



COVID-19

5-Step Guide to Reopening Your Business

Key legal recommendations for economic
recovery during a pandemic

MAY 2020

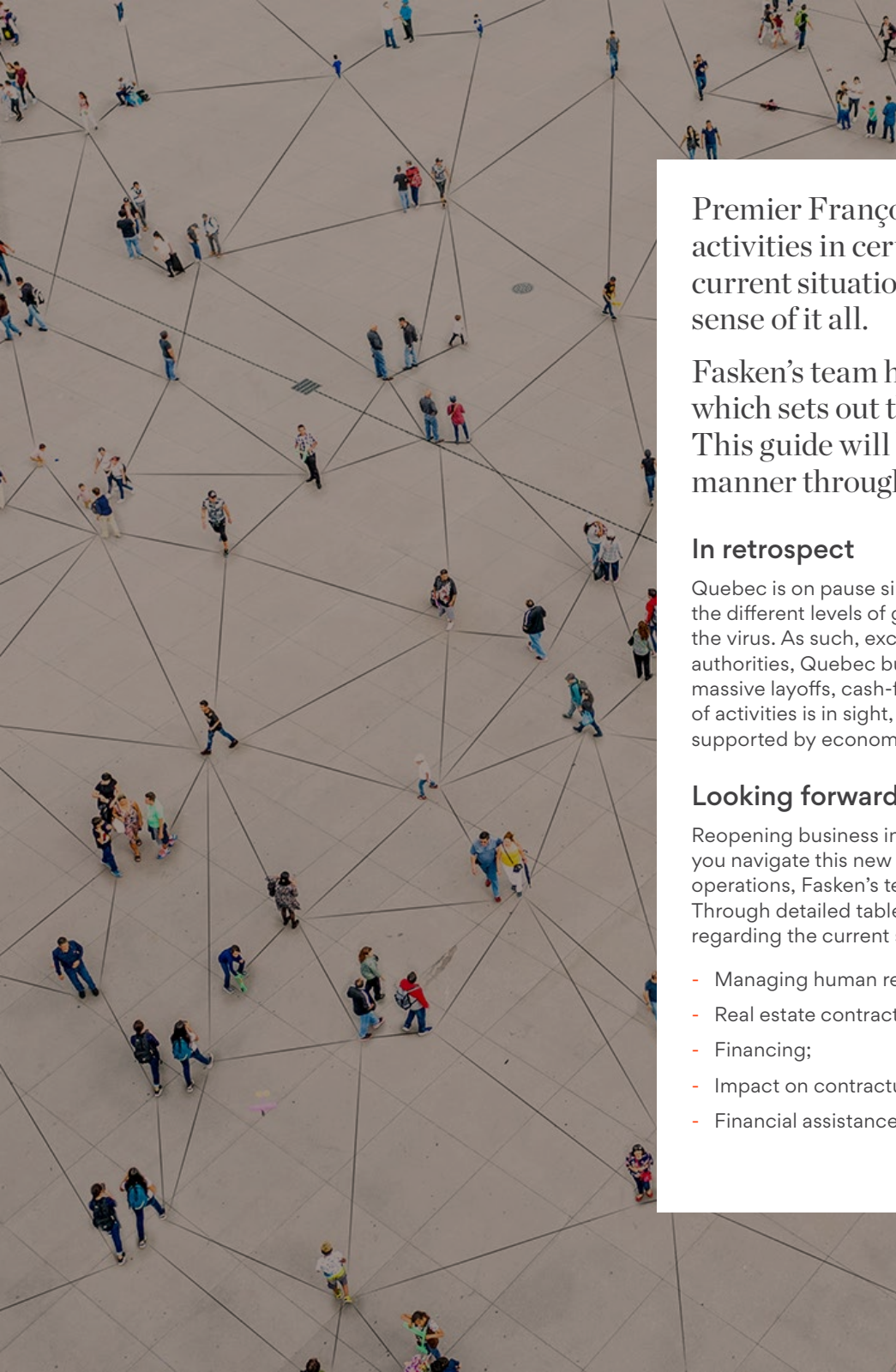
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Premier François Legault has announced the partial resumption of activities in certain sectors in Québec. New information about the current situation continues to emerge. The challenge? Trying to make sense of it all.

Fasken's team has prepared this *5-Step Guide to Reopening Your Business*, which sets out the key legal recommendations for economic recovery. This guide will help you to move forward in an informed and structured manner through this new social, legal and economic reality.

In retrospect

Quebec is on pause since March 2020. Faced with the seriousness of the COVID-19 public health crisis, the different levels of government asked businesses to take the necessary measures to slow the spread of the virus. As such, except for those working in sectors designated as "essential services" by government authorities, Quebec businesses had to cease operations. Major issues surfaced, such as working remotely, massive layoffs, cash-flow management and contract renegotiations. Now that the partial resumption of activities is in sight, the Quebec government has announced that the resumption of activities will be supported by economic incentive measures.

