



AILIA Webinar

Quebec Response Team: COVID-19/Business Continuity

Government initiatives update

CAUTION

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

A large, multi-colored rainbow arches across the bottom right portion of the slide. The colors from top to bottom are red, orange, yellow, green, cyan, blue, and purple.

#itwillbeok



Agenda

1) Overview of the Federal programs:

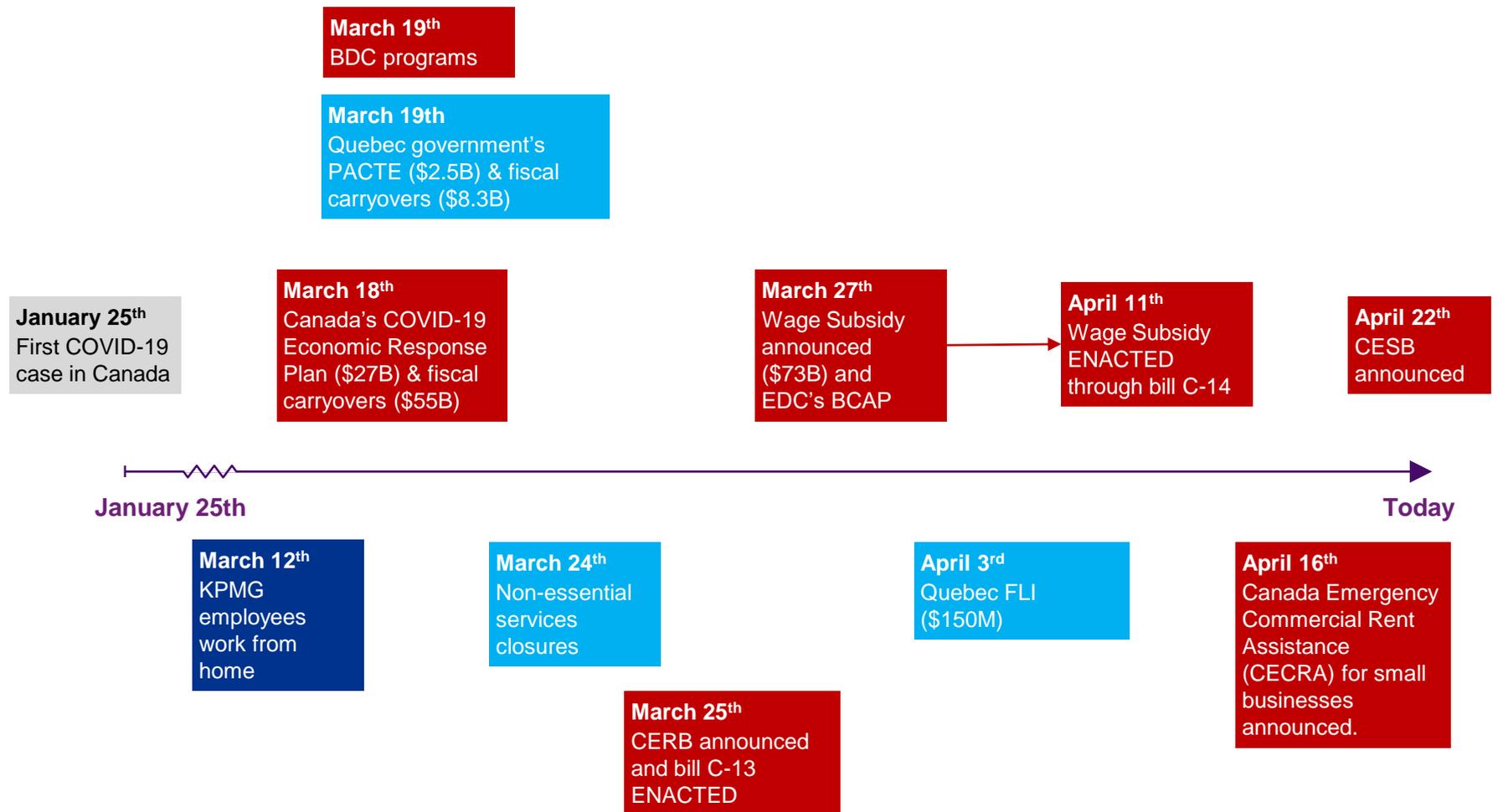
BDC loan programs for businesses and working capital loans;
EDC's Business Credit Availability Programs (BCAP);
EDC / Canada Emergency Business Account and EDC's capacity to support domestic businesses
Canada Emergency Commercial Rent Assistance for small businesses (CECRA)
Regional Relief and Recovery Fund (RRRF)
Canada Emergency Wage subsidy (75% of salaries); and
Flexibility for income tax filings and payments

2) Overview of Provincial measures:

