



TaxNewsFlash

Canada

Canada Rolls Out New COVID-19 Business Support Programs

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Certain businesses may now determine whether they are eligible for the new Tourism and Hospitality Recovery Program. The government revealed additional eligibility details for this new program in legislation introduced on November 24, 2021 as part of Bill C-2. This legislation, which has not yet been enacted, extends the Canada Recovery Hiring Program (CRHP) until May 7, 2022 (from November 20, 2021), and introduces the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program to provide additional recovery subsidies for certain businesses.

In particular, the Tourism and Hospitality Recovery Program is intended to provide support through wage and rent subsidies to organizations such as hotels, tour operators, travel agencies, and restaurants, with a subsidy rate of up to 75%. The legislation outlines the types of business that would be eligible for this support.

Background

In response to COVID-19, Canada enacted fiscal and tax relief intended to support individuals and businesses. Among other measures, Canada introduced a temporary CRHP, beginning June 6, 2021, that is intended to offset a portion of an employer's additional remuneration costs as they reopen, either as a result of increasing wages or hours worked, or hiring more staff. This subsidy provides eligible employers with a subsidy of up to 50% on the incremental remuneration paid to eligible employees starting June 6, 2021, and was originally scheduled to reduce to 20% of incremental remuneration paid for the period of October 24, 2021 to November 20, 2021 (i.e., period 22). For further details, see *TaxNewsFlash-Canada* 2021-23, "[Budget Brings Hiring Subsidy and Extends COVID-19 Support](#)".

Canada proposed changes to Canada's COVID-19 support programs on October 21, 2021 to extend the Canada Recovery Hiring Program (CRHP) until May 7, 2022, increase the subsidy rate for the CRHP to 50%, from October 24, 2021 and introduce the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program. To qualify for this support, businesses would be required to demonstrate significant revenue losses over the course of 12 months of the pandemic, as well as revenue losses in the current month. These new support programs, which also include a new subsidy for organizations subject to further qualifying public health restrictions, effectively replaced the Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS) and Lockdown Support programs, which expired on October 23, 2021. For details, see *TaxNewsFlash-Canada* 21-49, "[COVID-19 — Changes Ahead for Business Support Programs](#)".

Tourism and Hospitality Recovery Program

The government introduced legislation to implement the Tourism and Hospitality Recovery Program, which provides up to 75% wage and rent subsidy support to select tourism and hospitality businesses. To qualify, organizations must have:

- An average monthly revenue reduction of at least 40% over the first 13 qualifying periods for the CEWS (i.e., a 12-month revenue decline), and
- A current-month revenue loss of at least 40% (under the rules applicable under the previous wage and rent subsidy programs).

To qualify for the subsidy support, eligible organizations must have earned more than 50% of their pre-pandemic revenues from carrying on certain activities that include:

- Operating or managing a facility providing short-term lodging (such as a hotel, motel, cottage, bed and breakfast or youth hostel)
- Preparing and serving meals, snacks and beverages for immediate consumption (such as a restaurant, food truck, caterer, coffee shop, food concession or bar)
- Operating a travel agency or operating as a tour operator, or organizing, promoting, or supporting scenic and sightseeing tours
- Preserving and exhibiting objects and sites of historic, cultural or educational value (such as a museum, historic and heritage site, zoo, botanical garden, nature park)
- Organizing, promoting, hosting, supporting, or participating in artistic or cultural events, including public live performances or exhibits
- Providing certain charter bus services

- Operating or managing certain recreational activity facilities (such as a fitness and recreational sports centre, ski/snowboard area, amateur sports club or docking and storage facility for pleasure-craft owners)
- Operating or managing certain camps (such as an overnight recreational camp, hunting camp, fishing camp or serviced or unserviced sites to accommodate campers and their equipment)
- Operating or managing certain amusement facilities (such as a cinema, arcade, theme park, indoor play area or casino)
- Operating or managing an airport, a duty-free retail store at certain land border crossings or operating a facility allowing passengers to board and leave a cruise ship
- Promoting a destination or region in Canada for the purpose of attracting tourism
- Organizing, planning, promoting, hosting or supporting conventions, trade shows, weddings, parties, or similar events.
- Promoting the interests of the members of a related industry organization or association.

The legislation notes that certain businesses that will not be eligible for this support include, among others, golf courses and ranges, country clubs, professional sports clubs, mobile home sites, supermarkets and convenience stores.

Other changes

The legislation also includes other previously announced changes to COVID-19 support programs. Specifically, the bill:

- Extends the Canada Recovery Hiring Program until May 7, 2022 (from November 20, 2021), for eligible employers with current revenue losses above 10% and increases the subsidy rate to 50%, as of October 24, 2021
- Introduces the Hardest-Hit Business Recovery Program to provide support through wage and rent subsidies to businesses that don't qualify for the Tourism and Hospitality Recovery Program, but have faced deep losses, with a subsidy rate of up to 50%
- Introduces the Local Lockdown Program to provide businesses that face temporary new local lockdowns up to the maximum amount available through the wage and rent subsidy programs

- Increases the aggregate monthly cap on eligible expenses that can be claimed under the rental subsidy to \$1 million, including any amounts claimed by affiliated entities (from \$300,000), starting October 24, 2021
- Extends the Canada Recovery Caregiving Benefit and the Canada Recovery Sickness Benefit until May 7, 2022 (from November 20, 2021) and increase the maximum duration of the caregiving benefit to 44 weeks (from 42 weeks) and the sickness benefit to 6 weeks (from 4 weeks)
- Establishes the Canada Worker Lockdown Benefit to provide \$300 a week in income support to eligible workers who are directly impacted by a COVID-19-related public health lockdown in their region up until May 7, 2022 (available retroactively from October 24, 2021).

For additional details on these changes, see *TaxNewsFlash-Canada* 21-49, "[COVID-19 — Changes Ahead for Business Support Programs](#)".

We can help

It is important for businesses to understand the complex rules and requirements of Canada's COVID-19 support measures. As your trusted advisors, we're here to help. Because every business is unique, our experienced professionals may be able to assist you with establishing that the methodology you use to determine eligibility is consistent with similar organizations in your sector and across Canada.

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