Looking forward in 5 key areas

Reopening business in such an unprecedented context raises many questions and uncertainty. To help you navigate this new phase and to facilitate as much as possible the partial or total reopening of your operations, Fasken's team explains some basic legal concepts and provides you with a starting point. Through detailed tables and questions/answers, our professionals demystify the recent information regarding the current situation. For your convenience, this guide is divided into five key areas:

- Managing human resources and physical spaces;
- Real estate contract management;
- Financing;
- Impact on contractual clauses;
- Financial assistance and tax measures.

Key Aspects of Reopening



01. Managing Human Resources and Physical Spaces

Given the lack of a vaccine, recovery will necessarily involve implementing public health measures to protect employees, clients and business partners. It is therefore strongly recommended that you adopt workplace measures based on the appropriate public health practices.

Fasken's team has identified five important points to help you adopt a recovery strategy adapted to the reality of your business.

What is a decision-making committee and why it is important?

Creating a decision-making committee that is responsible for applying the new measures should be one of the first steps. Committee members will be responsible for ensuring the coordination, collaboration and communication throughout the process leading to the reopening of your business activities. Each of its roles must be well defined in order to ensure the overall effectiveness of the process. In particular, it must consider and analyze:

- ✓ The specific situations of people who are symptomatic, who have chronic medical conditions or who are immunodeficient;
- ✓ Physical distancing and using personal protection equipment;
- ✓ Implementing hygiene measures affecting frequently touched equipment and surfaces.

If the business has a collective bargaining agreement, an in-depth review of its provisions will obviously be required. The employer and the union will have to collaborate.

What tools are available to establish and communicate a new public health policy?

The prevention measures recommended by public health officials and occupational health and safety experts must be implemented at least before the reopening and must be fully complied with by businesses permitted to resume their activities. To do so, they should consult the different guides available on the [CNESST website](#) and determine the specific issues affecting their workplace.

Regularly updated tools (lists, posters, checklists) for employers and workers of all sectors are also [available](#) to facilitate health and safety management.

What complications related to the new measures might be expected?

When resuming business operations, some disruptions are to be expected, such as:

- ✓ Difficulties regarding different work stations, such as for team work or assembly line work;
- ✓ Absenteeism rate;
- ✓ Difficulties related to maintaining and cleaning the premises;
- ✓ Need to offer more health and safety training;
- ✓ Access to different types of protection equipment;
- ✓ Implications and response if an employee tests positive.

Anticipating these complications will enable you to respond quickly and effectively and continue your activities.

How to define the overall organizational strategy of the business?

A business plan must be developed to ensure that the work methods and organization comply with the guidelines issued by the authorities.

Various options and/or alternatives may be considered, such as:

- ✓ Enabling some employees to work remotely;
- ✓ Adapting work schedules and break times of employees present at the workplace;
- ✓ Avoiding rotations between the different teams;
- ✓ Implementing a system for delivering and receiving safety products, etc.

In sum, the introduction and establishment of various policies will be necessary to regulate these new measures.

How to monitor and verify the application of these measures in the long term?

Putting in place effective means to enable businesses and directors to ensure the ongoing compliance with workplace health standards is crucial. It will reduce the chances of you being subject to enforcement actions by the authorities responsible for monitoring compliance with these measures. Moreover, this may lead to serious consequences if you are in breach.

For example, the *Public Health Act and the Act respecting occupational health and safety* provide for large fines. Legal proceedings can also be instituted under the *Criminal Code*. For details in this respect, you may wish to read the [Fasken bulletin](#) that outlines the consequences of non-compliance with the order in council regarding essential services, which consequences also apply to any failure to comply with health standards.

For more information about managing human resources and physical spaces, we recommend that you read our most recent publications on our [COVID-19 page](#) and we refer you to the [comprehensive action plan](#) available [here](#).



A study by the firm, Robert Half, found that 74% of employees who are working remotely since the beginning of self-isolation would like to continue working remotely once it ends, at least part-time. Another poll found that 73% of Canadians believe that there will be an increase in remote working in the future.



Take note - Technology and traceability

Technological tools for anonymous tracking are available and will allow you to prevent and control the spread of the virus in your organization. As for this tracking, the large-scale use of monitoring systems and user data, especially geolocation, but also private messages read by artificial intelligence systems, will certainly trigger a wave of protest against this type of intrusion. Biometric technologies, such as facial recognition and thermal imaging, are becoming more commonplace. The intrusive and invasive nature of these technologies is already making headlines and will undoubtedly cause controversy.



On the Horizon - Employment and work

- Businesses had to manage temporary layoffs in a short period of time. Once the reopening has begun, many businesses will have to reintegrate these employees and others will have to permanently terminate other positions. Industry analysts expect the [unemployment rate in Canada to fluctuate between 10% and 20%](#) over the next twelve months.
- Some businesses in difficulty have already proposed [salary reductions to their employees](#). The practice could become widespread among businesses expecting a drop in revenue over the next twelve months.
- The gradual return to work and the implementation of public health and safety measures will cause certain constraints in personnel management as well as production optimization.