Québec's PACTE & PACME

3) Q&A

Timeline - Development of Governmental Measures



Government of Canada



Support for Businesses

Categories	Announced measures	Additional details
 <p>Loan programs for businesses</p>	<ul style="list-style-type: none"> • The new Small and Medium-sized Enterprise Loan and Guarantee program will operate as follows: <ol style="list-style-type: none"> 1. \$20G: Small and medium-sized businesses can get support through a new co-lending program that will bring together the BDC and financial institutions to co-lend term loans to these businesses for their operational cash flow requirements. Eligible businesses may obtain additional credit amounts up to \$6.25 million, 80% of which would be provided by BDC, with the remaining 20% by their financial institution. The program is designed in three (3) segments to target support to different business sizes: <ol style="list-style-type: none"> 1) Loans of up to \$312,500 to businesses with revenues of less than \$1 million. 2) Up to \$3.125 million for businesses with revenues between \$1 million and \$50 million. 3) Up to \$6.25 million for businesses with revenues in excess of \$50 million. Loans would be interest-only for the first 12 months, with a 10-year repayment period. 2. \$20G: EDC will also provide funding to financial institutions so that they can issue new operating credit and cash flow term loans of up to \$6.25 million to small and medium-sized businesses, as a result of a new national mandate enhancing EDC's role in supporting Canadian businesses through the COVID-19 crisis. These loans will be 80% guaranteed by EDC, to be repaid within one year. 	<ul style="list-style-type: none"> • Eligible companies could obtain up to \$12.5 million through these two (2) loan options. • The program will help Canadian financial institutions provide credit and liquidity options that various businesses need immediately, funded by BDC and EDC. • To access these loans, entrepreneurs must <u>contact their main financial institution</u>

Government of Canada (continued)



Support for Businesses

Categories	Announced measures	Additional details
 <p>Ensuring Businesses Have Access to Credit</p>	<p>Other financing options offered by BDC:</p> <ul style="list-style-type: none"> ● Working capital loans of up to \$2 million with flexible terms and payment postponements for up to 6 months for qualifying businesses; <ul style="list-style-type: none"> ○ Pricing: Floating Only (Based on Base Rate minus 1.75%); ○ Initial capital extension of 12 months; ○ 24-month amortization excluding initial extension: <ul style="list-style-type: none"> ● 40% payable over the term of the loan following initial extension; ● 60% payable at the end with balloon payment; ○ Standard fees (loan processing, legal fees, waiting fees) apply. ● For current clients with a loan commitment of \$1 million or less, BDC offers flexible repayment terms, such as capital payment carryovers for up to six (6) months. ● Reduced rates on new eligible loans. 	<p>How it works:</p> <ul style="list-style-type: none"> ● Existing BDC customers: contact the account manager by email or telephone. ● Non-client businesses: apply online or via a toll-free number: 1-877-232-2269. ● BDC.ca > Support for entrepreneurs impacted by the coronavirus COVID-19 <p>NEW PRECISION</p> <ul style="list-style-type: none"> ● Starting May 1st, interest rate will be adjusted to Base Rate

Government of Canada (continued)



Support for Businesses

Categories	Announced measures	Additional details
 <p>Supporting Canadian Businesses through the Canada Emergency Business Account (CEBA)</p>	<p>3. \$25G: The Government of Canada is announcing the launch of the new Canada Emergency Business Account, which will be implemented by eligible financial institutions in cooperation with Export Development Canada (EDC).</p> <ul style="list-style-type: none"> This \$25 billion program will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where revenues have decreased temporarily due to the economic impacts of COVID-19. 	<ul style="list-style-type: none"> To qualify, these organizations will need to demonstrate that they paid between \$20,000 to \$1.5 million in total payroll in 2019. Repaying the loan balance on or before December 31, 2022 will result in a 25% loan forgiveness (up to \$10,000). If the loan is not repaid by December 31, 2022, the remaining balance will be converted to a three-year term loan at 5 per cent interest.

Government of Canada (continued)



