



Canadian tax alert

COVID-19 – Recent federal support measures

May 12, 2020

The federal government continues to work on support measures to offset the financial effects of COVID-19, and some additional measures were announced over the past few days, including the launch of the Large Employer Emergency Financing Facility.

Our Tax and Legal team is closely monitoring all government announcements and will remain available to support you during this unprecedented and uncertain time.

In this update, we highlight recent developments from the federal government to support the agricultural sector, businesses, and seniors.

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FEDERAL MEASURES – May 5-12, 2020

May 5, 2020

Support for farmers, food businesses, and food supply

An investment of more than \$252 million was announced for the agricultural sector to support farmers, ranchers, agricultural producers, and food processors in maintaining a safe and reliable food supply. These targeted support measures include:

- A \$77.5 million Emergency Processing Fund to help food producers access more personal protective equipment (PPE), adapt to health protocols, automate or modernize their facilities, processes and operations, and respond to emerging pressures from COVID-19.
- AgriRecovery funding initiatives of up to \$125 million to help producers faced with additional costs incurred by COVID-19. This includes set-asides for cattle and hog management programs to manage livestock backed-up on farms due to the temporary closure of food processing plants.
- A new Surplus Food Purchase Program with an initial \$50 million fund designed to help redistribute existing and unsold inventories to local food organizations serving vulnerable Canadians.
- Exploring possibilities to expand the AgriInsurance program to include labor shortages as an eligible risk for the horticulture sector. This would insure against lost production due to an insufficient workforce should producers be unable to find enough labor to harvest.
- An increase in interim payments from 50% to 75% through AgriStability. This change has already been enacted in some provinces and the federal government continues to work with provinces and territories to rollout this change.
- The federal government also proposes an additional \$200M in borrowing capacity for the Canadian Dairy Commission to support costs associated with the temporary storage of cheese and butter to avoid food waste. Details to follow as this requires legislative change.

May 11, 2020

New and expanded financial support measures for businesses

New and expanded measures were announced by the federal government to support various-sized businesses in maintaining liquidity and keeping Canadian workers on payroll during the current economic downturn. These measures include:

- A Large Employer Emergency Financing Facility (LEEFF) to provide bridge financing to Canada's largest employers, whose needs are not being met through conventional financing, in order to keep their operations going, position them for a rapid economic recovery and avoid bankruptcies of otherwise viable firms where possible. This support will not be used to

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resolve insolvencies or restructure firms, nor will it provide financing to companies that otherwise have the capacity to manage through the crisis. Further program details and key guiding principles include:

- The LEEFF program will be open to large for-profit businesses – with the exception of those in the financial sector – as well as certain not-for-profit businesses, such as airports, with annual revenues generally in the order of \$300 million or higher. To qualify for LEEFF support, eligible businesses must be seeking financing of about \$60 million or more, and have significant operations or workforce in Canada.
 - Companies seeking support must demonstrate how they intend to preserve employment and maintain investment activities while committing to respect collective bargaining agreements and protect workers' pensions. The LEEFF program will require strict limits to dividends, share buy-backs, and executive pay.
 - In considering a company's eligibility for assistance under the LEEFF program, an assessment may be made of its employment, tax, and economic activity in Canada, as well as its international organizational structure and financing arrangements. The program will not be available to companies that have been convicted of tax evasion.
 - In addition, recipient companies would be required to commit to publish annual climate-related disclosure reports consistent with the Financial Stability Board's Task Force on Climate-related Financial Disclosures, including how their future operations will support environmental sustainability and national climate goals.
 - LEEFF will be delivered by the Canada Development Investment Corporation (CDIC), in cooperation with Innovation, Science and Economic Development Canada (ISED) and the Department of Finance. Financing is intended to be applicable to all eligible sectors in a consistent manner. However, broader sectoral dynamics for LEEFF applicants will be considered through ISED-led processes.
 - To ensure timely support, the LEEFF program will apply a standard set of economic terms and conditions. The government is in the final stages of establishing the program and further information about the application process will be provided shortly.
- Expansion of the Business Credit Availability Program (BCAP) to mid-sized companies with larger financing needs, including loans of up to \$60 million per company, and guarantees of up to \$80 million. Through the BCAP, Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) will work with private sector lenders to support access to capital for Canadian businesses in all sectors and regions.
 - Continuing to provide financing to businesses through Farm Credit Canada, the BDC, and EDC, including through the Canada Account. This will enable government to respond to a wide range of financing needs, including for some large employers facing higher risks, with stricter terms in order to adequately protect taxpayers.

May 12, 2020

Additional support measures for seniors

Additional measures were announced to provide vulnerable seniors with greater financial security and access to services amidst the health, economic and social challenges/impacts stemming from COVID-19. These measures include:

- Providing additional financial support of \$2.5 billion for a one-time tax-free payment of \$300 for seniors eligible for the Old Age Security (OAS) pension, with an additional \$200 for seniors eligible for the Guaranteed

Income Supplement (GIS). This measure would give a total of \$500 to individuals who are eligible to receive both the OAS and the GIS, and will help them cover increased costs caused by COVID-19.

- Expanding the New Horizons for Seniors Program with an additional investment of \$20 million to support organizations that offer community-based projects that reduce isolation, improve the quality of life of seniors, and help them maintain a social support network.
- Temporarily extending GIS and allowance payments if seniors' 2019 income information has not been assessed. This will ensure that the most vulnerable seniors continue to receive their benefits when they need them the most. To avoid an interruption in benefits, seniors are encouraged to submit their 2019 income information as soon as possible and no later than by October 1, 2020.

For more information on COVID-19, see our [Canadian COVID-19 information hub](#) and our [global COVID-19 information hub](#)

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