

WEBINAIRE COVID-19

# Découvrez les mesures d'aide économiques et fiscales

WEBINAR COVID-19

# Understanding economic and fiscal measures

Vendredi 27 mars 2020  
Friday, March 27th, 2020

# Responding to COVID-19 crisis

**How to help your business with the new  
financial measures recently put in place  
by governments and institution**



Friday March 27, 2020

# Navigate in Uncertainty



## PWC COVID-19 Navigator

Assess the potential impact on your business and your ability to react



PwC Navigator: <https://www.pwc.com/ca/en/covid-19.html>

### Diagnosis



An assessment of your company's position for each area of intervention



Insights and recommendations for potential areas to focus on



Key questions to ask and how to access more information

# Six Priority Aspects



## **Workforce Support**

For large-scale teleworking  
Managing global mobility issues  
Staff communications



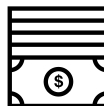
## **Crisis management and intervention**

Business continuity plans  
Incident management plans under various scenarios  
Evidence-based and effective communications  
Responses to government priorities



## **Activities and supply chain**

Supply chain modulation  
Alternative supply chain scenarios  
Pre-approved raw material substitutions  
Adaptation of pricing strategies



## **Financial reporting**

Financial market watch and intervention measures  
Assessment of the direct effects of the situation on the results  
Risk analysis for future reporting  
Impact on liquidity and capital resources



## **Taxes, duties and trade**

Business continuity with clients  
Identification of government assistance measures  
Immigration for nationals  
Estimated taxes to be expected



## **Financial planning and analysis**

Scenario and cash flow plans  
Strong forecast assumptions  
Planning and scenario planning capacity

# PwC Crisis Intervention Framework



## Mobilize

- Health and security
- Staff and mobility
- Communication strategy
- Crisis management and business continuity

## Stabilize

- Activities and supply chain
- Contracts and third parties
- Transformation opportunities
- Projections and cash

## Strategize

- Mergers and Acquisitions
- Cost transformation
- New business model
- Preparation for contract disputes

# Welcome to the Webinar!



## Presenters



### **Julien Lassonde**

Partner, National Incentives  
Leader, Tax Services  
[julien.lassonde@pwc.com](mailto:julien.lassonde@pwc.com)



### **Daniel Lamer**

Senior Manager, Tax and  
Government Incentives  
[daniel.lamer@pwc.com](mailto:daniel.lamer@pwc.com)



### **Pierre-Olivier Paquet**

Manager, Tax and Government  
Incentives  
[pierre-olivier.paquet@pwc.com](mailto:pierre-olivier.paquet@pwc.com)



# Beyond COVID-19

How To Help Your Business With  
Government Financial Aid Programs



# Main Business Support Measures Announced as Part of the Economic Response to COVID-19 - Overview



## Federal

- **Canadian Plan to Mobilize Industry** (SIF, IRAP, Innovation Superclusters, call to manufacturers)
- **New Business Credit Availability Program** (BDC loan and EDC guarantee)
- Enhancement of the Employment Insurance Work-Sharing Program
- Temporary Wage Subsidy for Small Businesses
- Deferral of installment payments and taxes until September 1, 2020
- Increased Canadian Research and Development Capacity
- Increase in credit available to farmers and the agri-food sector
- CED support to companies affected by COVID-19

## Provincial

### Quebec

- Temporary Concerted Action Program for Businesses (PACTE)
- Easing measures related to outstanding loans and loan guarantees
- Call for contributions from manufacturers of medical supplies and equipment
- Deferral of installment payments and taxes until September 1, 2020

## Municipal

### Montreal

- Postponement of the deadline for the 2nd payment of municipal taxes
- Emergency financial assistance (\$5 million to support retail, social economy, creative and cultural industries and tourism)
- Automatic moratorium on capital and interest (PME MTL network offers an automatic moratorium of six months on capital and interest)
- Other city assistance programs

### Quebec City

- City postpones upcoming municipal tax payments
- Other city assistance programs



# Main Measures - by Type of Support



## Employment Related Support

- Canadian Emergency Response Benefit (\$2,000 / month, maximum 4 months)
- Improvement of Employment Insurance Program (Work-sharing, quarantine, self-employed workers, etc.)
- Temporary Wage Subsidy for Small Businesses

## Other Incentives

- Canadian Plan to Mobilize Industry (SIF, IRAP, Innovation Superclusters, call to manufacturers)
- Increased Canadian Research and Development Capacity
- Call for contributions from manufacturers of medical supplies and equipment (Quebec)

## Various Bridge Loans and Deferrals

- New Business Credit Availability Program (BDC and EDC)
- Temporary Concerted Action Program for Businesses (IQ - PACTE)
- Deferral of installment payments and taxes until September 1, 2020
- Increase in credit available to farmers and the agri-food sector
- CED support to companies affected by COVID-19
- Easing measures related to outstanding loans (IQ, BDC, DEC, FTQ, Fondation, chartered banks)