Support for Businesses

Categories	Announced measures
	<ul style="list-style-type: none"> • Changes to our trade finance guarantees (Account Performance Security Guarantee and Foreign Exchange Facility Guarantee) in our bonding products: <ul style="list-style-type: none"> ○ EDC's trade financing solutions eliminate the need for collateral, helping businesses to free up their working capital. In the short term, we can: <ul style="list-style-type: none"> ○ Enhance support by 25% (limit for high-activity period) offered under the Account Performance Security Guarantee for up to US\$5 million in capacity; ○ Simplify our enrollment procedures so that we can meet the needs of businesses during this difficult time and take advantage of our increased appetite for risk; ○ Reduce the rate for our Foreign Exchange Facility Guarantee by 30% and defer payment for six months. • Changes to our credit insurance solutions: <ul style="list-style-type: none"> ○ In the short term, we are making changes to our insurance solutions (Portfolio Credit Insurance and Select Credit Insurance) ○ Eligible companies could proceed as follows: <ul style="list-style-type: none"> ○ EDC is more flexible when the buyer's solvency has deteriorated. ○ EDC is working on a plan to make premium payments more flexible, either by deferring or adjusting fixed payments. ○ For the next three months, EDC is eliminating the time limit for claims under the export policy ○ IMPORTANT: claims submitted will be assessed based on standard compensation guidelines. • Changes to bank loan guarantees (Export Guarantee Program and International Expansion Loan Program – for listed financial institutions): • Offered in conjunction with our partner financial institutions, EDC's Export Guarantee Program offers a payment guarantee to your financial institution, making it more inclined to provide you with additional cash. In the short term, we can: <ul style="list-style-type: none"> ○ Increase working capital support by \$1 billion through our Export Guarantee Program and our International Expansion Loan Program. ○ Provide a six-month payment period to our new and existing clients for guarantee fees. ○ Simplify our enrollment procedures to provide cash flow support quickly. ○ Increase our credit capacity in the market by easing our general appetite for credit.

Government of Canada (continued)



Support for Businesses

Categories	Announced measures	Additional details
<p>Canada Emergency Commercial Rent Assistance for small businesses (CECRA)</p>	<p>NEW MEASURE</p> <p>The federal government has reached an agreement in principle with all provinces and territories to implement the Canada Emergency Commercial Rent Assistance (CECRA) for small businesses. This program will lower rent by 75% for small businesses that have been affected by COVID-19.</p> <p>The government is also providing further details on the program:</p> <ul style="list-style-type: none"> The program will provide forgivable loans to qualifying commercial property owners to cover 50% of three monthly before profit costs that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June. The loans will be forgiven if the mortgaged property owner agrees to reduce the eligible small business tenants' rental costs by at least 75% for the three corresponding months under a rent forgiveness agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25% of the rent. <p>Eligible businesses are:</p> <ul style="list-style-type: none"> Small business tenants paying less than \$50,000 per month in rent and Who have temporarily ceased operations or have experienced at least a 70 per cent drop in pre-COVID-19 revenues. <p>This support will also be available to non-profit and charitable organizations.</p>	<ul style="list-style-type: none"> The Canada Mortgage and Housing Corporation will administer and deliver the CECRA, a collaboration between the federal government and provincial and territorial governments, which are responsible for property owner-tenant relationships. Provinces and territories have agreed to cost share total costs and facilitate implementation of the program. They will share up to 25% of costs, subject to terms of agreements with the federal government. It is expected that CECRA will be operational by mid-May, with commercial property owners lowering the rents of their small business tenants payable for the months of April and May, retroactively, and for June. Further details on CECRA will be shared in the near future once final terms and conditions are available. The federal government and provincial and territorial governments urge property owners to provide flexibility to tenants facing hardship in this uncertain time.

Government of Canada (continued)



Support for Businesses

Categories	Announced measures	Additional details
Regional Relief and Recovery Fund (RRRF)	<ul style="list-style-type: none"> ● The Regional Relief and Recovery Fund (RRRF) of \$962M will help to mitigate the cash flow issues experienced by businesses and organizations and to support businesses, organizations and communities in achieving successful recovery. This initiative is implemented by the six (6) RDAs of Canada. ● This initiative includes two (2) components: <ul style="list-style-type: none"> ○ \$675M to support regional economies, businesses, organizations and communities in regions all across Canada; ○ \$287M to support the national network of Community Futures Development Corporations, which will specifically target small businesses and rural communities across the country. 	<p>RDA in Quebec: Canada Economic Development (CED) for Quebec Regions</p> <p>If you are an existing CED client and are affected by the current situation:</p> <ul style="list-style-type: none"> ● Effective April 1st, CED will apply a three-month moratorium on all amounts owing to CED; ● You may also be eligible for additional funding and flexibility in your arrangements; ● Each case will be assessed individually as the situation evolves to determine if additional support is required. <p>If you are not an CED client and are affected by the current situation:</p> <ul style="list-style-type: none"> ● CED may provide you with advice and guidance on other federal programs and services available to you; ● You may have access to federal funding to help you maintain your operations; ● If you are a company or organization residing in Quebec, please call 1-800-561-0633 or send us an email to learn more about the support available to you. ● DEC.ca > CED support for businesses and communities affected by COVID-19

Government of Canada (continued)



