

24 March 2020

# Global Tax Alert

News from EY Americas Tax

## Canada: Atlantic provinces to implement economic assistance

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### Executive summary

Atlantic provinces and related regional development agencies are in the process of implementing assistance to businesses and employees impacted by the current economic downturn resulting from global health concerns. These measures are in addition to those announced in the Federal Government's 18 March 2020 Economic Response Plan - see EY Global Tax Alert, [Canada announces Economic Response Plan](#), dated 23 March 2020 for more details on the federal Economic Response Plan.

### Regional development agencies

Businesses impacted by the current economic disruption are strongly encouraged by the Atlantic Canada Opportunities Agency (ACOA) to contact officials at their local ACOA office:

- ▶ New Brunswick: +1 800 561 4030
- ▶ Nova Scotia: +1 800 565 1228
- ▶ Prince Edward Island: +1 800 871 2596
- ▶ Newfoundland and Labrador: +1 800 668 1010
- ▶ Head Office: +1 800 561 7862

Link: <https://www.canada.ca/en/atlantic-canada-opportunities/campaigns/covid19/q-a-covid-19.html>.

## Detailed discussion

### New Brunswick

New Brunswick has formed an all-party cabinet committee to help address current economic dislocation and work towards longer-term solutions for the business community. At the time of writing, the Province had not finalized any measures, but it is currently working with financial institutions and the Federal Government to coordinate support for small businesses and employees. Impacted businesses are encouraged to reach out to their local Opportunities NB office or email [info@onbcanada.ca](mailto:info@onbcanada.ca).

In addition, WorkSafeNB is deferring premiums for businesses for three months.

Link: <https://www2.gnb.ca/content/gnb/en/gateways/for-business/covid19.html>.

### Nova Scotia

The Province has announced that every individual and family member on income assistance will receive an additional CA\$50,<sup>1</sup> starting 20 March 2020, to help pay for food, cleaning supplies and personal items.

In a news release on 20 March 2020, Nova Scotia announced that it will provide \$161 million in cash and credit for small and medium-sized businesses. The measures include the following:

- ▶ All payments for government loans and small business fees will be deferred until 30 June 2020.
- ▶ The Small Business Loan Guarantee Program principal and interest payments are deferred until 30 June 2020, and the program has been enhanced to make it easier for businesses to access credit of up to \$500,000, with those not qualifying for a loan eligible for a \$100,000 government guarantee.
- ▶ Small businesses who do business with the Government will be paid within five days instead of the standard 30 days.
- ▶ \$15 million has been provided to incent internet providers to speed up projects under the Internet for Nova Scotia Initiative to assist Nova Scotians in working from home.

Link: <https://novascotia.ca/news/release/?id=20200320003>.

### Prince Edward Island (PEI)

#### Emergency income relief for the self-employed

Individuals are eligible to receive emergency income relief of up to \$500/week for the period of 16 March 2020 to 29 March 2020 if they meet the following conditions:

- ▶ They derive their primary source of income from self-employment.
- ▶ They are able to demonstrate direct financial loss from required isolation measures.
- ▶ They are neither eligible for employment insurance nor receiving any other income support, such as business interruption insurance.

Applications for the program are currently available online. While relief is currently available only for financial losses incurred during the period of 16 March to 29 March, the Province has indicated it will review this period as necessary.

Link: <https://www.princeedwardisland.ca/en/service/emergency-income-relief-self-employed>.

#### Emergency working capital financing

The Province has introduced a loan program to provide emergency working capital financing to PEI small businesses affected by the current economic disruption. A business that meets the following conditions may apply for financial assistance:

- ▶ It is an existing business and not a start-up.
- ▶ It is registered to conduct business in PEI and is located in the province.
- ▶ It operates and earns revenue in PEI.
- ▶ It has a satisfactory credit rating and has not defaulted on any outstanding debt obligation on file with the Provinces Central Default Registry.

An eligible business may receive a loan of up to \$100,000, bearing a fixed 4% annual interest rate. Repayments will commence 12 months after first disbursement, and the business is required to pay the balance over the following five years. A loan may be secured by a promissory note for the loan's full amount, the personal guarantee of the business owner (or owners), and a general security agreement.

An eligible business must submit an application to Finance PEI along with the following supporting documentation:

- ▶ Financial statements for the most recent year-end
- ▶ Interim financial statements for the current year
- ▶ A detailed description of how the business will use the funds and when it will need funding
- ▶ A personal net worth statement from all applicable shareholders

Loan proceeds will be disbursed on an as-needed basis, through multiple advances with supporting documentation. There is no application fee.

Link: <https://www.princeedwardisland.ca/en/service/emergency-working-capital-financing>.

### Other measures

In a news release dated 18 March 2020, the Province announced the following support measures:

- ▶ All scheduled loan payments for clients of Finance PEI, Island Investment Development Inc. and the PEI Century Fund will be deferred for the next three months.
- ▶ The Province will provide \$4.5 million to community business development corporations to deliver financing to small businesses and entrepreneurs.
- ▶ A temporary allowance of \$200 per week will be provided to any individual who has experienced a significant drop in their working hours.

Details will be provided at a later date.

### Newfoundland and Labrador

No measures have been announced at this time, but the Province is coordinating with the Federal Government.

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## Endnote

1. Currency references in this Alert are to the CA\$.

For additional information with respect to this Alert, please contact the following:

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