

CANADA'S COVID-19 ECONOMIC RESPONSE PLAN



Support for Businesses

The Federal government response plan includes support for businesses to avoid layoffs, have access to credit, deferral of tax payments, provide support for farmers, as well as new programs to provide financial stability.

For more information visit: [Canada's Economic Response Plan](#)

Avoiding layoffs

- Extension of the **Work-Sharing program from 38 weeks to 76 weeks**. The Work-Sharing program is offered to workers who agree to reduce their normal working hours because of developments beyond the control of their employers.
- Up to 75% **wage subsidy for qualifying businesses**, for up to 3 months, retroactive to March 15, 2020. This will help businesses to keep and return workers to the payroll. More details on **eligibility criteria** will start with the impact of COVID-19 on sales, and will be shared **before the end of the month**.

Access to credit

- A **Business Credit Availability Program (BCAP)** has been established to provide more than \$65 billion of additional support, largely targeted to small and medium-sized businesses, through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC). BDC and EDC are cooperating with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation and tourism. **Businesses in need of credit support should contact their financial institution.**
- Export Development Canada is supporting businesses by offering their bank a **guarantee on loans** of up to \$5 million to ensure that companies can access more cash immediately. **For more details, contact your financial institution.**
- A new **Canada Emergency Business Account** - a new loan program, that will be implemented rapidly by eligible financial institutions in cooperation with Export Development Canada (EDC). This \$25 billion program will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced. To qualify, these organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 per cent (up to \$10,000). **Additional details on accessing this program will be available soon.**
- Export Development Canada is working with financial institutions so that they can issue **new operating credit and cash flow term loans** of up to \$6.25 million to SMEs. **Businesses should contact their financial institution to determine whether this program is a good fit for their needs.**
- The Co-Lending Program will bring the Business Development Bank of Canada (BDC) together with financial institutions to **co-lend term loans to SMEs** for their operational cash flow requirements. Through the Co-Lending Program, eligible businesses may obtain incremental credit amounts of up to \$6.25 million through the program. **Businesses should contact their financial institution to determine whether this program is a good fit for their needs.**

Support for farmers

- Support for Farm Credit Canada by allowing an **additional \$5 billion in lending capacity** to producers, agribusinesses, and food processors. This will offer increased flexibility to farmers who face cashflow issues and to processors who are impacted by lost sales, helping them remain financially strong during this difficult time.

Supporting financial stability

- We launched an **Insured Mortgage Purchase Program**, in which we will purchase up to \$150 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation. This action will provide long-term stable funding to banks and mortgage lenders, help facilitate continued lending to Canadian consumers and businesses, and add liquidity to Canada's mortgage market.
- The **Bank of Canada has lowered interest rates**, is intervening to support key financial markets and is providing liquidity support for financial institutions. The Bank stands ready to take any and all actions that it can to protect the well-being of Canadians during this difficult time.
- The Office of the Superintendent of Financial Institutions announced it is **lowering the Domestic Stability Buffer by 1.25%** of risk-weighted assets. This action will allow Canada's large banks to inject \$300 billion of additional lending in to the economy.

More Flexibility

- **Deferral, until after August 31, 2020**, for all business, the **payment of any income tax amounts** that become owing on or after March 18 and before September 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.
- Businesses, including self-employed individuals, will be allowed to **defer until June 30, 2020 payments of the Goods and Services Tax / Harmonized Sales Tax (GST/HST)**, as well as customs duties owing on their imports. The deferral will apply to GST/HST remittances for the February, March and April 2020 reporting periods for monthly filers; the January 1, 2020 through March 31, 2020 reporting period for quarterly filers; and for annual filers, the amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year. For GST and customs duty payments for imported goods, deferral will include amounts owing for March, April and May. These amounts were normally due to be submitted to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of this month.