Support for Businesses

Categories	Newly introduced measures
<p>75% subsidy - Canada Emergency Wage Subsidy (CEWS)</p>	<p>The CEWS is a temporary government wage subsidy that generally provides an amount to eligible employers of all sizes and almost all sectors that have had a decrease of their revenues for March, April and / or May. The CEWS is currently available for three qualifying periods, from March 15, 2020 to June 6, 2020. There is no overall limit on the wage subsidy amount that an eligible employer may claim under the CEWS, but the government has introduced anti-avoidance measures to ensure that the subsidy is not inappropriately obtained.</p> <p>An “eligible entity” includes:</p> <ul style="list-style-type: none"> • An individual • A taxable corporation • Certain persons exempt from tax under specific provisions of the Income Tax Act (e.g. a non-profit organization) • A registered charity • A partnership where all its members are eligible entities • <u>Exception</u>: Public institutions (e.g., municipalities and local governments, Crown corporations, public universities, colleges, schools and hospitals) <p>A “qualifying entity” is an “eligible entity” that meets the following conditions:</p> <ul style="list-style-type: none"> • The eligible entity has seen a reduction in its qualifying revenue of at least 15% (for March 2020) or 30% (for April and May 2020) • The eligible entity files an application with the Minister in prescribed form before October 2020 • The individual who has principal responsibility for the financial activities of the eligible entity has to attest that the application is complete and accurate in all material aspects • The eligible entity had, on March 15, 2020, a business number in respect of which it is registered with the Minister to make payroll remittances <p>An “eligible employee” is an individual who:</p> <ul style="list-style-type: none"> • Is employed in Canada in the qualifying period (i.e. from March 15 to April 11, from April 12 to May 9, from May 10 to June 6) and • Has not been without remuneration in respect of 14 or more consecutive days during the qualifying period

Government of Canada (continued)



Support for Businesses

Categories	Newly introduced measures
<p>75% subsidy - Canada Emergency Wage Subsidy (CEWS)</p>	<p>Calculation of the CEWS</p> <p>The wage subsidy amount on “eligible remuneration” paid to an “eligible employee” is <u>the greater of</u>:</p> <ul style="list-style-type: none"> • 75% of the amount of eligible remuneration paid, up to a maximum of \$847 per week (or, if the eligible employee does not deal at arm’s length with the qualifying entity, then nil) • The lesser of: <ul style="list-style-type: none"> ○ The amount of eligible remuneration paid, up to a maximum of \$847 per week, or ○ 75% of the weekly “baseline remuneration” paid <p>*The wage subsidy amount is reduced if the qualifying entity or its eligible employee participate in other government programs, such as the 10% wage subsidy and the Employment Insurance Work-Sharing program (more details below).</p> <p>“Eligible remuneration” includes:</p> <ul style="list-style-type: none"> • Salary and wages • Fees, commissions or other amounts for services • Other remuneration such as amounts for which employers would generally be required to withhold or deduct amounts to remit (e.g. taxable benefits, provided such amounts are actually paid) • <u>Exception</u>: certain amounts are excluded, such as stock option benefits and retiring allowances <p>The “baseline remuneration” in respect to an “eligible employee” means: The average weekly remuneration paid between January 1 and March 15, 2020 inclusively, excluding any seven-day period for which the employee did not receive remuneration.</p>

Government of Canada (continued)



Support for Businesses

Categories	Newly introduced measures												
<p>75% subsidy - Canada Emergency Wage Subsidy (CEWS)</p>	<p>Eligibility for the CEWS</p> <p>The “qualifying entity” has seen a reduction in its “qualifying revenue” for a given “reference period”, in comparison to:</p> <ul style="list-style-type: none"> ● The same monthly period in 2019; or ● An adjusted average of qualifying revenue earned in January and February 2020, if on March 1, 2019 the entity did not carry on a business or otherwise carry on its ordinary activities, or the entity has elected to use this alternative approach for all qualifying periods. ● When an “eligible entity” meets the conditions regarding the required reduction of its qualifying revenue in respect of a particular qualifying period, then the eligible entity is deemed to meet the revenue decline condition in respect of the qualifying period that is immediately following the particular qualifying period. <table border="1" data-bbox="408 762 1896 1120"> <thead> <tr> <th data-bbox="416 762 813 831">2020 Qualifying Period</th> <th data-bbox="813 762 1210 831">Minimum Reduction Required in « Qualifying Revenue »</th> <th data-bbox="1210 762 1896 831">Reference Period</th> </tr> </thead> <tbody> <tr> <td data-bbox="416 831 813 895">From March 15 to April 11</td> <td data-bbox="813 831 1210 895">15%</td> <td data-bbox="1210 831 1896 895">March 2020 compared to: March 2019 <u>or</u> average of January and February 2020</td> </tr> <tr> <td data-bbox="416 895 813 959">From April 12 to May 9</td> <td data-bbox="813 895 1210 959">30%</td> <td data-bbox="1210 895 1896 959">Qualified in March 2020, or April 2020 compared to: April 2019 <u>or</u> average of January and February 2020</td> </tr> <tr> <td data-bbox="416 959 813 1023">From May 10 to June 6</td> <td data-bbox="813 959 1210 1023">30%</td> <td data-bbox="1210 959 1896 1023">Qualified in April 2020, or May 2020 compared to: May 2019 <u>or</u> average of January and February 2020</td> </tr> </tbody> </table> <p>The legislation is drafted to provide flexibility should the government need to extend the subsidy beyond the current expiry of June 6, 2020 up to September 30, 2020.</p> <ul style="list-style-type: none"> ● “Qualifying revenue” is defined as the inflow of cash, receivables or other consideration arising in the course of the ordinary activities of the eligible entity in Canada in the particular period. Generally this includes amounts from: <ul style="list-style-type: none"> ○ the sale of goods ○ the rendering of services, and ○ the use by others of resources of the eligible entity ● Qualifying revenues exclude extraordinary items and amounts derived from persons not dealing at arm's length (subject to specific rules, which are discussed on the next slide) ● Entities may choose to calculate revenues under the accrual method, or elect to use the cash method for all qualifying periods 	2020 Qualifying Period	Minimum Reduction Required in « Qualifying Revenue »	Reference Period	From March 15 to April 11	15%	March 2020 compared to: March 2019 <u>or</u> average of January and February 2020	From April 12 to May 9	30%	Qualified in March 2020, or April 2020 compared to: April 2019 <u>or</u> average of January and February 2020	From May 10 to June 6	30%	Qualified in April 2020, or May 2020 compared to: May 2019 <u>or</u> average of January and February 2020
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Government of Canada (continued)



