

COVID-19 SUPPORT MEASURES

To support Canadians and Canadian businesses through the COVID-19 pandemic, the government introduced a set of measures, including the Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy, Lockdown Support and Canada Recovery Hiring Program. These programs, have evolved as the pandemic has evolved.

The wage subsidy, rent subsidy and Lockdown Support expired on October 23, 2021. The passage of the budget implementation act provided the government with the authority to further extend these programs until November 20, 2021.

On October 21, 2021, the government proposed to use this authority to provide tourism, hospitality and other hard-hit organizations with support until November 20, 2021 under two new programs:

- The Tourism and Hospitality Recovery Program.
- The Hardest-Hit Business Recovery Program

The government also proposed to introduce legislation as soon as possible to extend these programs past November 20, 2021, until May 7, 2022, with authority for further amendments through regulations until July 2, 2022.

Tourism and Hospitality Recovery Program

Support would be targeted to organizations in selected sectors of the tourism and hospitality industry that have been deeply affected since the outset of the pandemic and that continue to struggle.

Examples of eligible organizations in the tourism and hospitality industry include hotels, restaurants, bars, festivals, travel agencies, tour operators, convention centres, convention and trade show organizers, and others.

Additional details on the definition of qualifying businesses within this category will be forthcoming. Eligible organizations would be required to meet the following two conditions to qualify for this program:

1. An average monthly revenue reduction of at least **40 percent** over the first 13 qualifying periods for the Canada Emergency Wage Subsidy (12-month revenue decline); and
2. A current-month revenue loss of at least **40 percent**.

The 12-month revenue decline would be calculated as the average of all revenue decline percentages for eligible organizations from March 2020 to February 2021 (claim periods 1-13, excluding claim period 10 or 11). Any periods in which an entity was not carrying on its ordinary operations for reasons other than a public health restriction (for example, because it is a seasonal business) would be excluded from this calculation. The existing rules would continue to apply for the purposes of calculating the current-month revenue decline.

Subsidy Rate Structure

Under this program, the maximum subsidy rate for the wage and rent subsidies would be set at **75 percent** from October 24, 2021 to March 12, 2022 (claim periods 22 to 26).

The wage and rent subsidy rates would continue to be calculated based on current-month revenue losses compared to those of a prior reference period, as under existing rules. The subsidy rates would start at 40 percent for eligible organizations with a 40-percent current-month revenue decline, increasing thereafter in proportion to current-month revenue loss up to a maximum rate of 75 percent for those with a current-month revenue decline of 75 percent or higher.

The rent and subsidy rates would be reduced by half from March 13 to May 7, 2022 (claim periods 27 and 28).

Lockdown Support would be available at the current fixed rate of 25 percent and pro-rated based on the number of days a particular location was affected by a lockdown, as under existing rules.

Table 1, below, details the proposed wage and rent subsidy rate structure for organizations that qualify for the Tourism and Hospitality Recovery Program from October 24, 2021, until May 7, 2022.

Table 1 Wage and Rent Subsidy Rate Structure under the Tourism and Hospitality Program October 24, 2021, to May 7, 2022 (Periods 22 to 28)		
	Periods 22-26 October 24, 2021 - March 12, 2022	Periods 27-28 March 13 - May 7, 2022
Current-month revenue decline		
75% and over	75%	37.5%
40-74%	revenue decline e.g., 60% revenue decline = 60% subsidy rate	revenue decline / 2 = 30% subsidy rate
0-39%	0%	0%

Hardest-Hit Business Recovery Program

Hard-hit organizations that do not qualify for the Tourism and Hospitality Recovery Program and that have been deeply affected since the outset of the pandemic would qualify for rent and wage support under the Hardest-Hit Business Recovery Program, provided they meet the following two eligibility requirements:

1. An average monthly revenue reduction of at least **50 percent** over the first 13 qualifying periods for the Canada Emergency Wage Subsidy (12-month revenue decline); and
2. A current-month revenue loss of at least **50 percent**.

