

COMMERCIAL RENT ASSISTANCE:

Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue due to the COVID-19 pandemic may be eligible for a subsidy to cover part of their commercial rent or property expenses, starting on September 27, 2020, until June 2021.

This subsidy will provide payments directly to qualifying renters and property owners, without requiring the participation of landlords.

If you are eligible for the base subsidy, you may also be eligible for lockdown support if your business location is significantly affected by a public health order for a week or more.

HOW THE PROGRAM IS ADMINISTERED:

CERS is administered by the Canada Revenue Agency (CRA) on a period-by-period basis, with each period spanning 4 weeks (a CERS Claim Period). Here is a current schedule of CERS Claim Periods:

CERS CLAIM PERIODS								
Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9
Sep 27 to Oct 24, 2020	Oct 25 to Nov 21, 2020	Nov 22 to Dec 19, 2020	Dec 20 to Jan 17, 2021	Jan 18 to Feb 15, 2021	Feb 16 to Mar 15, 2021	Mar 16 to Apr 12, 2021	Apr 13 to May 10, 2021	May 11 to Jun 7, 2021

AMOUNT BUSINESSES CAN RECEIVE:

The subsidy will be available on a sliding scale (with a maximum amount of 65%) for businesses that can demonstrate a revenue loss up until December 19, 2020. An additional top-up of 25% (maximum possible subsidy of 90%) will be available for organizations temporarily shut down by a mandatory public health order issued by a qualifying public health authority.

Program duration: September 27, 2020 to June 2021

HOW TO APPLY: Through the CRA portals: [MyBusiness Account](#) (MyBA) and [Represent a Client](#)

WHEN TO APPLY: Like the CEWS, businesses will need to apply for the rent subsidy after the month has passed. This means, for example, that applications for November support will not be available until December. Claims can also be made retroactively to cover the period September 27 to October 24, 2020.

APPLICATION DEADLINE: 180 days after the end of each claim period.

ELIGIBILITY CRITERIA:

CERS is available for both renters and property owners. To determine if your business is eligible, you need to:

- Have a payroll account as of March 15, 2020 (or have been using a payroll service provider)
AND/OR have a business number (BN) as of September 27, 2020.
 - **OR** You purchased the business assets of another person or partnership who meets condition 2 above, and have made an election under the special asset acquisition rules. (These [special asset acquisition](#) rules are the same for the Canada Emergency Wage Subsidy [CEWS].)
 - **OR** You meet other prescribed conditions that might be introduced
 - Note: there are no prescribed conditions at this time
 If you don't have a business number but you qualify under condition b or c, you will need to set one up before you are able to apply for CERS.

Last Updated: November 24, 2020

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You do not need a payroll account to apply for CERS.

- Own or rent a property that is:
 - real or immovable (not for domestic purposes); and
 - in Canada, used by your business for its ordinary activities
- Have eligible rent expenses totalling no more than \$75,000 per location per period and \$300,000 per entity per period
- Be an eligible entity, including a/an:
 - Individual
 - Taxable corporation or trust
 - Registered charity
 - Partnership of eligible employers
 - Non-profit organization
- Have experienced a revenue loss during a CERS claim period

NOTE: Non-eligible properties include:

- residential properties such as your home or cottage used by you, your family or other non-arm's-length persons
- properties you own that are primarily used to earn rental income from arm's-length parties

NOTE: If your landlord received funding through CECRA, it does not impact your eligibility for the CERS.

WHAT EXPENSES ARE ELIGIBLE TO BE COVERED BY THE CERS?

If you are a renter:

- Gross rent, or rent based on a percentage of sales or other similar structure
- Regular instalments of operating expenses (i.e. insurance, utilities, common area maintenance expenses, customarily charged to the lessee under a net lease)
- Property taxes and similar taxes (i.e. school and municipal taxes)
- Regular instalments of other amounts payable to the lessor for ancillary services (i.e. parking fee)

If you are a property owner:

- Property taxes
- Property insurance
- Interest on commercial mortgages, as long as the debt obligation does not exceed the lesser of:
 - lowest total principal amount or the cost of the property,
 - the amounts paid for insurance on the property, or
 - the property taxes (including school taxes)
- Rental income

NOTE: For renters: Only amounts paid or payable to an arm's-length party are considered eligible expenses.

