



BUSINESS MEASURES IN RESPONSE TO COVID-19

As at **March 30, 2020**, the Federal and Provincial governments announced the following business measures in response to COVID-19. Additional details will be provided in the coming days.

FINANCING – AVAILABLE RELIEF PROGRAMS

Small and Medium-sized Enterprise (SME) Loan and Guarantee program – two lending streams which could provide eligible companies with up to \$12.5M in loans.

- Eligible businesses are those that were financially viable prior to COVID-19 but have since been adversely impacted by the pandemic.
- To access these loans, business owners must contact their primary financial institution:
 1. **Loan Guarantee** – Export Development Canada (EDC) will provide funding to financial institutions for issuance of new operating credit and cash flow term loans to SMEs.
 - Eligible companies may obtain loans of up to \$6.25M, which will be 80% guaranteed by EDC and to be repaid within one year.
 2. **Co-Lending Program** – BDC and financial institutions to co-lend term loans to SMEs for their operational cash flow requirements.
 - Eligible businesses may obtain incremental credit amounts up to \$6.25M, 80% of which would be provided by BDC, with the remaining 20% by a financial institution.

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FINANCING – AVAILABLE RELIEF PROGRAMS (CONT'D)

Business Credit Availability Program – Administered by BDC and EDC to coordinate financing for SMEs.

- Small Business Loan: Up to \$100K of financing.
- Working Capital Loan: Up to \$2M with flexible terms and payment postponements for up to 6 months for qualifying businesses.
- Purchase Order Financing: To fulfill domestic or international orders

Canada Emergency Business Account – Implemented by eligible financial institutions in part with EDC.

- Interest-free loans (up to \$40K) to cover expenses during period of reduced revenue due to COVID-19.
- Available to small business and not-for-profits who paid between \$20K to \$1.5M in total payroll in 2019.
- Loans repaid on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10K).
- Clients should contact their financial institution to apply for these loans.

PACTE – IQ has introduced an emergency funding measure:

- A loan guarantee is the preferred form of financing, although IQ may also offer direct loans.
- Eligible businesses must show that their financial structure offers realistic prospects for profitability.
- Businesses should contact IQ for more information regarding loan type and amount.

FINANCING – PAYMENT DEFERRALS OF EXISTING LOANS

The following measures do not automatically take effect. Clients must contact relevant institutions to discuss.

Fonds de Solidarité FTQ – Offering postponement of payments for up to 6 months for all of its clients.

Business Development Bank of Canada (BDC) – Offering postponement of payments for up to 6 months, for existing qualifying BDC clients with loan commitments of \$1M or less.

- Eligible businesses are those that were financially viable entities prior to the impact of COVID-19.

Fondaction – Offering postponement of payments for up to 3 months for all of its clients.

Major Canadian Banks – Will work with business banking customers on a case-by-case basis.

EMPLOYMENT – RELIEF MEASURES

Wage Subsidy – Covers 75% of wages paid, for up to 3 months, retroactive to March 15, 2020.

- Eligibility: Any business that has experienced at least a 30% decline in revenue due to COVID-19.
- The wage subsidy will cover 75% on the first \$58.7K earned by each employee, which represents a maximum weekly subsidy of \$847 per employee.

EMPLOYMENT – RELIEF MEASURES (CONT'D)

Work-Sharing Agreements (WSA) – Agreement between employer and employees designed to help mitigate layoffs during temporary reductions in business activity beyond the control of the employer.

- In response to COVID-19, duration of this program has been extended to 76 weeks to allow eligible businesses to recover.
- Employees on a WSA must agree to a reduced schedule of work and to share the available work.
- Agreement allows employer to preserve financial resources during periods of slowed business activity. Employees are provided with Employment Insurance benefits to help offset financial impact of a temporarily reduced work week.

Supplemental Unemployment Benefit (SUB) – Employers may create and register a SUB to top-up employees' weekly earnings while they are unemployed.

- Payments received by employees from these plans are not considered “earnings” and are therefore not deducted from employees' EI benefits.
- The combined weekly payment from SUB and EI benefits can be up to 95% of a given employee's normal weekly earnings.
- Employers should consult Service Canada to clarify the specifics in relation to registering a SUB.

RENT, UTILITIES AND PROPERTY TAX RELIEF

Ivanhoe Cambridge (IC) Tenant Relief – IC has granted its Quebec retail tenants a deferral of rent payable, until a later date, according to their respective situation. The deferral period has yet to be established.

Municipalities – **The City of Montreal** has postponed second due date for annual municipal property taxes to July 2, 2020 (previously due June 1, 2020). **The City of Toronto** is waiving all penalties on late property taxes and utility bill payments for the next two months (retroactive to March 16, 2020).

Hydro-Quebec – Announced the suspension of fees for unpaid invoices until further notice starting March 23, 2020. This measure will automatically apply to all customers, although those who anticipate payment issues are encouraged to contact Hydro-Quebec to enter into a deferred payment arrangement.