

Canada Emergency Rent Subsidy (CERS) Updates Contained in the 2021 Federal Budget

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On April 19, 2021, the Federal Government tabled in the House of Commons a new budget (Budget 2021) promising, among other things, continued support for COVID relief programs including the Canada Emergency Rent Subsidy (CERS). Alongside an extension of the Canada Emergency Wage Subsidy (CEWS), Budget 2021 proposes to extend CERS, including Lockdown Support, to September 25, 2021. As discussed in our prior articles, CERS was implemented by the Federal Government on November 19, 2020, to provide direct subsidies to eligible tenants and property owners for rent and property expenses, and was set to expire in June 2021.

While Budget 2021 would extend the timeline of availability of the base rent subsidy and Lockdown Support to claim periods between June 6 and September 25, 2021, it proposes an incremental reduction per claim period in the base rent subsidy rates provided to organizations based on their revenue decline, with the goal of gradually phasing out the base rent subsidy. The proposed base rent subsidy rates as outlined on the Government of Canada website are as follows:

Revenue Decline (%)	June 6 – July 3	July 4 – July 31	August 1 – August 28	August 29 – September 25
70% and over	65%	60%	40%	20%
50-69%	40% + (revenue decline - 50%) x 1.25	35% + (revenue decline - 50%) x 1.25	25% + (revenue decline - 50%) x 0.75	10% + (revenue decline - 50%) x 0.5
>10-50%	Revenue decline x 0.8	(Revenue decline - 10%) x 0.875	(Revenue decline - 10%) x 0.625	(Revenue decline - 10%) x 0.5
0-10%	Revenue decline x 0.8	0%	0%	0%

Under Budget 2021, for the above-noted claim periods beginning July 4, 2021, onward, organizations experiencing a decline in revenues of 10% or less would no longer qualify for the base rent subsidy or Lockdown Support. Nevertheless, for organizations that are required to shutdown or significantly limit operations under a public health order, the Lockdown Support program would be maintained at its current subsidy top-up rate of 25% (in addition to the base rent subsidy received), so long as such organizations have qualified for the base rent subsidy. For example, a restaurant that has to close its in-dining services as a result of an Ontario Stay-at-Home order and experiences a revenue decline of greater than 10% from and after July 4, 2021, will be entitled to the corresponding base rent subsidy for the applicable claim period shown above, in addition to a 25% Lockdown Support top-up. Eligible expenses for each qualifying period remain capped at \$75,000 per qualifying property (base subsidy and top-up subsidy) and continue to be subject to an overall cap of \$300,000 for all qualifying properties (including any amounts claimed by affiliated businesses) with respect to the base subsidy only.

Please contact Cassels with any questions you may have regarding this program. Given the technical nature of this program, property owners and tenants who may look to benefit from CERS should seek legal and advisory counsel as soon as possible. We look forward to guiding you during these uncertain times.

For information about tax measures in the 2021 federal budget, see our Federal Budget Briefing.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.