02. Real Estate Contract Management

Many businesses that gradually resume their operations will be tempted to delay their investment and expansion plans in order to minimize risks and to better weather the uncertainty created by the pandemic. In order to reduce the impact on the operations of your business, consider the following recommendations.

What about agreements made *before* the pandemic?

If not already done, consider reviewing the agreements (e.g. commercial leases) entered into before the pandemic to verify the rights and obligations, some of which may have to be modified in light of the new reality.

For example, consider the following points:

- ✓ The scope of “force majeure” clauses;
- ✓ Any settlements or clauses dealing with liability, insurance and events of default that define the obligations and appropriate remedies in the context of the new commercial reality and the risk that a “client” may claim to have been infected in the lessor’s property or in the tenant’s premises;
- ✓ Given that crisis management has been the primary focus, ensure that you have not forgotten to exercise certain rights or to satisfy certain obligations.

Similarly, if an offer to purchase property or a construction contract was entered into before the world economy was put on pause, it would be best to review and adjust any dates, undertakings and deadlines to ensure compliance.

And what about agreements made *during* the pandemic?

It is likely that agreements regarding the payment of rent were hastily entered into during the pandemic. How do you align these agreements with the existing lease? For example, an agreement to extend the term where the lease contains a right to terminate in favour of the tenant. The same question applies with regard to the policies, guidelines and recommendations adopted or proposed by various levels of government.

One must take the time to review all of these agreements and guidelines with regard to the lease and, ideally, to prepare an agreement that allows the parties to clarify the provisions that are not well aligned with the current situation and to redefine certain rights and obligations to avoid disputes. Issues like rent deferral, extending the term and social distancing can conceal many surprises for the lessor-tenant relationship. Real estate property agreements generally involve large sums of money and extend over several years, which is why any ambiguity should especially be avoided in these types of contracts.



| How to adapt the physical spaces?

The relaunching and reopening of businesses will undoubtedly create new standards in how workplaces are organized. Moreover, new needs related to reducing density in such places will provide numerous challenges for business. The logistics of real estate management will be seriously disrupted as a result of the new health standards to be adopted. You will have to determine who will bear the cost of redesigning the workplace. Will the square footage have to be reduced or increased?

| What tax and financial measures are available?

Don't hesitate to ask for advice and information about the financial assistance programs implemented by the government, such as the Canada Emergency Commercial Rent Assistance (CECRA) program offered by the federal government in partnership with the provincial governments and the Canada Mortgage and Housing Corporation (CMHC) to help small businesses.

Take Note

Details regarding the CECRA for Quebec businesses are released in a piecemeal fashion, so don't hesitate to contact your legal advisor to obtain information to determine if your business is eligible for the program.

| When to seize opportunities?

Keep your eyes open; every crisis is an opportunity, and this is especially true in the real estate sector. For a while, there will be good buying opportunities, and even opportunities to create partnerships so that entrepreneurs can take their goals to the next level.



After about a decade of significant growth in real estate transactions in Quebec, especially in Montreal, we will see [a significant slow-down](#) over the upcoming months. In fact, [the Royal Bank projects housing market activity will drop by 30% in 2020](#), to its lowest level in 20 years.

On the Horizon - Real Estate

- Many experts [expect that the new standards regarding](#) the density of work environments will lead to an increase in remote working, rethinking how we use office space and even an acceleration of urban sprawl.
- The public health measures adopted by the [government will likely impact the time frames for completing certain work](#), such as in construction, commercial space planning, moving, etc. These delays will obviously translate into increased costs. Ensure that your contracts take this into consideration.
- Many tax measures, such as mortgage payments and commercial lease rent deferrals will affect real estate owners. [Low interest rates will likely encourage residential and commercial property owners to ask to refinance their loans](#). Like many businesses and shop owners, borrowers and real estate lenders will have to determine whether “force majeure” will apply to their credit agreements.
- More than ever, owners and tenants will have to stay abreast of the situation given that owners [will have space to fill and tenants will have new needs to be met](#).
- Real estate market participants, [such as real estate agents, will have adapt to significant changes](#), even a slowdown, over the following months or even over the next years, on the heels of an extended period of growth in the sector.

03. Financing

There is no question that COVID-19 will greatly disrupt economic patterns. Business owners, like you, will be faced with numerous changes in customer buying habits and will have to adapt their decisions to minimize its effect on cash flow and liquidity.

In order to minimize the impacts on your business, the following summarizes five points to help you successfully reopen your business.

| How to ensure compliance with debt covenants?

It is very likely that your credit agreements provide for any of the following undertakings or debt covenants:

- Maintaining certain financial ratios;
- Restrictions concerning investments and capital expenditures;
- Duty to disclose any event of default to the lender within the stipulated time limit.

Take the time to carefully review the nature and scope of your obligations. If issues are identified, strategies (such as obtaining a moratorium or a waiver of certain ratios for a particular period) must be discussed with your banker.

| How to ensure compliance with your declarations, representations and warranties?