Support for Businesses

Categories	Newly introduced measures
<p>75% subsidy - Canada Emergency Wage Subsidy (CEWS)</p>	<p>Additional details for registered charities and non-profit organizations For registered charities, qualifying revenue includes revenue from a related business, gifts and other amounts received in the course of its ordinary activities. For non-profit organizations, qualifying revenue includes membership fees and other amounts received in the course of its ordinary activities. Registered charities and NPOs are allowed to choose whether or not to include funding from government sources as part of qualifying revenue. Once chosen, the same approach would have to apply throughout the program period.</p> <p>Special rules for corporate groups and entities not dealing at arm’s length Flexible measures relating to the calculation of “qualifying revenue” are available for certain entities that are members of a group of eligible entities, participants in a joint venture or where all or substantially all of the qualifying revenue is from one or more persons with which the eligible entity does not deal at arm’s length.</p> <ul style="list-style-type: none"> ● Where a group of eligible entities normally prepares consolidated financial statements, each member of the group may determine its qualifying revenue separately, provided all members of the group determine their qualifying revenue on that basis ● Where an eligible entity and each member of an affiliated group of eligible entities of which the eligible entity is a member jointly elect to do so, they can determine their qualifying revenue on a consolidated basis. ● Special rules may also apply in certain circumstances where all or substantially all of an eligible entity’s qualifying revenues (if those revenues were to include non-arm’s length transactions) are from one or more non-arm’s length persons or partnerships, and a joint election is made. When it applies, this rule generally allows the revenue of the non-arm’s length person or partnership to be considered in the determination of the eligible entity’s revenue decline (e.g. where an employer sells all of its output to a related company that in turn earns arm’s length revenues). ● Where all of the interests in an eligible entity are owned by participants in a joint venture and all or substantially all of the qualifying revenue of the eligible entity for a qualifying period is in respect of the joint venture, then the eligible entity may use the qualifying revenues of the joint venture instead of its own qualifying revenues for the purposes of the revenue decrease computation.

Government of Canada (continued)



Support for Businesses

Categories	Newly introduced measures
<p>75% subsidy - Canada Emergency Wage Subsidy (CEWS)</p>	<p>CEWS application</p> <ul style="list-style-type: none"> • The CEWS application has to be filed with the Minister in prescribed form before October 2020. The application can be submitted through the Canada Revenue Agency's My Business Account portal as well as through a web-based application. • Eligible employers can apply for the CEWS starting on April 27, 2020.
	<p>Compliance and anti-avoidance rules</p> <p>The government has introduced anti-avoidance rules to address situations where:</p> <ul style="list-style-type: none"> • An eligible entity, or a person or a partnership not dealing at arm's length with the eligible entity, enters into a transaction or participates in an event (or a series of transactions or events) or takes action (or fails to take action) that has the effect of reducing the qualifying revenues of the eligible entity for the current reference period, and • It is reasonable to conclude that one of the main purposes of the transaction/event was to cause an eligible entity to qualify for the CEWS. <p>In such a case, the eligible entity would be subject to a penalty equal to 25% of the value of the subsidy, in addition to the requirement to repay in full the subsidy that was improperly claimed.</p>
<p>Observation: An employee who has been laid off before the beginning of a qualifying period should be rehired so that he is not without remuneration in respect of 14 or more consecutive days within the qualifying period in order for the employee to be eligible to the CEWS with respect to that period. A procedure has been implemented in order to allow rehired employees in the course of the same qualifying period to "cancel" and reimburse their CERB for that period.</p>	

