



GOLF INDUSTRY:  
Cash Flow Strategies &  
Government Relief amid  
COVID-19



# SPEAKERS

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# FEATURES OF THE PLATFORM



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# AGENDA

Financing  
Programs

Tax  
Deadlines

Wage  
Subsidies

Workforce  
Government  
Support

# GOVERNMENT SUPPORT – LOAN SUBSIDY

- Canada Emergency Business Account (CEBA)
- Business Credit Availability Program (BCAP)
- Guarantees on Loans and Co-lending Program



# GOVERNMENT SUPPORT

## COVID-19 Fiscal support for Businesses

### Canada Emergency Business Account (CEBA)

\$25 billion program announced March 27, providing loans to small businesses and not-for-profits.

\*Program is available through your existing financial institution

- ▶ Government guaranteed loan of up to \$40,000 to help eligible businesses pay for operating costs.
- ▶ Repaying the balance of the loan on or before Dec 31, 2022 will result in loan forgiveness of 25% (up to \$10,000).
- ▶ To qualify organization will need to demonstrate they paid between \$20,000 to \$1.5 million in total payroll in 2019.

# GOVERNMENT SUPPORT

## COVID-19 Fiscal support for Businesses

### ▶ COVID-19 Relief Program - Business Credit Availability Program (BCAP)

\$65 billion program through EDC and BDC in direct lending to help Canadian business owners with financing and credit insurance solutions.

- ▶ Purpose is to cover cash flow shortages over the next 6 months
- ▶ BDC Application requirements; including cash flow projections, financial statements and evidence of discussing need with current lender.
- ▶ BDC: 1-877-232-2269
- ▶ EDC: 1-800-229-0575

# GOVERNMENT SUPPORT

## COVID-19 Fiscal support for Businesses

### ▶ COVID-19 Relief Program - Guarantees on Loans and Co-lending Program (with financial institutions)

\$20 billion potential lending under each the Loan Guarantee and Co-lending Programs.

- ▶ EDC will guarantee new operating credit and cash flow term loans up to \$6.25 million.
- ▶ Co-lending program, eligible businesses may obtain incremental credit amount up to \$6.25 million. Eligible financial institutions will conduct underwriting and manage customers.





# FEDERAL TAX FILING AND PAYMENT DEADLINES



# FEDERAL TAX FILING AND PAYMENT DEADLINES

	Tax Filing Deadlines (New Federal)	Payment Deadlines (New Federal)
Individuals	June 1, 2020	September 1, 2020
Self-Employed Individuals and their Spouse	June 15, 2020	September 1, 2020
Trusts*	May 1, 2020	September 1, 2020
Partnerships*	May 1, 2020	Not applicable
Corporations	The due date is extended to June 1, 2020, if the return is due on between March 18 and June 1, 2020	Part I tax payment and instalments are extended to September 1, 2020

<https://www.bdo.ca/en-ca/insights/tax/tax-alerts/tax-alert-federal-and-provincial-governments-extend-various-tax-filing-and-payment-deadlines/>

# FILING AND PAYMENT DEADLINES INDIRECT TAX: GST/HST, QST, PST

	Tax Filing Deadlines (New Federal)	Payment Deadlines (New Federal)
Federal	No change - No late filing penalty will be applied if filed by June 30, 2020	June 30, 2020
Quebec	No change	June 30, 2020
British Columbia - PST	September 30, 2020 - with due dates after March 23rd	September 30, 2020 - with due dates after March 23rd
Manitoba - RST	June 22, 2020 - April and May deadlines for small businesses with remittances $\leq$ to \$10,000	June 22, 2020 - April and May deadlines for small businesses with remittances $\leq$ to \$10,000
Saskatchewan	Relief on penalties and interest for 3 months on an as needed basis	Relief on penalties and interest for 3 months on an as needed basis

# OTHER TAX PLANNING CONSIDERATIONS

- ▶ Provincial Subsidy Programs (example: EHT)
- ▶ Transfer Past Instalment Overpayments to Payroll
- ▶ Capital Loss Planning
- ▶ Estate freeze/thaw

# GOVERNMENT SUPPORT – WAGE SUBSIDY

- Temporary Emergency Wage Subsidy (TEWS)
- Canada Emergency Wage Subsidy (CEWS)