When borrowing under your credit facility, the lender must generally confirm that the representations and warranties provided in the credit agreement or other loan documents are true and accurate on the date of the draw. Such declarations generally include a statement that there has been no material change to your financial situation or operations. Any false declaration usually constitutes an event of default that would entitle the lender to call the loan. Take the time to review these declarations and warranties and to make the necessary disclosures in order to avoid any event of default.

| Who should I see about relief measures?

If necessary, contact your banker to learn about the relief measures available on the market. At all times, be insistent: communicate with your bankers on a regular basis in order to remind them of the importance of your account.

| Who to stay in contact with?

All your partners! Communicate with your clients and suppliers/providers to ensure the continuity of their operations and ensure that you keep your investors informed of the steps you plan on taking. Investors will want to know which action plans you are putting in place to maintain profitability. Consider organizing conference calls and/or, when it will be possible, meetings with your partners.



What assistance programs are available for my business?

Don't hesitate to ask for help and to get information about the financial assistance programs created by government, financial institutions, investors or other organizations for the purpose of supporting entrepreneurs until the situation stabilizes. You might want to use the tables in [Schedule 1](#) and [Schedule 2](#) as a reference tool.



We currently estimate that close to [1,000 funds aimed at outstanding debts secured](#) by commercial property have begun raising funds and are targeting a total amount of about 300 G\$ USD.



Take note

In [Schedule 1](#) you will find a table that sets out the key programs available to entrepreneurs and provides a summary of the pertinent information: description, eligibility requirements as well as notes and important characteristics.

On the Horizon - Finance and Investment

- Three sectors of the Canadian economy had already attained a very high level of debt prior to the public health crisis: [real estate, manufacturing and the oil and gas industries](#).
- Given that the [debt service ratio of Canadian companies had hit record levels](#) before the pandemic, an economic slowdown could lead to financial strain on many of these businesses. Overall, the funds should consolidate their existing investments and protect their portfolios. [Some investors with a significant amount of "dry powder,"](#) are preparing to make acquisitions and to take advantage of the drop in value in the medium or long term.



04. Impact on Transactions and Contractual Clauses

The public health crisis may have seriously affected your ability (or that of your business partners) to meet your obligations. As a result, your material contracts might have to be reviewed and renegotiated. The Fasken team provides answers to five questions related to the reopening of your operations.

| How to effectively review your material contracts?

You should review your contracts with your business partners, clients and suppliers/providers in order to identify any potential breaches and, if applicable, take the appropriate steps to prevent or correct such breaches and their consequences. These measures may range from discussions with the other contracting parties to the termination of the agreement and even initiating legal proceedings.

| Who to contact?

Talk to your business partners, it is important to reinforce these business relationships and to ensure the strength of the supply chain, if necessary. You should ensure that they are solvent and will be able to meet their obligations to you. Moreover, you must ensure that your business partners have also put in place the appropriate public health and financial measures so that you can avoid a situation where an important partner must interrupt or suspend its activities.

| Contractual clauses and *force majeure*, what should you do?

Verify if your contracts have exemption clauses relating to force majeure and how they are written. In the absence of any such exemptions and in the event that the other contracting parties are unable to meet their obligations, take the necessary actions and consider commencing the appropriate legal proceedings.

| How to enhance your existing agreements?

Provide for new obligations and warranties in your contracts. Consider whether it is necessary to include in your existing and new contracts new obligations such as performance guarantees and penalty clauses in the event of any default by the other parties, or yourself, as well as clearly defining the limits of your obligations. All too often, contracts fail to fully reflect the actual contractual relationship; the public health crisis is a good time to ensure that existing contracts properly reflect the new reality and expected changes. You can also provide for contingency plans in the event of any business interruption affecting any of your partners.



| What about your insurance policies?

Review them. Ensure that your insurance policies and those of your business partners, if applicable, cover business interruption related to the COVID-19 pandemic. You should determine what would provide you with the best coverage in the event of a subsequent crisis and revise your policies accordingly.



The Canadian restaurant sector could claim up to C\$10 billion from insurers, under the force majeure clause, which the latter will likely contest.



Take Note - Force majeure clause

The characterization of an event of force majeure by the Quebec courts is very contextual and may have the effect of releasing a debtor from its contractual obligations or extending performance. In some cases, it may even lead to termination of the contract. To be characterized as a force majeure, an event must be unforeseeable and irresistible. In the past, Quebec courts have applied this test to certain types of cases and for others they have applied the notion of force majeure. For example, it was applied in certain cases relating to the H1N1 virus, the Oka crisis in 1990 and the ice storm in 1998.

