

January 28, 2021

## CEWS, Tax Slips, Ontario Small Business Support Grant, and more!

Happy New Year! We are hoping 2021 is a year for growth, and that we'll finally see recovery for the sector as we control the COVID-19 pandemic. For now, please read the following for important CEWS, CERS, and T2200 updates.

### CEWS Update

The Canada Emergency Wage subsidy guidelines have been published through Period 13, which will take us to March 13, 2021. You can find a list of the changes to the program [here](#).

Applications are currently open for Period 11 (December 20, 2020, to January 16, 2021). As of January 6, the guidelines for Periods 11-13 are as follows:

- the maximum top-up subsidy rate is 35%
- the maximum subsidy amount for employees on leave with pay has changed to \$595 per week
- the base revenue drop comparison months for Period 11 will be the same as Period 10

Organizations must continue to use the same revenue drop calculation method that they have elected to use on attestation forms from period 6 onwards. The reference months for each period are as follows:

Period	General Method	Alternative Method
Periods 10 and 11	Dec 2020 over Dec 2019, <b>or</b> Nov 2020 over Nov 2019	Dec 2020 over average of Jan and Feb 2020, <b>or</b> Nov 2020 over average of Jan and Feb 2020
Period 12	Jan 2021 over Jan 2020, <b>or</b> Dec 2020 over Dec 2019	Jan 2021 over average of Jan and Feb 2020, <b>or</b> Dec 2020 over average of Jan and Feb 2020
Period 13	Feb 2021 over Feb 2020, <b>or</b> Jan 2021 over Jan 2020	Feb 2021 over average of Jan and Feb 2020, <b>or</b> Jan 2021 over average of Jan and Feb 2020

For **Periods 8 to 13**, the maximum Base Subsidy rate is 40% for a revenue drop of 50% or more. For a revenue drop of less than 50%, calculate your base subsidy rate using:

$$0.8 \times (\% \text{ revenue drop})$$

For **Periods 11 to 13**, use the **same** revenue drop for the base and top-up rate calculations.

Revenue Drop	Base rate	Top-up rate
70% or higher	40%	35%
50.01% to 69.99%		1.75 x (base revenue drop - 50%)
50% or lower	0.8 x base revenue drop	0%

Details about the program's calculation methods and rates after March 13 are still unknown. We will continue to stay updated on the program as it develops.

## CERS Update

Though Young Associates has already put out a CERS overview (which you can find [here](#)), we also wanted to highlight an aspect of the program that some may find useful: Building owners are also able to apply.

Properties that do qualify include any buildings or land Canada that your business or organization:

- owns *or* rents, and
- uses in the course of your business' ordinary activities

Per the [CRA website](#), eligible expenses for property owners include:

- Property and similar taxes
- Property insurance
- Interest on commercial mortgages

You can find a full breakdown of eligible expenses and the CERS program overall on the CRA's [program webpage](#).

## Ontario Small Business Support Grant

The [Ontario Small Business Support Grant](#) provides funding of between \$10,000 to \$20,000 to small businesses to help cover expected revenue loss due to the Provincewide Shutdown. The grant amount is determined on a sliding scale based on percent revenue drop, comparing April 2020 to April 2019.

To be eligible for the grant, your business must:

- Have been required to close or restrict services due to the Provincewide Shutdown effective on December 26, 2020

- Your business is **ineligible** if it was already required to close prior to October 10, 2020, when modified Stage 2 measures were introduced.
- If your business was closed due to public health restrictions at a point between October 10, 2020 and December 26, 2020, it meets the eligibility criteria.
- Have fewer than 100 employees
  - If the business is a sole proprietorship or is run by freelancers, it is eligible. Volunteer-run organizations are ineligible.
- Have a minimum 20% revenue drop comparing April 2020 to April 2019.
  - Seasonal businesses are able to choose to calculate their revenue drop by comparing their December 2020 revenues to either December 2019 or January 2020. Choose whichever drop is higher.
  - The guidelines do not give a firm definition of “seasonal”. If you are able to make the case that your business is seasonal, you may be able to choose this alternate method.

