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EMERGENCY BENEFITS AND PROGRAMS UPDATE

CANADA EMERGENCY RENT SUBSIDY (“CERS”)

What is it?

The Canada Emergency Rent Subsidy ('CERS') is a new program for qualifying businesses, non-profit organizations or charities who have seen a drop in revenue due to the COVID-19 pandemic. The CERS program was put in place to fill in the gap left by the expiry of the Canada Emergency Commercial Rent Assistance ('CECRA') program on September 30th. Previously, qualifying businesses were required to claim the assistance of the CECRA program through their landlords and commercial tenants were able to reduce their monthly rent by 75% between April and September 2020. CERS is designed to support tenants directly and allows businesses to apply on their own, without needing to negotiate and enter into rent reduction agreements with their landlords. CERS will also include support for property owners who use their property primarily for business purposes.

The program is designed to provide simple and accessible rent and mortgage support for businesses by subsidizing up to a maximum of **65% of eligible expenses**. The program also provides a top-up to businesses who were required to temporarily close due to a mandatory public health order of an **25% of eligible expenses, in addition to the 65% subsidy**. The current program is broken up into nine 4-week periods between **September 27th, 2020 and June 5th, 2021**, which correspond with the Canada Emergency Wage Subsidy.

Who will qualify?

Large and small businesses, non-profit organizations or charities who are not publicly funded will be eligible for this subsidy. Businesses will need to be experiencing a **decline in revenue** due to the COVID-19 pandemic. When applying, businesses will need to provide evidence that their revenues have declined for the period in 2020 (or 2021) in comparison to that respective month of 2019 or an average of their revenue in January and February 2020. For new businesses or those with unique revenue streams, the CRA will be reviewing the details of each case, to see if businesses may qualify.

Paying rent to a related party?

If your business is paying rent to or collecting rent from a **related party**, you may still be eligible for CERS under a joint election through CRA Attestation RC665. If you think this may apply to your situation, feel free to contact us for assistance.

How can businesses apply for the subsidy?

Applications for the subsidy will be done online through a CRA Business Portal via **MyAccount**.



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What do you need to apply for the subsidy?

When applying for the subsidy, businesses will require different information depending on if they are renting or own the property in which the business operates.

If the business rents the property:

- 1) Documents or evidence that their revenues over the period have decreased
- 2) A copy of the current lease agreement
- 3) The landlord's contact information
- 4) Monthly rent paid
 - a. Including regular payments for customary operating expenses, such as property insurance, utilities and common area maintenance
 - b. HST is not included when calculating these expenses
- 5) Property or similar taxes, including school and municipal taxes
- 6) Regular payments to the landlord for customary ancillary services (such as landscaping)

If the business owns the property:

- 1) Documents or evidence that their revenues over the period have decreased
- 2) Property or similar taxes, including school and municipal taxes
- 3) Property insurance
- 4) Interest on commercial mortgages related to the property

The CRA has created an **online calculator** to help business determine their eligible expenses and subsidy amount which can be found here:

<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-rent-subsidy/cers-calculate-subsidy-amount.html>

When can businesses apply for the subsidy?

The applications will be done through a secure Portal online and **is currently available**.

How will businesses receive this subsidy?

Once businesses have applied, they can expect to receive payment relatively quickly. This subsidy will be provided by way of a cheque, or for those with it set up, via direct deposit. It is highly recommended that any businesses without direct deposit set-up, ensure that this is done as soon as possible in order to speed up how quickly they will receive funds.



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How we can assist you

We will be readily available to help assist you with setting up your CRA My Account if needed. We will also be available to help you manage your MyAccount and ensure your Direct Deposit information is set up.

In addition to this, **it is very important that your 2019 and 2020 accounting records are complete.** This will require that your company is able to show revenues on a monthly basis, and that you are able to show the eligible expenses. We would be happy to prepare this information for your company, and we can assign staff from our office to work with you in order to ensure that all of your records are prepared in order to apply for the subsidy.

Source

<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-rent-subsidy.html>