# Cash Flow Related Measures and Ideas to address immediate and longer-term needs



## Long term – Higher value

- Application for direct financial assistance within the framework of existing programs (ESSOR, FSI, DEC, etc.) for investments in technology enabling or facilitating remote work, automation, etc.
- Acceleration of strategic investments that will ease the way out of the crisis
- Measures announced in the Quebec budget of March 10, 2020:
  - Investment and Innovation Tax Credit (C3i)
  - Incentive deduction for the commercialization of innovations

## Immediate - higher value

- Deferral - payment of installments and taxes until Sept. 1, 2020
- Transfer of tax installments to the GST / QST or DAS account
- Acceleration of the processing of tax credit claims
- New Business Credit Availability Program (BDC and EDC) (new loans)
- Temporary Concerted Action Program for Businesses (PACTE) (loan guarantees and loans)
- Canadian Plan to Mobilize Industry (SIF, IRAP, Innovation Superclusters, call to manufacturers)
- Submitting applications to organizations supporting innovation (Invest AI, Scale AI, etc.)
- Increase in credit available to farmers and the agri-food sector

## Long term

- Synergy capital tax credit (announced in the Quebec budget of March 10, 2020)
- Debt refinancing
- Miscellaneous tax planning
  - Freeze / refreeze
  - Loss reporting with acceleration
  - Emigration

## Immediate

- Temporary Wage Subsidy for Small Businesses
- Payment deferrals or relaxation of terms for outstanding loans (municipal taxes and levies, IQ, BDC, DEC, FTQ, Fondation, chartered banks)
- Agreement to defer rent payments

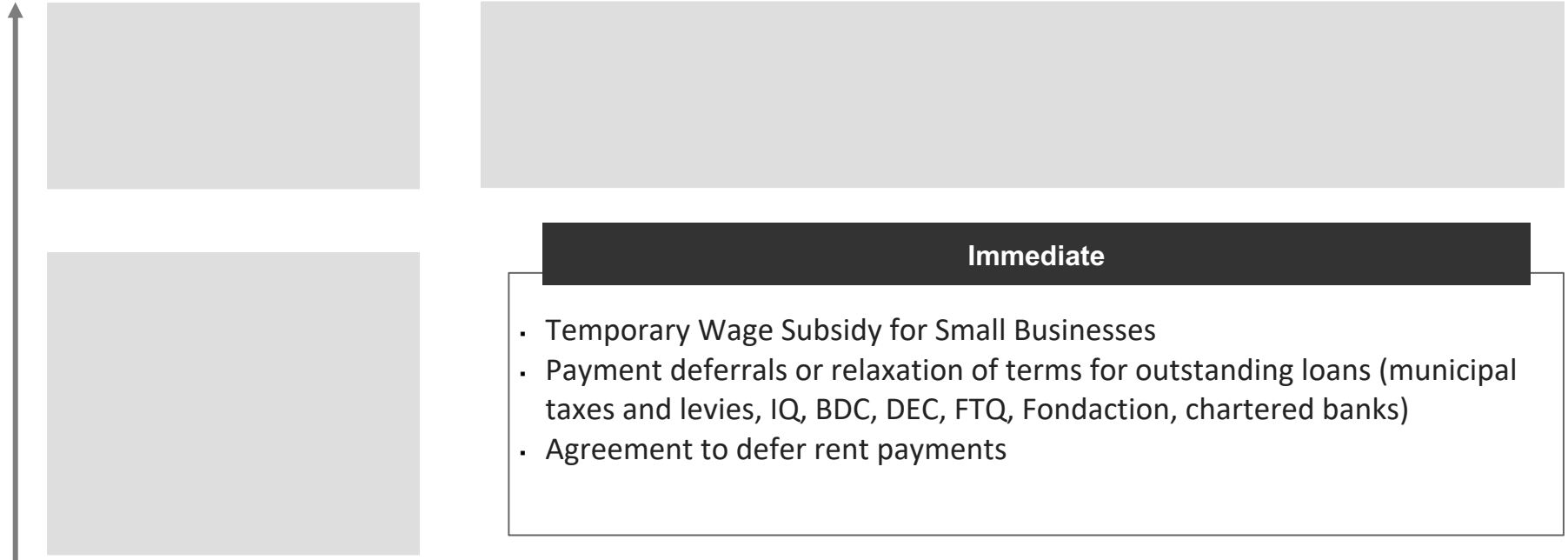
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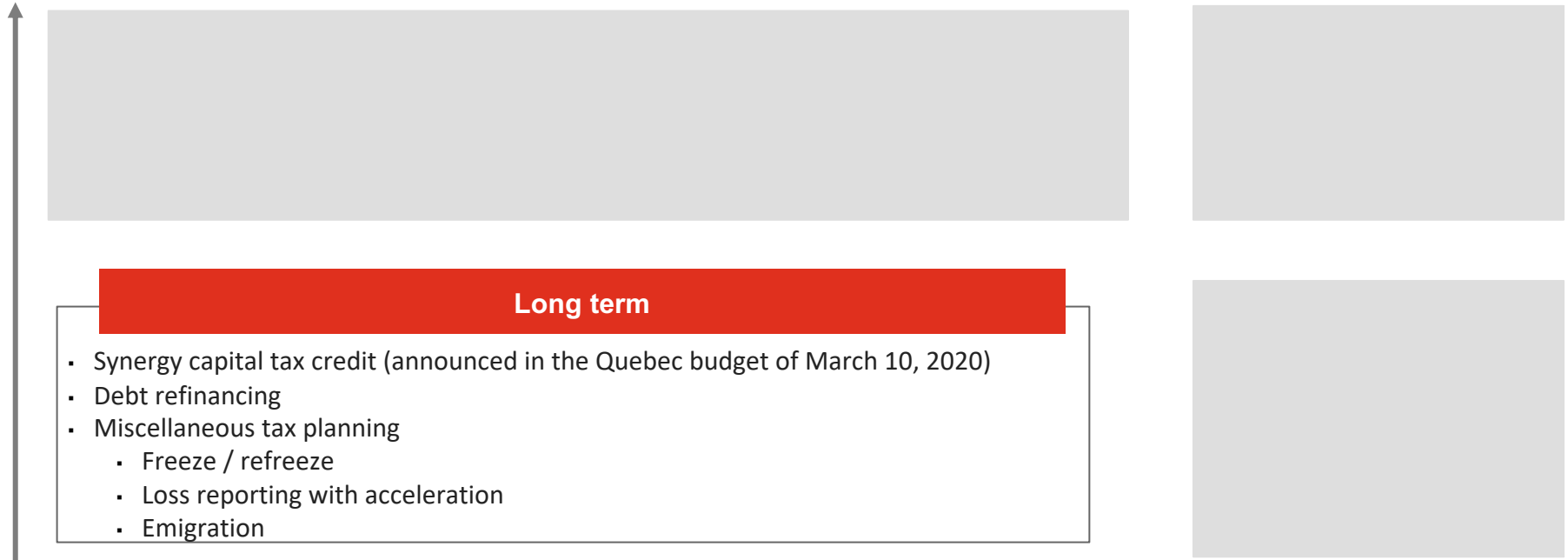
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# Cash Flow Related Measures and Ideas to address immediate and longer-term needs