Government of Canada (continued)



Support for Businesses

Flexibility for income tax filings and payments	
<p>The CRA will allow all businesses to defer the <u>filing</u> of T2 returns for the current taxation year that were due after March 18, 2020 to June 1st, 2020.</p> <p>The CRA defers to September 1st 2020 the payment of installments and income tax for the current tax year that become due on or after March 18, 2020 and before September 2020.</p> <ul style="list-style-type: none"> ● This relief would apply to the tax balance payable, as well as installment payments, under Part I of the Income Tax Act. No interest or penalty will apply to these amounts during this period. <p>All businesses can defer until June 30, 2020, any GST/HST remittances that become owing on or after March 27, 2020 and before June 2020 without interest or penalty. However, the filing deadline for these returns does not appear to be extended. The CRA will allow late filing until June 30, 2020, without interest or penalty.</p> <ul style="list-style-type: none"> ● GST/QST relief is available to filers who were required to remit amounts collected: <ul style="list-style-type: none"> ○ monthly for the February, March and April 2020 reporting periods; ○ quarterly for the period covering January, February and March 2020; ○ annually if the period ended in March, April or May 2020. <p>With respect to customs duties, the due dates for account statements and payment of these fees for March, April and May are extended to June 30, 2020. The CBSA will also temporarily suspend trade compliance activity interaction with importers/exporters and their representatives until April 20, 2020 (i.e. all deadlines imposed in connection with a customs import verification will be automatically extended by a period of time equivalent to the period of suspension. Given the circumstances, the length of this suspension period may be re-evaluated at a later date.)</p> <p>The CBSA will continue to process applications for the duties relief program, and B2 requests for adjustments, which are unaffected by this temporary suspension. Importers that need information about their particular accounting and payment obligations may contact CBSA for more details.</p>	<p>Administrative application</p> <ul style="list-style-type: none"> ● No action is required. The new deadlines and administrative practices apply automatically. ● When the business expects to receive a <u>tax or input tax credit refund</u>, KPMG recommends that the relevant returns be filed as soon as possible. ● In addition, the CRA has indicated that it will be flexible with respect to payment arrangements and will consider requests for relief of penalties and interest. To enter into a payment arrangement, visit the CRA's website. ● For the majority of businesses, the CRA will temporarily suspend audit interaction between taxpayers and representatives.

Government of Quebec

••••• Support for Businesses

Categories	Announced measures	Additional details
 <p>Loans of >50K</p> <p>Concerted temporary action program for businesses (PACTE)</p>	<ul style="list-style-type: none"> This funding program is targeted at companies whose cash flow is affected by the impact of COVID-19. This financial assistance is available to businesses operating in Québec, including cooperatives and other social economy enterprises with commercial activities. Eligible businesses are those that find themselves in a precarious situation and temporary difficulty as a result of COVID-19. They must show that their financial structure offers realistic prospects for profitability. <p>Eligible Projects: Businesses must show that their cash flow issues are temporary and that the liquidity shortage stems from:</p> <ul style="list-style-type: none"> A problem involving the supply of raw materials or products (goods or services) An inability, or a substantially decreased ability, to deliver goods, products or services 	<p>Investissement Québec aims to work in close cooperation with financial institutions and federal authorities (BDC/EDC) in order to share risks</p> <ul style="list-style-type: none"> The minimum funding amount is \$50,000; Refinancing is prohibited; This measure is designed to shore up the business's working capital. <p>Funding details:</p> <ul style="list-style-type: none"> A loan guarantee is the preferred form of financing. Financing can also take the form of a loan from Investissement Québec. <p>How it works: <u>Existing IQ clients:</u> contact the account manager by email or telephone.</p> <p><u>Non-client businesses:</u> to obtain a loan guarantee, contact the financial institution, which will then be able to contact one of the IQ account managers.</p>
 <p>Loans of <50K</p> <p>Concerted temporary action program for businesses (PACTE)</p>	<ul style="list-style-type: none"> This is in addition to the Concerted temporary action program for businesses (PACTE). To help smaller businesses, the Government of Quebec is making available an initial amount of \$150 million to the RCMs and territories. The cities of Montreal and Quebec will each receive \$40 million and \$10 million respectively, of the allocated \$150 million. The other RCMs and equivalent territories will share the remaining \$100 million. 	<ul style="list-style-type: none"> Businesses in all industries, including cooperatives, not-for-profit organizations and social economy enterprises engaged in business activities, will be able to obtain a loan or loan guarantee of up to \$50,000 to address the liquidity shortfall due to COVID-19. Eligible businesses seeking more information or wishing to benefit from this funding can contact their RCM.