The calculation of the 12-month revenue decline would follow the same rules as under the Tourism and Hospitality Recovery Program, as detailed above. The existing rules would continue to apply for the purposes of calculating the current-month revenue decline.

Subsidy Rate Structure

Under this program, the maximum subsidy rate for the wage and rent subsidies would be set at **50 percent** for eligible entities from October 24, 2021, to March 12, 2022 (claim periods 22 to 26).

The wage and rent subsidy rates would continue to be calculated based on current-month revenue losses compared to those of a prior reference period, as under existing rules. However, under this program the subsidy rates would start at 10 percent for eligible hard-hit organizations with a 50 percent current-month revenue decline, increasing thereafter on a straight-line basis to a maximum rate of 50 percent for those with a current-month revenue decline of 75 percent or higher.

The rent and subsidy rates would be reduced by half from March 13 to May 7, 2022 (claim periods 27 and 28).

Lockdown Support would be available at the current fixed rate of 25 percent and pro-rated based on the number of days a particular location was affected by a lockdown, as under existing rules.

Table 2, below, details the proposed wage and rent subsidy rate structure for organizations that qualify for the Hardest-Hit Business Recovery Program from October 24, 2021, until May 7, 2022.

Table 2 Hardest-Hit Business Recovery Program Wage and Rent Subsidy Rate Structure October 24, 2021, to May 7, 2022 (Periods 22 to 28)		
	Periods 22-26 October 24, 2021 - March 12, 2022	Periods 27-28 March 13 - May 7, 2022
Current-month revenue decline		
75% and over	50%	25%
50-74%	$10\% + (\text{revenue decline} - 50\%) * 1.6$ e.g., $10\% + (60\% \text{ revenue decline} - 50\%) * 1.6 = 26\%$ subsidy rate	$5\% + (\text{revenue decline} - 50\%) * 0.8$ e.g., $5\% + (60\% \text{ revenue decline} - 50\%) * 0.8 = 13\%$ subsidy rate
0-49%	0%	0%

Support in the Event of a Public Health Lockdown

To recognize the challenges that may arise from resurgences of the pandemic, organizations subject to a qualifying public health restriction would be eligible for support at the subsidy rates as calculated in the Tourism and Hospitality Recovery Program (see Table 1), regardless of sector, if they have one or more locations subject to a public health restriction (lasting for at least seven days in the current claim period) that requires them to cease activities that accounted for at least approximately 25 percent of total revenues of the employer during the prior reference period.

Applicants would not need to demonstrate the 12-month revenue decline, only a current-month decline. It would be available to affected organizations, regardless of sector.

Increasing the Monthly Cap on Eligible Expenses under the Canada Emergency Rent Subsidy

Under current rules, there is a monthly cap on eligible expenses that can be claimed under the Canada Emergency Rent Subsidy of \$75,000 per business location and \$300,000 in total for all locations (including any amounts claimed by affiliated entities).

To better respond to the needs of businesses, including hard hit businesses like hotels and restaurants, the government is proposing to make legislative amendments to increase the aggregate monthly cap from \$300,000 to \$1 million (including any amounts claimed by affiliated entities) starting on October 24, 2021.

This new monthly cap would be available to all eligible employers and organizations that meet the new eligibility requirements for the rent subsidy under the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program.

Extending the Canada Recovery Hiring Program

The Canada Recovery Hiring Program is set to expire on November 20, 2021. Budget 2021 provided the government with the authority to amend the program until the expiry date through regulations.

On October 21, 2021, the government proposed to use this authority to update the subsidy rate for currently eligible employers. Specifically, the subsidy rate would be increased to 50 percent from October 24 to November 20, 2021.

The government also proposed to introduce legislation to extend the hiring program at the new rate of 50 percent past November 20, 2021, until May 7, 2022, with authority for a further extension through regulations until July 2, 2022.

Under the proposed extension, the existing baseline period of March 14 to April 10, 2021, would continue to be used to calculate incremental remuneration. The existing eligibility rules would also continue to apply, including the required revenue decline of more than 10 percent.