For property owners: If you earned any revenue from sub-leasing space to arm's-length parties, you must subtract that revenue from your eligible expenses.

- Expenses must fall within the claim period you are applying for.
- Eligible rent expenses are limited to those under agreements entered into before October 9, 2020 and must be in writing.

WHAT RENT EXPENSES ARE NOT COVERED BY THE CERS?

- Sales tax (e.g. GST/HST)
- Amounts paid as, on account of, in lieu of payment of or in satisfaction of damages
- Amounts paid under a guarantee, security, or similar indemnity of covenant
- Payments arising due to default under the agreement by the eligible entity

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- Interest and penalties on unpaid amounts
- Fees payable for infrequent items or special services, and
- Reconciliation adjustment payments

FAQ: Does my rent need to be paid to qualify for CERS?

No. CERS is based on the amount payable (owed) in each claim period, NOT on the amount paid. However, you must attest to pay your rent bill within 60 days of receiving your CERS.

HOW IS CERS CALCULATED?

To calculate CERS, businesses will need to calculate their revenue loss and multiply this by a number determined by the government to calculate the amount of rent subsidy that they will receive. The calculation is as follows:

- Those with up to 50% revenue loss will get 0.8 times their current revenue loss as a subsidy. For example, if your revenue loss is 50%, you will multiply this by 0.8 to receive a 40% rent subsidy.
- Those with a revenue loss between 50% and 70% will get 40% plus 1.25 times the incremental amount of loss above 50%. For example, if your revenue loss is 60% you will get a CERS of 40% + (1.25x10%) = 52.5% rent subsidy.
- Those with 70% or more revenue loss will receive a 65% rent subsidy.

REVENUE LOSS

Up to 50%
Between 50% and 70%
70% and greater

RENT SUBSIDY CALCULATION

CERS = Revenue loss % x 0.8
CERS = 40% + [1.23 x (Revenue loss - 50%)]
CERS = 65%

NOTE: businesses required to shut down due to a public health order are eligible for a maximum 90% subsidy.

CALCULATING YOUR TOP-UP (LOCKDOWN SUPPORT) RATE:

In addition to the rent subsidy rate, you can receive a lockdown support amount for certain locations affected by public health restrictions.

Your CERS top-up (lockdown support) rate is 25% on lockdown, calculated as:

- 25% (fixed top-up rate)
- MULTIPLIED by days the location was locked down due to the COVID-19 pandemic
- DIVIDED by 28 (the days in the CERS period)
- EQUALS Your top-up (lockdown support) rate

If you have a 0% rent subsidy rate, you cannot claim a top up for any location.

FOR EXAMPLE: if one of your business locations was on lockdown for 7 days of the 28 day period, you would be eligible to receive:

- 25% base top-up rate multiplied by
- 7 days out of 28
 - Equals a 6.25% top-up rate.

LOCKDOWN SUPPORT ELIGIBILITY CRITERIA:

Lockdown support is calculated on a location-by-location basis.

To qualify for lockdown support, you must have:

- a base rent subsidy rate of more than 0% for the claim period
- one or more locations temporarily closed, or have activities significantly restricted for a week or longer due to a COVID-19-related public health order

A public health order must:

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- be issued by a federal, provincial, or municipal government, or a local health authority
- be limited based on at least one of these factors:
 - geographical boundaries
 - type of business or other activity
 - risks associated with a particular location
- result in sanctions or be an offence if you do not comply
- require you to stop some or all of your regular activities while the order is in place
 - activities you were not able to carry out must account for at least approximately 25% of total revenues at that location during the prior reference period

An order that restricts or reduces activities but doesn't require you to close or stop certain activities does not qualify for lockdown support.

