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A CORONAVIRUS *Survival Guide* FOR MANITOBA BUSINESS

HIGHLY AFFECTED SECTORS CREDIT AVAILABILITY PROGRAM (HASCAP) REFERENCE GUIDE

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Highly Affected Sectors Credit Availability Program (HASCAP) loans are for small and medium-sized businesses that have seen their revenues decrease by 50% or more as a result of COVID-19. Businesses heavily impacted by COVID-19 can access guaranteed, low-interest loans of \$25,000 to \$1 million and are exclusively meant to fund the operational cash flow needs of the business and ensure a degree of operations continuity.

In this reference guide, we will provide comprehensive detail on key elements of the program including:

- How the Program is Administered
- HASCAP Loan Details
- Eligibility Criteria
- Demonstrating Your Lost Revenue

How the Program is Administered: The HASCAP loan itself is issued by primary financial institutions in Canada (i.e., the Big 6 banks). HASCAP Loans are to be made available to Canadian businesses that operate in hard hit sectors, including hospitality, tourism, restaurants, and those that often rely on in-person services.

Your primary financial institution will determine whether you qualify for this program, based on the eligibility criteria established by the Government of Canada.

Unlike CEBA, HASCAP Loans are considered a repayable loan and therefore does not need to be included in your taxable revenue. The program provides loan guarantees to financial institutions and not grants.

HASCAP loans have flexible and competitive terms including a 4% interest rate and a repayment term of up to 10 years. A 12-month postponement of principal payments at the start of the loan may also be available.

HASCAP ELIGIBILITY CRITERIA:

Your primary financial institution will determine whether you qualify for this program, based on the eligibility criteria established by the Government of Canada. The criteria include, but is not limited to:

- Your business is Canadian based.
- Your business must have been financially stable and viable prior to the current economic situation.
- You must be able to demonstrate a minimum 50% revenue decline, for at least 3 months, within the last 8-month period prior to the date of your HASCAP application.
- The loan will be used to continue or resume operations.
- The loan cannot be used to pay or refinance existing debts.
- You can apply for a loan under the HASCAP Guarantee for each legal entity you own, up to a maximum combined amount of \$6.25 million (all legal entities combined).
- Other conditions may also apply.

HOW TO DEMONSTRATE YOUR REVENUE LOSS:

To be eligible for the HASCAP you will need to demonstrate a minimum 50% revenue loss for at least 3 months within the 8-month period prior to your HASCAP loan application. The three months used do not have to be consecutive. The HASCAP revenue validation process will be expedited if you have already received your CEWS and/or CERS.

For this reason, the revenue drop proof requirements will depend on which of following categories your business falls into:

- Has received the CERS and/or CEWS:

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HOW TO DEMONSTRATE YOUR REVENUE LOSS CON'T:

- Have not applied for CERS and/or CEWS, but are eligible (Note: you will need to apply for CEWS and/or CERS to be eligible for HASCAP)
- Not eligible for CERS and/or CEWS:
 - You will have to provide financial statements that reflect at least three months of monthly year-over-year revenue loss of a minimum of 50% per month within the 8 months preceding the loan application.

APPLICATION DEADLINE:

The **HASCAP Guarantee** is available until June 30, 2021.

CRITICAL ADDITIONAL HASCAP PROGRAM INFORMATION:

For more information on the **HASCAP** program, [click here](#) to watch a webinar presented by BDC.

For a list of **Frequently Asked Questions** on the **HASCAP** Program please [click here](#).

Ready to speak to a financial advisor to secure a **HASCAP** loan? [Click here](#) to download this one-page **HASCAP Guarantee reference sheet** and have it on hand to help guide your conversation, as you explore ways that the guarantee can help your financial institution consider your request.

The information on this reference guide and on the Manitoba Business Matters website is based on rapidly-developing relief programs and legislative changes and is produced by Manitoba Business Matters as an information service to Manitoba businesses.

It is not intended to substitute professional advice.

These summaries will be updated as support programs and legislation continues to evolve.

For the most comprehensive and current information, please review the Government of Canada's COVID-19 Economic Response Plan [click here](#).



STAY INFORMED!

As updates related to this program and more is released we will be sending out bulletins and helpful guidance for your business.

[Click here](#) to subscribe to our newsletters to get reliable, up to the minute information right to your inbox.

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CRITICAL ADDITIONAL CEBA PROGRAM INFORMATION:

THINGS TO REMEMBER AFTER YOUR CEBA ARE FUNDED:

- Include the CEBA forgivable portion as income in the year that you receive the CEBA loan for tax purposes
- Repay your loan before Dec 31st, 2022 to get the forgivable portion

NOTE - the forgivable amount of the **CANADA EMERGENCY BUSINESS ACCOUNT** received by an employer is considered **GOVERNMENT ASSISTANCE** and is included in the employer's **taxable income** the year the loan is repaid.

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