# Financial Support from Federal Organisations



		BDC	EDC
New loans	Working Capital Emergency Loans [1]	Up to \$ 2M	
	Loan Guarantees		Up to \$ 5M
	Deferral – capital and interest	Up to 12 months	Case by case
	Loan amortization period	24 months after end of deferral	Case by case
	Rate	Base rate less 1,75 %	
Existing Loans	Capitalization of interest	Possible	
	Deferral - capital payments	Up to 6 months	Possible
Other Considérations	File evaluation fee	500 \$	
	Personal guarantee	May be required	
	Priority	Subordinate	
	Flexibility on standard clauses	Yes	

		BDC	EDC
Required Information	Standard Process	Yes	
	Historic financial statements	Up to 3 years	
	Annual budget	Yes	
	Financial statements of current year	Yes	
	Cash flow projections	Yes	
	Description of the effects of COVID-19, including cash flow requirements	Yes	
	Registration certificate	Yes	
	Organizational chart	Yes	
	Action plan to counter the effects of COVID-19	Yes	
	Age of customer accounts	Yes	

[1] BDC: Refer to the PwC toolbox for more details on the process. For IQ, the program relies on the applicant's financial institution.

# Financial Support from the Québec Government



		IQ [1]
<b>New loans</b>	Working Capital Emergency Loans [1]	50 000 \$ and more
	Loan Guarantees	50 000 \$ and more
	Deferral – capital and interest	Up to 12 months
	Loan amortization period	From 36 to 60 months
	Rate	Around 3,00 %
<b>Existing loans</b>	Capitalization of interest	If required
	Deferral - capital payments	Up to 6 months
<b>Other considerations</b>	File evaluation fee	N/A
	Personal guarantee	Yes, for loans of less than \$ 1M
	Priority	Subordinate
	Flexibility on standard clauses	Yes

		IQ [1]
<b>Required information</b>	Standard Process	Yes
	Historic financial statements	Up to 3 years
	Annual budget	Yes
	Financial statements of current year	Yes
	Cash flow projections	Yes
	Description of the effects of COVID-19, including cash flow requirements	Yes
	Registration certificate	Yes
	Organizational chart	Yes
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# Success Factors



Prepare your application:

- Last three years of annual financial statements
- Latest interim financial statements
- Short-term cash flow
- Full financial forecast as needed
- Action plan
- How COVID-19 affects your business
- Demonstrate the efforts of managers and partners (salaries, capital leave, rent leave, etc.)
- Do not hesitate to coordinate different assistance plans (BDC, IQ, EDC)



# Questions



# Thank you



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