© On the Horizon - Contractual Obligations

- Many insurance policies will have to be reviewed in numerous sectors where the risk of infection is high, such as air transportation.
- Insurers will also have to manage their branding image since there will be numerous claims and some will be refused, which will lead to client dissatisfaction.
- Although the reopening of the economy is underway, many public health measures are still in place, many cultural and corporate events might be cancelled, which will have contractual consequences.
- Many sectors will be facing a reduction in demand for their products and services, which will continue throughout the reopening period, while their obligations with suppliers/providers will remain unchanged, leading to contract renegotiations between the parties.
- Potential closures and bankruptcies will lead to default and breach of contract.
- Some businesses will want to claim damages for losses incurred over the last few months.



05. Available Government Subsidies and Tax Relief

The different government measures implemented affect all sectors. Business are trying to maximize the benefits of assistance programs based on their specific tax profile. Our tax and multidisciplinary team is available to advise you regarding the different programs and to answer your questions. This section summarizes the key tax matters that you should take into consideration when reopening.

Take Note

For reference purposes, in [Schedule 2](#) the Fasken team has prepared a table that summarizes the key tax measures that you or your employees might be able to benefit from and that provides general answers to questions related to the CERB, CEWS and OHS regarding tax compliance and payment of tax obligations (income tax and GST/HST/QST) and any other administrative act.

What are the tax measures, and how to make sense of it all?

In addition to the financial assistance programs set out in [Schedule 1](#), numerous tax measures were implemented by the federal and provincial governments in order provide support to individuals and businesses whose income was affected by COVID-19. Don't hesitate to ask for help and to get more information about these measures, which are intended to help you maintain a certain level of income, to maintain employment ties with their employees and to reduce your tax compliance obligations.

| How are tax authority operations affected?

In addition to tax measures such as those set out in [Schedule 2](#), the operations of federal and provincial tax authorities are experiencing a certain slowdown that might benefit taxpayers, given the current situation. The processing of audited files that were pending has in fact slowed down. No new audits will be conducted during the pandemic and all collection activities are suspended until further notice. Proceedings at the Tax Court of Canada have also been affected by numerous delays. Moreover, the handling of pending files to obtain relief in connection with tax incentive programs has also slowed. In fact, no new review of such programs will be undertaken during the pandemic. Don't hesitate to get more details from you tax advisors regarding tax incentive programs and the effects of the pandemic on procedures usually required by the tax authorities so as to properly prepare your claims, appeals, lawsuits and other interactions with any tax or legal authorities.



| Are there any tax opportunities?

During an economic slowdown, many tax planning and restructuring opportunities should be considered. These include, among others, strict cash management practices, consolidation of income and losses of a corporate group, lending and refinancing transactions, capital reorganizations involving shareholders, asset positioning within a group, new employee stock option rules, reorganizing a holding structure with a trust that has matured as well as an estate freeze or thaw. Many of these opportunities rely on the potential drop in value as a result of the pandemic. Take the time to consult your tax advisers in order learn more about tax planning opportunities that could be adapted to your situation.

| What other options should be considered?

In addition to the measures, relief programs and tax planning opportunities set out in [Schedule 2](#), it could be worthwhile to consider other options. Some of which include, for example, similar measure proposed in other jurisdictions where you are liable for tax and deductions that can possibly be claimed for the use of a home workspace during the pandemic. If necessary, take the time to consult your tax advisors.



The Office of the Parliamentary Budget Officer estimates that total net cost of the Canada Emergency Wage Subsidy (CEWS) to be \$76 million in 2020-2021. For more information related to the various initiatives and their estimated cost, click [here](#).

Your trusted partner

Reopening your business raises serious concerns, and involves serious challenges.

Planning the relaunching of your operations and protecting the health of your employees and other key players is our priority. You can rely on our expertise to face the challenges of the current pandemic affecting all industries.

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Stay connected. Move forward together.

To help our clients and business partners cope with the current situation, Fasken has centralized all documentation concerning COVID-19 via a [dedicated page](#) where you can find, in addition to content prepared by our professionals, links to reliable information sources. Our various publications, webinars and bulletins are also available on social media.



SCHEDULE 1 Financing - Key Programs

PACTE (Programme d'action concertée temporaire pour entreprises) / Investissement Québec

Description	Conditions
<p>Funding of at least \$50,000 per company.</p> <hr/> <p>NOTE - Businesses seeking support through this program should contact their financial institution right away. Financing is usually in the form of a loan guarantee, but it can also be a loan from Investissement Québec.</p>	<p>This measure is for businesses operating in Québec that are temporarily experiencing hardship as a result of COVID-19.</p> <p>The business must show that its financial structure offers realistic prospects for profitability.</p> <p>The difficulty must result from a problème related to the supply of raw materials or products (goods or services) or an impossibility or substantial reduction of the ability to deliver products (goods or services).</p>

Caisse de dépôt et placement du Québec (CDPQ)

Description	Conditions
<p>\$4 billion is available for Québec businesses temporarily affected by COVID-19.</p> <hr/> <p>NOTE - For the moment, the business does not have to be one of the CDPQ portfolio companies.</p>	<p>The business must:</p> <ul style="list-style-type: none"> - have been profitable prior to the COVID-19 crisis; - show the potential for growth in their sector; - be seeking financing of over \$5 million.