Government of Quebec (continued)



Support for Businesses

Categories	Announced measures	Additional details	How to benefit
Concerted Action Program for Maintaining Employment (PACME-COVID-19)	<ul style="list-style-type: none"> The program provides a 100% reimbursement for eligible expenses incurred, for example, professional trainer fees, equipment purchase, and human resources management activities, up to a maximum of \$100,000. Eligible businesses have had their usual activities suspended, reduced, increased or diversified as a result of the COVID-19 pandemic. The PACME reimburses 100% of eligible expenditures of \$100,000 or less and 50% of expenses between \$100,000 and \$500,000. 	<p>Eligible expenses include:</p> <ul style="list-style-type: none"> reimbursement of wages (excluding payroll taxes, maximum allowable salary of \$25 per hour), up to: <ul style="list-style-type: none"> 25% of the payroll of workers in training, if the company receives Canada's emergency wage subsidy of 75%; 90% of the payroll of workers in training, if the company receives Canada's temporary wage subsidy of 10%; 100% of the wages of training workers, if the company does not receive any federal wage subsidy. reimbursement of up to 100% of eligible training expenses, related costs and costs related to human resources management activities, according to the applicable scales (e.g. professional fees). <p>Eligible training activities include:</p> <ul style="list-style-type: none"> Basic staff training; Francization; Digital skills; Continuing education related to the business' activities (whether or not directly related to the trained employee's position); Training recommended by professional orders; Necessary training for the business' recovery; Linked to a strategy to adjust or modify the business' activities in the context of economic uncertainty due to COVID-19, to maintain or diversify the business' activities (safety, telework, etc.); Reskilling of workers. 	<ul style="list-style-type: none"> The program is effective starting April 6, 2020 and will expire on September 30, 2020, or until the \$100 million budget envelope is exhausted. Businesses and self-employed persons must apply by contacting their local employment center. For more information on this new program, please visit the Government's website.

Government of Quebec (continued)



Support for Businesses, Workers and Families

Flexibility for income tax filings and payments	
<p>Companies</p> <p>The filing of any income tax returns (CO-17) that are due from March 17, 2020 to May 31, 2020 is deferred to June 1st, 2020. The payment of the 2019 income tax amounts that become due on or after March 17 and before September 2020 is deferred to September 1st, 2020.</p> <p>This relief would apply to tax balances and provincial instalments payable. No interest or penalty will apply to these amounts during this period.</p> <p>Clarification is expected for the deadlines and terms of payments of the deferred amounts.</p> <p>GST/QST remittances are extended until June 30, 2020. The filing deadline for these returns is not extended at this time. However, Revenu Québec will allow late filing until June 30, 2020, without any interest or penalty.</p> <ul style="list-style-type: none"> Note that the delay for remitting other indirect taxes such as payroll and fuel tax, remains unchanged and is not subject to administrative relief. <p>Individuals</p> <p>The deadline for filing the 2019 income tax return (TP1) and payment of tax is harmonized with the federal government (i.e. the filing is deferred to June 1st (June 15th if in business) and the payment is deferred to September 1st). Payment of QPP, QPIP, HSF and RAMQ contributions is also deferred to September 1st, 2020.</p> <p>Trusts</p> <p>The filing of a trust income tax return for the current taxation year (TP646, T3) is deferred to May 1st, 2020. Payment of income tax and installment payments that become due on or after March 17, 2020 and before September 2020 is deferred to September 1st, 2020.</p> <p>Partnerships</p> <p>Partnerships that are required to file their information return (TP600, T5013) by March 31, 2020, will have until May 1, 2020 to do so. If all members are corporations, when the deadline for filing this return would otherwise be after March 16, 2020 but before May 1st, 2020, this date is also extended to May 1st, 2020.</p>	<p>Administrative application</p> <ul style="list-style-type: none"> No action is required. The application of new production and payment deadlines and new administrative practices is automatic. Where the individual, trust or business expects to receive a <u>tax or an input tax refund</u>, KPMG recommends that the relevant tax return be filed as soon as possible. In addition, tax verification and collection activities will be temporarily suspended. Revenu Québec also indicated that it would be flexible with respect to payment agreements.

