

## Canada Emergency Rent Subsidy started up Nov. 23

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Starting on Nov. 23, businesses in Ontario were able to apply for the new Canada Emergency Rent Subsidy to help cover the cost of rent if they have been negatively impacted financially by the ongoing COVID-19 pandemic or if they have been subject to a lockdown due to a public health order. These businesses may be eligible for support if they have seen a drop in revenues due to the ongoing pandemic, and the subsidy is retroactive from Sept. 27, 2020 and goes until June 2021.

CERS replaced the Emergency Commercial Rent Assistance program that ended on Sept. 30. Initial details on the new program were provided by Prime Minister Justin Trudeau at a news conference and in a press release by the federal finance department on Oct. 9. The legislation that deals with the eligibility requirements is Bill C-9, An Act to Amend the Income Tax Act (Canada Emergency Rent Subsidy and Canada Emergency Wage Subsidy). Finance Minister Chrystia Freeland highlighted CERS's flexibility on Oct. 9, saying that these financial supports could increase or decrease over the life of the program depending on whether business conditions worsen or improve.

CERS is available on a sliding scale depending on loss of revenue up to 65 per cent. Therefore, if a business had a loss of revenue of 70 per cent, they would be entitled to the 65 per cent subsidy. There is also an additional 25 per cent support for any business suffering due to a public health ordered mandatory lockdown of over a week or more. Unlike the CECRA, landlords' participation is not required and payments are given directly to renters and property owners.

To qualify for CERS, one must meet four of the following conditions: have a Canada Revenue Agency business number on Sept. 27, 2020 (or a payroll account on March 15, 2020 or are using a payroll service provider, or have purchased business assets of another person or partnership and qualify under the same special asset acquisition rules as the Canadian Emergency Wage Subsidy), be an eligible business, non-profit or charity, experienced a drop in revenue during the claim period versus a previous period (no minimum), rent or own a property that is real and immovable and is used by the business in Canada (personal residences and rental income properties not included).

Claims began to be processed on Nov. 30. Renters can claim expenses such as rent, regular payments for operating expenses like insurance, utilities common area maintenance, property taxes and regular payments to the landlord like parking fees. Sales tax, damages, interest or penalties and other special fees cannot be claimed. Landlords can claim property taxes, property insurance, interest on commercial mortgages for the purpose of purchasing real property. All expenses must be paid within the claim period to be eligible.

Applicants must apply for each of the nine claim periods separately, and the first claim period, from Sept. 27 to Oct. 24 began on Nov. 23. The second claim period opened on Nov. 30 and covers Oct. 25 to Nov. 21, while the third claim period from Nov. 22 to Dec. 19 and the subsequent claim periods will be announced at a later date. Said claims must be submitted within six months of the end of the claim period. Once made, if the applicant has direct deposit, the payment will be dispensed within three to eight business days.

The federal finance department told the CRA that it intended to change the legislation to have rent owed considered a qualifying expense when they apply so that businesses can claim the subsidy right away, as long as they use the money received to actually pay rent owed.

According to Charles Drouin, media relations officer with the CRA, the online application for the CERS program opened

successfully on Nov. 23 at 6 a.m.

?By day's end on Wednesday, Nov. 25, there were approximately 18, 920 applications filed. Geographic breakdowns may become available at a later date,? he says.

Eligible businesses can apply for the new CERS through the CRA My Business Account or Represent a Client portals. For more information, and to apply, go to [www.canada.ca/?/sub?/emergency-rent-subsidy.html](http://www.canada.ca/?/sub?/emergency-rent-subsidy.html)