

## **Canadian Emergency Rent Subsidy (CERS) Information**

- Business, non-profit organizations, or charities who have seen a drop in revenue due to 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.
- The periods run the same as the Canada Emergency Wage Subsidy
- If eligible for the base subsidy, you may be eligible for lockdown support if your business is significantly affected by a public health order for a week or more.

## **Lockdown Support Eligibility Criteria**

- A public health order issued; require to some or all your regular activities while the order is in place; or activities you were not able to carry out must account for at least 25% of total revenues.
- An order that restricts or reduces activities but does not require you to close or stop certain activities does not qualify for lockdown.
- Also, restricted/reduced services hours or hours of operation and any other restrictions such as reduced seating capacity/ or other physical distancing strategies does not qualify for lockdown support.

**Note:** Problem with the definition of lockdown support as it may not cover restaurant closures that have a patio or stores with an online presence. Waiting for Canada Revenue Agency technical interpretation.

## **Information to Collect**

### **1. Monthly qualifying revenue amounts form 2020 and 2019**

***Eligible revenue includes revenue earned in Canada from:***

- Selling goods, rendering services, others' use of your resources and investments
- Must use the same method of accounting each claim. Ex) billings or POS system rather than deposit
- Registered Charities and Non-profit organization – choice whether to include government funding
- Non-arm's length transactions and affiliated groups – must be subtracted from your qualify revenue. This means transactions that are connected and affiliated to each other by potential ownership

### **2. Eligible expenses**

***If you rent a qualifying property:***

- Rent (including rent based on a percentage of sales, profit, or similar criteria)
- Amounts required to be paid or payable by you under a net lease (either lessor or to a third part) includes; base rent, regular payment for customary operating expenses such as property

insurance, utilities and common area maintenance, property and similar taxes, including school and municipal taxes and regular payments to the lessor for customary services.

- This does not include HST, damages, interest/penalties, other special amounts, tenant insurance and leasehold improvements

***If you own the qualifying property:***

- Property and similar taxes
- Property insurance
- Interest on commercial mortgages for the purpose of purchasing real property
- This does not include income amounts were paid or payable for a time that fall outside the claim period and payments between non-arm's length and related entities.

**Non-arm's-length Entities**

- Refers to a relationship or transaction between person who are related to each other.
- Properties that do not qualify include your family member, or other non-arm's length persons; any properties used to earn rental income from arm's-length parties, or where the property is used to earn rental income directly/indirectly from a non-arm's length party, that is not used by that party to primarily earn rental income.

**Note:** Problem with the definition of qualifying properties and non-arm's length entities. For example, if I owe two companies and one with a restaurant that pays rent to another company, I own that holds the building. Do I qualify for the CERS? Waiting for Canada Revenue Agency technical interpretation.

If businesses need more information, CRA is conducted seminars to answer questions and teach how to do this.

<https://cra-arc-survey-sondage.ca/f/s.aspx?s=d9653ed3-a510-49e5-874f-8be429d475b5>