# GOVERNMENT SUPPORT

## ▶ \$25,000 Temporary Emergency Wage Subsidy (TEWS)

- Permits eligible employers to reduce income tax remittances by 10% of the remuneration paid to employees
- Eligible employers include: Individuals, Eligible CCPC's\*, Partnerships\*, NPO, Charity
  - \*CCPC's with taxable capital under \$15M in the prior year
- The subsidy applies between the periods of March 18<sup>th</sup> and June 20<sup>th</sup>, 2020
- Subsidy permits a maximum reduction of \$1,375 per employee and \$25,000 per employer
- An employer cannot reduce its required CPP or EI
- If you do not reduce your remittances, but qualify, you can ask for the subsidy to be paid to you at the end of the year, or transferred to next year
- The subsidy is considered to be taxable and you must report it in the year received
- Keep adequate support of your calculations

# GOVERNMENT SUPPORT

## ▶ \$25,000 Temporary Emergency Wage Subsidy Example

- 5 employees earning \$4,100 per month for a total payroll of \$20,500
- The monthly subsidy would be 10% of \$20,500 or \$2,050
  - Key Reminders:
    - Cap per employee - \$1,375
    - Cap per company - \$25,000
    - You cannot reduce your remittance of CPP or EI premiums

# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS) - Received Royal Assent

- 75% wage subsidy paid to eligible employers for 12 weeks, retroactive to March 15<sup>th</sup>, 2020

### Eligible Employers

- Eligible employers include the following that see a drop of at least 15% of their revenue in March 2020 and 30% for the following months (*Eligible Periods*):
  - Individuals
  - Taxable corporations (*note the difference between the temporary wage subsidy*)
  - Partnerships consisting of eligible employers
  - Non-profit organizations
  - Registered Charities
- Public bodies are not eligible for the subsidy including municipalities and local governments, Crown corporations, wholly owned municipal corporations, public universities, colleges, schools and hospitals



# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS)

### Calculating Qualifying Revenues

- An employer's revenue for this purpose is its revenue in Canada earned from arm's length sources. Revenue is calculated using the employer's normal accounting method, and excludes revenues from extraordinary items and amounts on account of capital
  - *Specifically, 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 - generally from the sale of goods, the rendering of services and the use by others of resources of the eligible entities in Canada*
- Employer's are allowed to calculate revenue under the accrual method or the cash method, but not a combination of both. You must continue to use the same method for the duration of the program
- Special rules are available for the computation of revenue to take into account certain non-arm's length transactions. For example, in a situation where an employer sells all of its output to a related company that in turn earns arm's length revenue
- Affiliated groups are able to compute revenue on a consolidated basis
- For NPO's, the calculation includes most forms of revenue, excluding revenue from non-arm's length persons and these organizations are allowed to choose whether or not to include revenue from government sources as part of the calculation

# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS) - Amount of the Subsidy

### Arm's Length Employees

- Subsidy is the greater of:
  - 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week; *and the lessor of* ->
  - The amount of remuneration paid, up to a maximum benefit of \$847 per week; *or*
  - 75% of the employees pre-crisis weekly remuneration
- Pre-crisis remuneration:
  - Average weekly remuneration paid between January 1 - March 15<sup>th</sup> inclusively, excluding any seven day periods where the employee did not receive remuneration
- Eligible remuneration may include salary, wages and other remuneration like taxable benefits. These are amounts for which employers would generally be required to withhold or deduct remittances

### Non-Arm's Length Employees

- Non-arm's length employees are eligible provided they were employed prior to March 15<sup>th</sup>, 2020
  - Maximum benefit is the lessor of \$847 per week and 75% of the employee's pre-crisis weekly remuneration

# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS)

### Eligible Periods

- Eligibility is determined by the change in an eligible employer's monthly revenues, year-over-year, for the calendar month in which the period began
- Two approaches:
  - Compare the average revenue earned in January and February 2020 vs March, April and May 2020
  - Compare revenue earned in March, April and May 2019 vs March, April and May 2020
- Once you choose an approach, you must use the same approach for the entire program
- The wage subsidy received in a given month is excluded from your revenues for that month\*
- ABC Inc. is a start-up that started its operations last September. It reported revenues of \$100,000 in January and \$140,000 in February, for a monthly average of \$120,000. In March, its revenues dropped to \$90,000. Because revenues in March are 25 per cent lower than \$120,000, ABC inc. would be eligible for the CEWS for the first claiming period. To be eligible for the following claiming period, ABC Inc. revenues would have to be \$84,000 or less for the month of April (that is, 30 per cent lower than \$120,000).

# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS)

### Eligible Periods

	Claiming period	Required reduction in revenue	Reference period for eligibility
<b>Period 1</b>	March 15 to April 11	15%	March 2020 over: <ul style="list-style-type: none"><li>• March 2019 or</li><li>• Average of January and February 2020</li></ul>
<b>Period 2</b>	April 12 to May 9	30%	Eligible for Period 1 <b>OR</b> April 2020 over: <ul style="list-style-type: none"><li>• April 2019 or</li><li>• Average of January and February 2020</li></ul>
<b>Period 3</b>	May 10 to June 6	30%	Eligible for Period 2 <b>OR</b> May 2020 over: <ul style="list-style-type: none"><li>• May 2019 or</li><li>• Average of January and February 2020</li></ul>

# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS)

### Eligible Employees

- Eligible employees include individuals employed in Canada
- Available to all employees other than those who have been without remuneration for 14 or more consecutive days in the eligible period (CERB)
- Any subsidy received from the 10% wage subsidy will reduce the amount available under the CEWS
- Any benefits received by an employee through regular EI or the Work Sharing program will reduce the amount the employer is eligible to receive under the CEWS

### Application Process

- Apply through CRA's *My Business Account* portal
- Eligible entities must apply before October 2020 and attest to the accuracy of the application
- Cash should be available within 2 - 5 weeks of applying
- Significant penalties for artificial transactions including a repayment of the full subsidy received, a penalty of 25% of the subsidy, and potentially jail time

# GOVERNMENT SUPPORT

## ▶ Canada Emergency Wage Subsidy (CEWS)

### Additional Refund for Certain Payroll Contributions

- 100% refund for certain employer-paid contributions to the EI, CPP, QPP, Quebec Parental Insurance Plan. This is new and over and above the actual CEWS
- Covers eligible employees for each week throughout which those employees are on leave with pay and for which the employer is eligible to claim the CEWS for these employees
- In general, an employee is considered to be on leave with pay throughout a week if that employee is remunerated by the employer for that week but does not perform any work for the employer in that week
- The refund is not available for eligible employees that are on leave with pay for only a portion of the week
- This refund is not subject to the weekly maximum benefit per employee of \$847
- There is no overall limit on this refund
- Employers are still required to collect and remit EI, CPP on time and should apply for this refund as they apply for the CEWS



# WORKFORCE GOVERNMENT SUPPORT



# WORKFORCE GOVERNMENT SUPPORT

## COVID-19 Fiscal stimulus

### Work-Sharing Program

This program is designed to help eligible employers avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer.

- ▶ The program is available to both federally and provincially regulated employers.
- ▶ The Government of Canada has extended the maximum duration of Work-sharing agreements to 76 weeks and waived the mandatory waiting period.



# WORKFORCE GOVERNMENT SUPPORT

## COVID-19 Fiscal stimulus

### Canada Emergency Response Benefit (CERB)

This is a taxable benefit for workers who lose their income as a result of the COVID-19 pandemic.

- ▶ Eligible recipients would have access to this taxable benefit of \$2,000 a month for up to four months.
- ▶ Simple and easy to access where Canadians would begin to receive their CERB payments within 10 days of application.
- ▶ The program is available from March 15, 2020 until October 3, 2020.



# Q&A

Please type questions into the Q&A box.



HOW DO WE ADAPT TO COVID-19?

CHECK OUT OUR HUB FOR THE LATEST NEWS  
AND INFORMATION:

[HTTPS://WWW.BDO.CA/COVID-19](https://www.bdo.ca/covid-19)

[HTTPS://GOLFCANADA.CA/COVID-19](https://golfcanada.ca/covid-19)



# THANK YOU FOR JOINING US!

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