

CANADA EMERGENCY RENT SUBSIDY NOT JUST FOR RENTERS

We have entered the second wave of the COVID-19 virus. 2020 has been a constant challenge for all businesses and individuals with no indications of a let up in the foreseeable future until a vaccine is developed and distributed. We would like to express our admiration for how everyone is facing these challenges head on and offer all support required to ensure the continued and future prosperity of our community.

We encourage you to reach out to us whether it be concerning government programs, projections, forecasting, taxation issues or as a confidant to bounce ideas off or to vent to. You are not in this alone and as business owners it is an incredibly stressful time. Make sure you are taking care of yourself so that you can take care of your business, staff, family and community.

Below is information on the Canada Emergency Rent Subsidy (CERS). This program is very similar to the Canada Emergency Wage Subsidy (CEWS) regarding revenue and subsidy calculations.

It can't be stressed enough this program is not just for renters, but also for owners of qualifying property. The main information you will require to gather is below:

Tenants

- Monthly revenue from October 2019 to December 2020
- Monthly rent paid for October 2020 and onwards

Property owner

- Monthly rental revenue from October 2019 to December 2020
- Property taxes for the year
- Insurance for the year
- Commercial mortgage interest per month

Instead of providing the technical information on the program we have attached the link below from the CRA website, and current claim periods. Following this section will be examples of general situations in that the subsidy may or may not apply. If you are unsure of if you qualify, or how to calculate the subsidy please reach out for further information.

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

Claim Periods

Current claim periods for these rules are:

Claim period 1 – September 27 to October 24, 2020 (NOW OPEN)

Claim period 2 – October 5 to November 21, 2020

Claim period 3 – November 22 to December 19, 2020

Further periods will be extended until June 2021

Examples

I operate a retail business that has suffered a revenue decline without being officially shut down by a government entity due to the COVID-19 pandemic. I rent my only location at \$5,000 per month.

Yes, you would qualify for the CERS base subsidy.

I operate a contracting business that has seen revenues increase and rent a space for \$5,000 per month as my head office.

No, you would not qualify for the CERS, but it is important to continually monitor your situation in future months.

I own several commercial real estate properties in town, and three tenants have gone out of business decreasing my revenues by 20%.

No, you would not qualify for the CERS, the properties are used primarily to generate rental income and thus do not qualify for the subsidy.

I operate a fitness facility that was recently forced to close for two weeks, and revenues have decrease by 10%. I rent my facility at a cost of \$10,000 per month.

Yes, you would qualify for the CERS base subsidy, as well as the lockdown support subsidy.

My restaurant was forced to limit the capacity of diners, and revenues are down by 40%. My rent is based on percentage of sales.

Yes, you would qualify for the CERS base subsidy, but not the lockdown support subsidy.

My restaurant was forced to close the dining room, but can offer delivery and takeout, and revenues are down by 40%. My rent is based on percentage of sales.

Yes, you would qualify for the CERS base subsidy, and potentially the lockdown support subsidy.

I opened my business on February 14, 2020 and pay rent of \$5,000 per month to my landlord. My opening two weeks were excellent, but business has slowed.

Yes, within the program provisions have been made to use the February revenues as a comparative revenue when calculating a potential revenue decline.

My company ABC Inc. owns a qualified property that rents only to my consulting company XYZ Inc. My consulting company has continued to pay rent to the ABC Inc. but has had a revenue decrease of 20%.

Yes, within the program there are elections that ABC Inc. could qualify for the CERS base subsidy.

My company ABC Inc. owns a qualified property that rents 10% of the building space to my consulting company XYZ Inc. and the remaining 90% of the building is rented a law firm. My consulting company has continued to pay rent to the ABC Inc. but has had a revenue decrease of 20%.

No, the primary purpose of the building is for rental income and thus doesn't qualify for the CERS.

My company ABC Inc. owns a qualified property that rents 90% of the building to my consulting company XYZ Inc. and 10% of the building is rented to a law firm. My consulting company has continued to pay rent to the ABC Inc. but has had a revenue decrease of 20%.

Yes, the primary purpose of the building is related to the consulting business and within the program there are elections that ABC Inc. could qualify for the CERS base subsidy.