There are no strict guidelines for how the grant should be spent. Businesses are free to use the money as they see fit, whether it be to pay employee wages, maintain inventory, or any other business cost.

After a successful application is submitted, payment will take approximately 10 business days.

A full breakdown of program guidelines can be found in the [User Application Guide](#). Please contact your associate if you have any further questions or would like help applying for the subsidy.

## T2200 Update

In normal years, the T2200 form is used to claim tax deductions for work from home expenses. Due to the significant number of people now working from home, the CRA has decided to relax the process of claiming the home office expense deduction. [Here](#) are the CRA’s new program guidelines.

Employees who worked from home **more than 50% of the time** over a period of **at least four consecutive weeks** in 2020 due to COVID-19 will now be eligible to claim the home office expenses deduction for 2020.

There are two avenues you may take to claim the deduction:

- The first is to use the **flat rate method** to claim \$2 per day you worked from home, to a maximum of \$400 for the year. Under this method, employees will not have to get Form T2200 or Form T2200S completed and signed by their employer, or keep any supporting documentation.
- The second method is to use the **detailed method** and fill out the new simplified T2200S form. This method requires you to also retain supporting documentation of expenses.

Most people working from home due to COVID-19 restrictions will not be able to claim more than \$400 using the detailed method, and will be better off using the flat rate method. This lessens administrative burden for both the employee and employer.

In some circumstances, it's possible that employees may be able to claim a slightly higher amount if they use the detailed method with form T2200/T2200S. However, this incremental increase may not be equal to your investment of time and effort.

Regardless, if an employee specifically requests a T2200/T2200S, the employer must issue one for them.

Before requesting a T2200S form, we suggest you use the tools that the CRA has created to assist you in estimating a detailed work from home expense claim:

- A comprehensive [list of eligible expenses](#); and
- A [calculator](#) to assist you in determining the eligible claim amount

Since this process concerns personal taxes, Young Associates cannot assist — we are able to deal with this on the employer's side only.

## **T4A Slips: Do we really have to?**

Yes.

The 2020 T4A [Guide](#) affirms that payers must file T4A slips for “any fees or other amounts paid for services,” excluding GST/HST on those amounts. Amounts of \$500 or less do not need a T4A. The Guide continues to state that, “CRA is not assessing penalties for failure relating to the completion of box 048.”

Note that non-filing constitutes a failure, regardless of whether CRA levies penalties!

We advise you to be proactive about meeting CRA's reporting expectations, staying compliant, and avoiding risk of tax problems.

## **Charities Working with Intermediaries**

The CRA recently issued a [new guidance document](#) concerning charities working with non-charities in Canada, and we wanted to draw your attention to this new version of the plain-language guide to help you clarify your internal policies. Though, under certain specific circumstances, it is permitted by the CRA for charities to hire non-charities to help them carry out the charity's mandate, it is still very important to remain compliant with the CRA's strict guidelines around this kind of work.

[Read more...](#)

## How [Young Associates](#) can assist

A consultation with us may make all the difference to your comfort level and confidence that your accounting system is up to the challenge of the pandemic.

We'd also be happy to give you [a quote for full-service bookkeeping](#).

We work on the basis of fixed price agreements, so you'll know going in how much our work will cost — and we always offer a money-back guarantee: if you're not completely delighted with our service, we will, at your option, either refund the price, or accept a portion of said price that reflects your level of satisfaction.

Contact us: [info@youngassociates.ca](mailto:info@youngassociates.ca)

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*This tip sheet was created by the Young Associates team based on the best information available to us as of the date of posting. We are happy to receive your comments at [info@youngassociates.ca](mailto:info@youngassociates.ca).*

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*Founded in 1993, Young Associates provides bookkeeping and financial management services in the charitable sector, with a focus on arts and culture. Young Associates also provides consulting services in the areas of data management, business planning and strategic planning. Heather Young published [Finance for the Arts in Canada \(2005, 2020\)](#), a textbook and self-study guide on accounting and financial management for not-for-profit arts organizations.*