Fonds de solidarité FTQ

Description	Conditions
<p>6-month deferral of loan principal and interest payments.</p>	<p>Business must be one of its portfolio companies.</p>

I SCHEDULE 1 (continued)

BCAP (Business Credit Availability Program) / Export and Development Canada (EDC) and Business Development Bank of Canada (BDC)

Description	Conditions
<p>\$65 billion:</p> <ul style="list-style-type: none"> - EDC is offering banks a guarantee on loans to ensure companies can access more cash. - EDC is working with financial institutions so that they can provide SMEs with new operating credit and cash flow term loans of up to \$6.25 million - BDC is working with financial institutions to co-lend term loans of up to \$6.25 million to SMEs for their operational cash flow requirements. 	N/A

Loans to the agricultural industry / Farm Credit Canada (FCC)

Description	Conditions
<p>Farm Credit Canada received an enhancement to its capital base that will allow for an additional \$5 billion in lending capacity</p> <p>FCC has implemented the following measures, which are effective immediately:</p> <ul style="list-style-type: none"> - deferral of principal and interest payments for up to six mois for existing loans; or - deferral of principal payments for up to 12 months ; - access to an additional line of credit of up to \$500,000, secured by a general security agreement or a universal movable hypothec (only in Québec). 	N/A

New Canada Emergency Business Account

Description	Conditions
<p>Loans of up to \$40,000 for small businesses and not-for-profit organizations.</p>	To be eligible, companies must show that they paid between \$20,000 to \$1.5 million in total payroll in 2019.

NOTE - Business owners should contact their financial institutions to apply for a CEBA loan.

| SCHEDULE 1 (continued)

Emergency Assistance to SMEs / Government of Québec

Description	Conditions
<p>Assistance granted in the form of a loan or loan guarantee of up to \$50,000.</p> <hr/> <p>NOTE - For information regarding this emergency assistance program, contact your RCM, your municipality or the entity responsible for managing the Local Investment Fund (Fonds local d'investissement (FLI)) in your RCM.</p>	<p>The following businesses are eligible to the program:</p> <ul style="list-style-type: none">- businesses in all sectors;- social economy businesses, including cooperatives- and not-for-profit organizations engaged in business activities. <p>To be eligible, the business must:</p> <ul style="list-style-type: none">- have been operating in Québec for at least one year;- be temporarily closed, likely to close or show signs of possible closure;- show the assistance is for maintaining, consolidating or restarting its business operations;- show a causal link between its financial or operational problems and the COVID-19 pandemic;

Work Sharing Program

Description	Conditions
<p>The work sharing program compensates workers who agree to reduce their normal working hours due to the economic slowdown.</p> <hr/> <p>NOTE - The maximum duration of the work sharing program is extended from 38 to 76 weeks.</p>	<p>N/A</p>

Industrial Research Assistance Program

Description	Conditions
<p>\$ 250 million in subsidies</p>	<p>Innovative start-up firms that don't have access to the current COVID-19 support measures for businesses.</p>

I SCHEDULE 1 (continued)

CEWS (Canada Emergency Wage Subsidy) / Government of Canada

Description	Conditions
<p>The CEWS is a federal subsidy offered to business that are facing a significant drop in revenue due to the pandemic, in order to protect the employment of their workers.</p> <hr/> <p>NOTE - Information issued by the government suggests that the rules for NPO could be different. To be confirmed, when the government provides further details.</p>	<ul style="list-style-type: none"> - Businesses with a 30 % drop in gross revenue due to COVID-19 are eligible. - Eligible businesses include private companies of all sizes, NPOs, and charities. <p>Publically funded entities, such a universities or Crown corporations, are not elible for the subsidy.</p> <p>To be eligible, employees must not be without remuneration for 14 or more days during each qualifying period.</p>

PACME (Programme actions concertées pour le maintien en emploi) / Government of Québec

Description	Conditions
<p>Le The PACME reimburses the cost of eligible training activities as follows:</p> <ul style="list-style-type: none"> - 100% of expenses of \$100,000 or less; - 50% of expenses between \$100,000 and \$500 000. <p>The PACME reimburses the wages of employees who attend training sessions:</p> <ul style="list-style-type: none"> - 25% of the payroll of employees in training if the business receives the CEWS of 75% (the maximum eligible hourly rate is \$25) ; - 90% of the payroll of employees in training if the business receives the CEWS of 10% (the maximum eligible hourly rate is \$25) ; - 100% of the payroll of employees in training if the business does not receive any wage subsidies from the federal government (the maximum eligible hourly rate is \$25). <p>The PACME reimburses up to 100% of training expenses, training-related costs and costs related to human resources management, based on the applicable rates.</p> <hr/> <p>NOTE - It is possible to apply for benefits retroactive to March 15, 2020. Projects are being accepted from now until September 30, 2020 or until the allocated budget is exhausted.</p>	<p>Two groups are eligible: businesses and group promoters.</p> <p>Eligible applicants include (this list is not exhaustive!): employers, self-employed workers with employees, employee or employer associations, professional groups, employers or workers, group promoters recognized by the CPMT (Commission des partenaires du marché du travail), labour sector committees, cooperatives, social economy entreprises and NPO.</p> <p>Eligible training courses include: basic training, francization, digital skills training, continuing training related to the company's activities (whether or not directly related to the position held by that employee), training required for the purpose of resuming operations or related to a strategy for adapting the company's activities (such as to accommodate teleworking or health measures), requalification training and training recommended by professional orders.</p>