Examples of restrictions that do not qualify for lockdown support

- travel restrictions that reduce the number of clients
- rules about when you can perform your regular activities, such as
 - restricted or reduced service hours or hours of operation
- any other restrictions that do not specifically order you to stop or close an activity, such as
 - reduced seating capacity or other physical distancing strategies

NOTE: You do not qualify for lockdown support if you are already restricted or closed because you failed to comply with a previous public health order or decision.

HOW DO I CALCULATE MY REVENUE LOSS FOR A CERS CLAIM PERIOD?

Revenues for the CERS are calculated in the same way they are for the CEWS. To calculate your revenue drop, you can choose one of the following two baseline revenue options:

- **General approach:** compare your business eligible revenue for the claim period month in 2020 you are applying for with your eligible business revenue for the same month in 2019; **OR**
- **Alternative approach:** compare your business eligible revenue for the claim period month in 2020 you are applying for with your average eligible business revenue for the months of January and February 2020

[Use this calculator](#) before you apply for the subsidy to calculate the amount you can apply for.

After calculating your amounts, you will have to apply for the subsidy online through My Business Account or Represent a Client.

Print the information from the calculator in order to use it in your application.

WHAT DO “ARM’S-LENGTH AND “NON-ARM’S LENGTH” MEAN?

You will have to determine whether the relationship between property owner and tenant/subtenant is at arm's length or non-arms length because it will change the amount of subsidy you are eligible for.

Non-arm's length relationships can be more simply viewed as family, significant others, partnerships, or businesses where one partner has controlling interest/voting shares.

Arm's-length relationships can be viewed as any other individuals or corporations that are treated without preference, and with no blood, trust or controlling relationship.

Should you still be uncertain if your relationship is not at arm's length, check [CRA's website](#).

WHAT IS AN AFFILIATED ENTITY?

An affiliated entity is an organization that directly or indirectly controls another entity. An example of this would be a parent company or a subsidiary company.

DOES CERS COVER MY MISSED RENT FROM MAY TO SEPTEMBER?

No. The missed rent from May to September is not included in this program.

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WHAT KIND OF DOCUMENTATION DO I NEED TO PREPARE FOR MY APPLICATION?

To prepare, ensure that you have access to your [MyBA](#) or [Represent a Client](#) and that the appropriate people who deal with this information (those applying on the business' behalf) have the [proper authorities](#).

Before you start your application, you should have your:

- monthly qualifying revenue amounts from 2019 and 2020
- the eligible expenses broken down by business location
- property address
- name and contact information for your
 - mortgage holder (for property owners)
 - landlord (for renters)
- Affiliated entities will also require:
 - Number of affiliated entities in the agreement
 - Percentage assigned to you under the agreement with your affiliated entities
 - Business number of each affiliated entity
 - Percentage assigned to each affiliated entity under the agreement

HOW LONG WILL IT TAKE TO RECEIVE MY CERS?

Direct deposit: 3-8 days after filing your claim.

Cheque by mail: 7-17 days after filing your claim (mail service dependent). Ensure your address on your MyBA is up to date as this is where your cheque will be sent.

CRA will begin processing applications starting on November 30th, so the earliest CERS funds will be received on December 4th.

WHAT HAPPENED TO THE CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE (CECRA)?

CERS will replace the CECRA, which ended on September 30, 2020 for new applications and October 30th for extensions. Should you have received CECRA funding this will not impact your CERS.

INCLUDE THE SUBSIDY ON YOUR RETURNS

The Canada Emergency Rent Subsidy is taxable. You must include the amount of CERS you receive on your Annual Return of Income (e.g. Corporation Income Tax Return, Partnership Return) when calculating your taxable income.

STILL NOT SURE WHICH PROGRAMS APPLY TO YOUR BUSINESS?

Find **COVID-19** support and other programs and services.

[CLICK HERE](#) to answer a few questions to get a personalized list of options.

For additional covid-19 information or tools for your business
or community please visit jointhechamber.ca

If you have specific questions about programs and funding available to support you,
employment standards or employer responsibilities,
please email info@mbchamber.mb.ca. We will help you find answers.

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