Overview - Financial Programs for Businesses

The programs listed below are available to businesses whose cash flow is affected by the impact of COVID-19

	GOVERNMENT OF QUEBEC			GOVERNEMENT OF CANADA						
	PACTE	PACTE – SMB	PACME	BDC – Lending program	EDC – Loan guarantee	EDC – Emergency account	BDC – Working capital loan	BDC – Bridge Program	Wage subsidy (75%)	Temporary wage subsidy
Who to contact?	Clients: Investissement Québec (IQ) Non-clients: Financial institution	Quebec Portal or RCM	Emploi Québec (MTESS)	Financial institution	Financial institution	Financial institution	BDC	BDC Capital	Canada Revenue Agency (CRA) via My Business Account portal	No application is required
Type of financial assistance	Interest bearing loan or loan guarantee	Interest bearing loan	Grant	Interest bearing loan	Loan guarantee	Interest free loan	Interest bearing loan	Convertible notes	Grant	Grant
Authorized amount	Over \$50K	Less than \$50K	- 100% of expenses of \$100K or less - 50% of expenses in excess of \$100K	Up to \$6.25M (80% BDC and 20% financial institution) ²	80% on a maximum amount of \$6.25M	Up to \$40K	Up to \$2M	Equivalent to those committed by existing vendors or new qualified investors	75% of the remuneration paid; maximum of \$847 a week/per employee	10% of the remuneration paid; maximum of \$1,375/eligible employee & max. 25K/employer
Conditions	Case by case, established by the financial institution and IQ	Case by case, established by the financial institution and IQ	Max \$300K per enterprise or until the budget is exhausted	Case by case, determined by the financial institution ³	Case by case, determined by the financial institution	Interest-free	Base rate (BDC) (-) 1.75% (TBC) ⁵	Base rate (BDC) +4%	Considered as taxable income	Considered as taxable income
Deadline	Case by case, established by the financial institution and IQ	Case by case, established by the financial institution and IQ	Projects will be accepted until September 30, 2020 or until the \$100 million budget is allocated	Case by case, determined by the financial institution	Case by case, determined by the financial institution	25% Loan forgiveness (up to \$10K) if repaid by December 31, 2022	36 months including the 12 month capital extension	36 months	Up to 12 weeks, from March 15, 2020	Available from March 18 to June 19, 2020
Type of business	All ¹	SMB and NPO	All	All	All	SMB and NPO	All	Canadian start-ups	All types except public bodies	SMB
Notes		\$150 million budget	\$100 million budget	\$20 billion budget	\$20 billion budget	- Total payroll paid in 2019 is between \$50K and \$1M - \$25 billion budget		Criteria: - Raised >500K\$ in external capital - Backed by qualified VC firm	- Qualifying revenue decreased ⁴ - Retroactive application possible	- Reduce withholding tax remittance - No specific eligibility criteria

¹Refer to PACTE for sectors of activities not eligible.

²Refer to BDC section for the three components of the program to support business of different sizes.

³Loans would only accrue interest for the first 12 months, with a 10-year repayment period.

⁴Refer to Wage subsidy section for more information on decrease of qualifying revenue.

⁵As of May 1st the rate will be the BDC base rate.

Thank you!

Q&A



Sources and useful links



Government of Quebec

Quebec.ca

[Revenuquebec > Incentive Program to Retain Essential Workers](#)

[Investissement Québec > Concerted temporary action program for businesses](#)

Organizations

[COVID-19 - Hydro-Québec](#)

[COVID-19 - SAAQ](#)

[COVID-19 - MAPAQ](#)

[COVID-19 - Régie des alcools](#)

Government of Canada

[COVID-19 > Exporter assistance](#)

[Canada.ca > Canada's COVID-19 Economic Response Plan](#)

[Canada.ca > Work-Sharing](#)

[Canada.ca > Canada outlines measures to support the economy and the financial sector](#)

[Canada.ca > Additional Support for Canadian Businesses](#)

[Canada.ca > Call to action: Canadian Manufacturers needed to help combat COVID-19](#)

[Canada.ca > The Canada Emergency Wage Subsidy](#)

[Canada.ca > Frequently Asked Questions – Temporary Wage Subsidy for Employers](#)

Our Team

Response team leaders



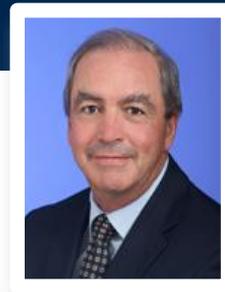
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TALK TO US

We are here to listen. To start the conversation, contact your KPMG team of professionals, write to us at continuuite@kpmg.ca and/or visit our [KPMG COVID-19 Resource Centre](#).

You can also contact directly [Benoit Lacoste Bienvenue](#), Managing Partner, Province of Quebec, [Dev Coossa](#) and [Renaud Beauchesne](#), Partners, Deal Advisory, and [Jean-Philippe Parent](#), Partner and Managing Director, KPMG Corporate Finance Inc.

USEFUL LINKS

www.quebec.ca/coronavirus
www.canada.ca/coronavirus
[KPMG COVID-19 Resource Centre](#)



KPMG is doing its part to « flatten the curve »

To help keep our people, families and communities healthy, we've moved to a virtual work environment. During this time, our offices will only be open to receive mail and client documents. KPMG will continue to support Canadian businesses and organizations through our virtual workplace.

kpmg.ca



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