SCHEDULE 2

Taxation - Key Tax Measures

CEWS (Canada Emergency Wage Subsidy) / Government of Canada

Description	Conditions
<p>The CEWS is a salary subsidy that the federal government offers to businesses facing significant declines in revenue during the pandemic in order to keep their employees on the payroll.</p> <p>The CEWS is equal to 75% of the remuneration paid to eligible employees, up to \$847 per week, per employee.</p> <p>The program is in effect for a 12-week period, from March 15 to June 6, 2020. The program can be extended for a determined period until September 30, 2020 (no announcement has been made yet in this regard).</p> <p>There is no overall limit on the amount of wage subsidy that an eligible entity may claim.</p> <p>Amounts claimed under the 10% Temporary Wage Subsidy (described below) are deducted from amounts claimed under the 75% wage subsidy (in respect of the same remuneration).</p>	<ul style="list-style-type: none"> - Businesses that have lost 15%/30% of their gross revenues as a result of COVID-19 are eligible. - Eligible businesses include, among others, private businesses of all sizes, non-profit organizations, and registered charities. <p>Businesses that have received public financing would not be eligible, such as universities or Crown corporations.</p> <p>The point of comparison for the revenue drop test is</p> <p>(i) the corresponding month in 2019 or (ii) the average revenue in January and February 2020. The same method must be used for the duration of the program.</p> <p>If an eligible entity qualifies for a subsidy in one month, it automatically qualifies for the subsidy in the following month, regardless of the eligible entity's revenue in that subsequent month.</p> <p>To be eligible, employees must not be without remuneration for 14 or more days in each qualifying period.</p> <p>Eligible remuneration generally includes any remuneration in respect of which source deductions are required, including salary, wages, and taxable benefits. However, specific exclusions apply.</p> <p>An application for the subsidy must be filed by September 30, 2020.</p> <p>A person who has the principal responsibility of the financial activities of the eligible entity must attest that the subsidy application is complete and exact in all material aspects.</p>
<p>NOTE - The government explanations seem to imply that different rules may apply to non-profit organizations. To be followed on a case by case basis, as the government unveils more details.</p> <p>The subsidy is considered taxable income for eligible entities that are not tax-exempt.</p> <p>Remuneration paid to eligible employees will continue to be subject to source deductions.</p> <p>The CRA has made available a calculating tool to help estimate and preview the amount of the wage subsidy.</p> <p>If an entity claims a subsidy that it is not qualified to receive, it must refund the full amount of the subsidy and may be subject to penalties of up to 225% of the amount of the subsidy claimed and/or imprisonment.</p> <p>The CRA may communicate or otherwise make available to the public the name of any entity that makes an application for the subsidy.</p>	

| SCHEDULE 2 (continued)

CERB (Canada Emergency Response Benefit) / Government of Canada

Description	Conditions
<p>The CERB is a \$2,000 a month benefit that the federal government offers to workers who have stopped working and are without employment or self-employment income for reasons related to the pandemic.</p> <hr/> <p>NOTE - This benefit is administered by the Canada Revenue Agency (CRA).</p> <p>The benefit is taxable. No income tax withholding is applicable.</p>	<ul style="list-style-type: none">- Any eligible employers who pay eligible remuneration to eligible employees from March 18 to June 19, 2020 may claim the subsidy.- Eligible employees are individuals employed in Canada.- Eligible remuneration consists of salary, wages and other remuneration.- Eligible employers must have a registered CRA Business Number and RP payroll remittance account on March 18, 2020.

TWS (Temporary Wage Subsidy) / Government of Canada

Description	Conditions
<p>The TWS is a wage subsidy that the federal government offers to employers.</p> <p>The TWS is generally equal to 10% of eligible remuneration paid to eligible employees from March 18 to June 19, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.</p> <hr/> <p>NOTE - Eligible employers may claim the subsidy by reducing the amount of periodic income tax remittances made to the CRA.</p> <p>The subsidy is considered taxable income for eligible employers that are not tax-exempt.</p>	<ul style="list-style-type: none">- Any eligible employers who pay eligible remuneration to eligible employees from March 18 to June 19, 2020 may claim the subsidy.- Eligible employees are individuals employed in Canada.- Eligible remuneration consists of salary, wages and other remuneration.- Eligible employers must have a registered CRA Business Number and RP payroll remittance account on March 18, 2020.

| SCHEDULE 2 (continued)

Filing of income tax return for individuals / Governments of Canada and Québec

Description	Conditions
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Regular deadline: April 30, 2020. New deadline: June 1, 2020.

