defer corporate income tax payment until after August 31, 2020. This relief would apply to tax balances due, as well as instalments. No interest or penalties will accumulate on these amounts during this period.

Who is eligible?

All businesses are eligible for deferred tax payments.

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KEY TAKEAWAYS:

To qualify for the Canada Emergency Business Account you must have a payroll of less than \$1.5 million.

The Canada Emergency Business Account allows banks to offer \$40,000 in loans, guaranteed by the Government to qualifying small businesses and loans will be interest free for the first year.

Full loan repayment by December 31, 2022 will see a 25% loan forgiveness up to \$10,000.

Canada Emergency Business Account

What does this loan program offer?

The Canada Emergency Business Account allows banks to offer \$40,000 in loans, guaranteed by the Government to qualifying small businesses and loans will be interest free for the first year. Full loan repayment by December 31, 2022 will see a 25% loan forgiveness up to \$10,000.

Who qualifies?

To qualify, you must have a payroll of less than \$1.5 million and greater than \$20,000.

How can the funds be used?

The loan must be used to pay for operating costs that cannot be deferred, such as payroll, rent, utilities, insurance, and property tax.

When can I access the Canada Emergency Business Account?

Applications for this program are currently open. Hoteliers can apply directly through their financial institution.

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KEY TAKEAWAYS:

Loans of up to \$6.25 million will be made available to small and medium sized businesses in Canada directly through their financial institutions.

The qualifications for the SME Loan Guarantee program are not yet clarified and HAC is working with government to obtain further clarification on this classification and has requested that hoteliers are eligible to apply for these loans on a property-by-property basis rather than at the corporate entity level.

Small and Medium-sized Enterprise Loan and Guarantee Program

What does the Small and Medium-sized Enterprise Loan and Guarantee program offer?

Government announced \$12.5 billion of additional support and access to credit through EDC and BDC to help small and medium-sized enterprises with cashflow requirements through the new Small and Medium-sized Enterprise Loan and Guarantee program.

How can I access this loan?

Loans will be available through eligible financial institutions and will be partially guaranteed and funded by the Government of Canada

Who qualifies?

Small and medium size enterprises. There has been no further information on how Government will classify hotels. HAC is working with government to obtain further clarification on this classification and has requested that hoteliers are eligible to apply for these loans on a property-by-property basis rather than at the corporate entity level.

How can I access this program?

Hoteliers can apply for a partially guaranteed loan through their banking institution to access this financial support.

What is the maximum amount of a loan?

Loans of up to \$6.25 million will be made available to small and medium sized businesses in Canada directly through their financial institutions.

When can I access the SME Loan Guarantee Program?

This program will be available in the three weeks after March 27th, 2020. Hotels in need of immediate credit support should contact their financial institution. If the financial institution determines that the needs of the client exceed the level of support the financial institution is able to provide, the financial institution will work alongside BDC to access additional resources the Government has made available under the business credit availability program.

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KEY TAKEAWAYS:

The six largest banking institutions in Canada are providing flexible solutions related to COVID-19

Six-month payment deferral for mortgages and the opportunity for relief on other credit products.

Banks will continue to charge interest on loans or mortgages. The added interest is incorporated into the monthly payment.

Mortgage Payment Deferrals

What does this program offer?

The Business Credit Availability Program (BCAP) makes more than \$65 billion available to Canadian businesses in financing and credit insurance.

What does this option offer?

The six largest banking institutions in Canada have provided flexible solutions related to COVID-19, including up to a six-month payment deferral for mortgages and the opportunity for relief on other credit products.

Which six banking institutions are offering mortgage payment deferrals? How can I contact them?

The six banking institutions offering mortgage payment deferrals are the following, with contact details:

BMO: 1- 877-788-1923

CIBC: 1-877-454-9030

RBC: 1-800-769-2511

Scotiabank: 1-833-315-4357

TD: 1-888-730-0075

National Bank of Canada: 1 844 394 4494

Who qualifies for this deferral?

The banking institutions will be giving priority to small business owners on a case-by-case basis, with strong consideration for those demonstrating financial need.

Will I still be responsible for interest charges?

Banks will continue to charge interest on loans or mortgages. The added interest is incorporated into the monthly payment, either when payments resume at the end of the deferral period or upon renewal at the end of the mortgage's term.

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KEY TAKEAWAYS:

Helps employers and employees avoid layoffs when there is a temporary decrease in business activity beyond the control of the employer.

Agreements have now been streamlined by decreasing processing times to 10 days.

Agreements extended for maximum possible duration from 38 weeks to 76 weeks, waived mandatory cooling off period and more flexible employer eligibility.

Hoteliers can qualify if you are a year-round business in Canada and have at least two employees in a WS unit.

Please note franchises will be treated as a stand-alone business.

Work-sharing Agreement

What does this program offer?

