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## A CORONAVIRUS *Survival Guide* FOR MANITOBA BUSINESS

### CANADA EMERGENCY RENT SUBSIDY (CERS) BUDGET 2021 PROGRAM CHANGES

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# CANADA EMERGENCY RENT SUBSIDY

## BUDGET 2021 PROGRAM CHANGES



**O**n April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, delivered the 2021 Federal Budget: *A Recovery Plan for Jobs, Growth, and Resilience* – the first Federal Budget since 2019.

The Canada Emergency Rent Subsidy (CERS) was introduced in September 2020 and provides a rent subsidy in respect of eligible rent and mortgage interest expenses of up to \$75,000/ location per claim period, up to a maximum of \$300,000 per claim period. Like the CEWS, the CERS is based on the revenue decline experienced by the qualifying renter in the relevant qualifying period to a maximum of 65%. If the location is subject to a public health restriction during the qualifying period, an additional 25% subsidy is available, with the CERS being up to 90% of an affected qualifying renter's eligible rent expense.

Budget 2021 proposed to extend the CERS program through the summer, ending 25 September 2021 and received Royal Assent on June 29, 2021. However, starting with Period 18 on 4 July 2021, the subsidy rates will be reduced and phased out. The 25% lockdown support top-up subsidy, however, will remain for the balance of the program. Further, while any revenue decline qualifies a qualifying renter for the CERS under the current program, starting with Period 18, qualifying renters whose revenue decline is 10% or less will no longer qualify for the program.

NOTE: The Budget also proposes to provide the Government with the legislative authority to add additional qualifying periods until November 20, 2021, should the economic and public health situation warrant it.

### CERS PROGRAM CHANGES INCLUDE:

- **Extension of program to September 25, 2021 (Period 20)**
- Beginning with Period 17\*\*, only employers with a revenue decline in excess of 10% will be eligible for the CERS
- Gradual phase-out of the subsidy. The maximum base rent subsidy is currently set at 65% through the qualifying period ending on June 5, 2021  
The maximum subsidy rate of 65% will be extended to period 17 (June 6 to July 3, 2021) and then gradually decrease to:
  - 60% for Period 18 (July 4 to July 31, 2021)
  - 40% for Period 19 (August 1 to August 28, 2021)
  - 20% for Period 20 (August 28, 2021 to September 25, 2021)
- The Lockdown Support Program rate of 25% will be extended from June 4, 2021 to September 25, 2021.

\*\* Period 17 of the Canada Emergency Wage Subsidy would be the 10th period of the Canada Emergency Rent Subsidy. Period identifiers have been aligned for ease of reference by the Government of Canada and have been updated in this guide.

|                        | PERIOD 17<br>June 6 - July 3  | PERIOD 18<br>July 4 - July 31   | PERIOD 19<br>Aug 1 - Aug 28   | PERIOD 20<br>Aug 29 - Sept 25   |
|------------------------|---|---|---|---|
| <b>REVENUE DECLINE</b> |   |   |   |   |
| >70%                   | 65%   | 60%   | 40%   | 20%   |
| 50% - 69%              | $40\% + (\text{revenue decline} - 50\%) \times 1.25$ (e.g., $40\% + (60\% - 50\%) \times 1.25 = 52.5\%$ subsidy rate) | $35\% + (\text{revenue decline} - 50\%) \times 1.25$ (e.g., $35\% + (60\% - 50\%) \times 1.25 = 47.5\%$ subsidy rate) | $25\% + (\text{revenue decline} - 50\%) \times 0.75$ (e.g., $25\% + (60\% - 50\%) \times 0.75 = 32.5\%$ subsidy rate) | $10\% + (\text{revenue decline} - 50\%) \times 0.50$ (e.g., $10\% + (60\% - 50\%) \times 0.50 = 15\%$ subsidy rate) |
| >10% - 50%             | Revenue decline $\times 0.8$ (e.g., $30\%$ revenue decline $\times 0.8 = 24\%$ subsidy rate)                          | (Revenue decline - 10%) $\times 0.875$ (e.g., $30\%$ revenue decline - 10%) $\times 0.875 = 17.5\%$ subsidy rate)     | (Revenue decline - 10%) $\times 0.625$ (e.g., $30\%$ revenue decline - 10%) $\times 0.625 = 12.5\%$ subsidy rate)     | (Revenue decline - 10%) $\times 0.25$ (e.g., $30\%$ revenue decline - 10%) $\times 0.25 = 5\%$ subsidy rate)        |
| 0% - 10%               | Revenue decline $\times 0.8$ (e.g., $5\%$ revenue decline $\times 0.8 = 4\%$ subsidy rate)                            | 0%  | 0%  | 0%  |

# CANADA EMERGENCY RENT SUBSIDY

## BUDGET 2021 PROGRAM CHANGES



**Revenue-Decline Calculation:** Both the rent subsidy and the wage subsidy use the same calculation to determine an organization's revenue decline. As a result, the same reference periods are used to calculate an organization's decline in revenues for the wage subsidy and the rent subsidy. Likewise, if an organization elects to use an alternative method for computing its revenue decline under the wage subsidy, it must use that alternative method for the rent subsidy.

Expenses for each qualifying period remain capped at \$75,000 per location and are subject to an overall cap of \$300,000 that is shared among affiliated entities

The Qualifying Expenses for the CERS program remains the same as outlined for Periods 1 — 10. To view the complete CERS program reference guide currently in effect please [click here](#).

Manitoba Business Matters will continue to update the CEWS Program information as legislation passes. To receive these updates, please subscribe to our newsletter.

### CRITICAL ADDITIONAL CERS PROGRAM INFORMATION:

NOTE: The **Canada Emergency Rent Subsidy** received by an employer is **considered government assistance** and is included in the employer's **taxable income**. It is, however, specifically excluded from the definition of revenue for the purpose of the revenue reduction calculation.

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](#).



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