N/A

NOTE - The CRA will recognize electronic signatures as a temporary administrative measure to authorize tax return preparers to file tax returns (in order to reduce the necessity to meet in person).

Revenu Québec will also allow tax return preparers to use an online electronic signature on form TP-1000.TEV.

Payment of income tax for individuals / Governments of Canada and Québec

Description	Conditions
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Regular deadline: April 30, 2020. New deadline: September 1, 2020.

N/A

NOTE - Applies to tax balances due, as well as instalments.

Filing of income tax return for individuals who (or whose spouse) operate an enterprise / Governments of Canada and Québec

Description	Conditions
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Regular deadline: June 15, 2020.

N/A

New deadline: N/A.

NOTE - The date of filing the income tax return remains unchanged. However, the deadline for payment of income tax is delayed.

The CRA will recognize electronic signatures as a temporary administrative measure to authorize tax return preparers to file tax returns (in order to reduce the necessity to meet in person).

Revenu Québec will also allow tax return preparers to use an online electronic signature on form TP-1000.TEV.

| SCHEDULE 2 (continued)

Payment of income tax for individuals who (or whose spouse) operate an enterprise/ Governments of Canada and Québec

Description	Conditions
New deadline: after August 31, 2020 at the federal level, September 1, 2020 for Québec.	N/A

NOTE - Applies to tax balances due, as well as instalments.

Self-employed individuals who are required to remit sales tax amounts all qualify for the relief given to corporations described below.

Filing of income tax return for trusts / Government of Canada

Description	Conditions
Regular deadline: March 30, 2020 (if December 31 year-end).	N/A
New deadline: May 1, 2020 (if December 31 year-end).	

NOTE - The CRA will recognize electronic signatures as a temporary administrative measure to authorize tax return preparers to file tax returns (in order to reduce the necessity to meet in person).

Payment of income tax for trusts / Government of Canada

Description	Conditions
New deadline: After August 31, 2020.	N/A

NOTE - Applies to tax balances due, as well as instalments.

| SCHEDULE 2 (continued)

Filing of income tax return for corporations / Governments of Canada and Québec

Description	Conditions
Regular deadline: Within six months of the end of its fiscal year. New deadline: N/A.	N/A

NOTE - No relief for corporations filing an income tax return at the federal level.

In Québec, if the filing date was between March 17, 2020 and May 31, 2020, it will be delayed to June 1, 2020.

Payment of income tax for corporations / Governments of Canada and Québec

Description	Conditions
Regular deadline: within six months of the end of its fiscal year. New deadline: September 1, 2020.	N/A

NOTE - Applies to tax balances due, as well as instalments.

Payment of GST/HST/QST / Governments of Canada and Québec

Description	Conditions
Regular deadline: monthly/quarterly/annually, according to the filing frequency of the filer. New deadline: June 30, 2020.	N/A

NOTE - No relief measures were announced in regards to the filing of GST/HST/QST returns.

I SCHEDULE 2 (continued)

Payment of custom duties on imported merchandise / Government of Canada

Description	Conditions
Regular deadline: before the first day of the month following the month in which the Statements of Account are issued. New deadline: June 30, 2020.	N/A
NOTE - No new audits. No requests for information related to existing audits. No audits should be finalized and no reassessments should be issued. Banks and employers do not need to comply or remit on existing Requirements To Pay (RTP) Collection activities on new debts are suspended. Payment arrangements can be made.	

Charities Information Return / Governments of Canada and Québec

Description	Conditions
Regular deadline: between March 18, 2020 and December 31, 2020. New deadline: December 31, 2020.	N/A

Partnership Information Returns / Governments of Canada and Québec

Description	Conditions
Regular deadline: March 31, 2020, in Québec. New deadline: May 1, 2020.	N/A

Statements of amounts paid or credited to non-residents (NR4) / Government of Canada

Description	Conditions
New deadline: May 1, 2020.	N/A

I SCHEDULE 2 (continued)

Transfer Pricing Relief / Government of Canada

Description	Conditions
NOTE - Requests for contemporaneous documentation that were made prior to April 1, 2020, having a deadline of March 18, 2020, or later will be considered cancelled and will be re-issued at a later date, providing the maximum amount of time of 3 months to submit the documentation.	N/A

Administrative tax actions under the Taxation Act (Québec) / Government of Québec

Description	Conditions
New deadline: June 1, 2020.	N/A

NOTE - Here are a few examples: elections provided for under Québec tax legislation or regulations (such as a rollover), except for QST elections that are harmonized with the GST; application for a tax credit where one would have to file a document; application for a Fuel Tax refund; response to information requests from Revenu Québec; mandatory or preventive disclosure of aggressive tax planning.

The tax programs are constantly evolving. For any updates:

<https://www.fasken.com/en/knowledge/2020/03/30-covid19-tax-plan-canada-and-quebec-region>