Work-Sharing (WS) is a program that helps employers and employees avoid layoffs when there is a temporary decrease in business activity beyond the control of the employer. The program provides EI benefits to eligible employees who agree to reduce their normal working hours and share the available work while their employer recovers. Work-Sharing is an agreement between employers, employees and the Government of Canada. Work-Sharing is a three-party agreement involving employers, employees and Service Canada. Employees on a Work-Sharing agreement must agree to a reduced schedule of work and to share the available work over a specified period of time.

What are the temporary special measures in the WS agreement?

Due to COVID-19, the WS program will be enhanced by extending the eligibility of agreements to 76 weeks to support employers and their workers who are experiencing a downturn in business and streamlining processes so help can be accessed as soon as possible. Specific measures include:

- WS agreements are no longer limited to certain sectors, any sector can apply.
- Streamlining the application form by decreasing the processing time to 10 days.
- Reducing the requirement that businesses have been operating for 2 years to 1 year.
- Employers can apply for the full 72 weeks at one time.

Who qualifies?

Hoteliers qualify if you are a year-round business in Canada and have at least two employees in a WS unit, a group of employees with similar job duties who agree to reduce their hours of work over a specific period of time. Please note a work-sharing unit cannot include employees who are needed to help generate work and/or employees who are essential to the recovery of the business (for example, senior management, executive level marketing/sales agents, outside sales representatives).

Specific eligibility requirements also include:

Hoteliers must demonstrate that the shortage of work is temporary and beyond your control and is not a cyclical/recurring slowdown. Demonstrate a recent decrease in business activity of approximately 10%. Submit and implement a recovery plan designed to return the Work-Sharing unit(s) to normal working hours by the end of the Work-Sharing agreement. There must be a reasonable expectation that recovery (that is, a return to normal work hours for all participating employees) will be achieved by the end of the agreement.

Please note franchises will be treated as a stand-alone business.

Who doesn't qualify?

Hoteliers are not eligible for WS if you are experiencing a reduction in business activity due to a labour dispute, a seasonal shortage of work, a pre-existing and/or recurring production slowdown, or the decrease in business activity is due to a recent increase in the size of your workforce.

How to apply to this program?

You must apply within 10 calendar days prior to the requested start date. To apply for this program you must submit **this form** to one of the following email addresses, depending on your location:

Atlantic Provinces: ESDC.TP-ATL-WS-TP.EDSC@serviccanada.gc.ca

Quebec: QC-DPMTDS-LMSDPB-TP-WS-GD@serviccanada.gc.ca

Ontario: ESDC.ON.WS-TP.ON.EDSC@serviccanada.gc.ca

Western Canada and Territories: ESDC.WT.WS-TP.ESDC@serviccanada.gc.ca

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KEY TAKEAWAYS:

Backdated to March 15, 2020

Provides \$2,000 a month to be paid in four-week instalments for up to 16 weeks.

Workers who are employed but are not receiving income because of disruptions to their work situation due to COVID-19.

Includes individuals without employment or self-employment income for reasons related to COVID-19

Temporary foreign workers who do not qualify for EI

The application form will be available on April 6 at: canada.ca/coronavirus.

Canada Emergency Response Benefit (CERB) FOR INFORMATION: FOR INDIVIDUALS & EMPLOYEES

What does CERB offer?

This taxable benefit will provide \$2,000 a month for up to four months for workers who lose their income as a result of the COVID-19 pandemic.

Who will this benefit cover?

CERB will cover people who have lost their job, are sick or quarantined, or who must stay home without pay to care for elderly, children or someone who is ill. CERB also includes workers who have no income due to the COVID-19 slowdown, but who haven't yet been officially laid off. It will cover employees, contract workers, self-employed workers and, as of April 15, seasonal workers unable to undertake regular seasonal work due to COVID-19 as well as workers whose EI benefits are exhausted and are unable to find a job.

What are the qualifications?

Applicants must have had \$5,000 in employment income, self-employment income, or maternity or parental leave benefits and/or similar benefits paid in Quebec under the Quebec Parental Insurance Plan for 2019 or in the 12-month period preceding the day they make the application. The \$5000 income does not have to be earned in Canada, but applicants need to reside in Canada. As of April 15th, people earning \$1000 or less per month, may also now collect the CERB.

Who is ineligible for CERB?

Applicants that have quit their job voluntarily are not eligible for this benefit.

Do applicants need to be laid off in order to receive CERB?

No. Workers who remain attached to their company can receive CERB. Applicants 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.

Where to access/apply?

The application form will be available on April 6 at Canada.ca/coronavirus. Individuals can get ready to apply for the CERB by signing up to **My Account** or **My Service Canada Account**. They should also make sure their direct deposit and mailing information is up to date with the CRA.

The application form will be available on April 6 at: canada.ca/coronavirus.

How soon will CERB funds become available?

Benefits will start within 10 days of applying. Payments will be made through direct deposit or by cheque.

Do Employment Insurance eligible applicants qualify for CERB?

Yes, CERB is also available to workers who, after March 15, are eligible for Employment Insurance regular or sickness benefits.

If an applicant has already applied to EI, should they re-apply for CERB?

No, all EI applicants will be immediately moved over to the CERB.

QUESTIONS?

Please contact:

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