

Responses to questions from April 30th, 2020 Medical Staff Forum

Please note the responses below are current as of May 3, 2020. Government related measures are changing on an ongoing basis so consult the Government Canada website (<https://www.canada.ca/en/department-finance/economic-response-plan.html>) or your trusted financial, tax and/ or banking professional for the latest information.

#	Question	Response
1	Is there a window of time where application of the \$40K can be applied for?	<p>The Government of Canada has not set an application deadline at this time for the \$40,000 loan program known as the Canadian Emergency Business Account (CEBA).</p> <p>Please consult your banking professional to see if they are implementing an application deadline as they are taking in the applications on behalf of the government.</p> <p>As for spending the borrowed funds you receive from the program, the government is very clear that it is intended for non-deferable business operating expenses such as:</p> <ul style="list-style-type: none"> • payroll • rent • utilities • insurance • property tax • regularly scheduled debt payments <p>Furthermore, the Government has also been very clear that: <i>"The funds from this loan... may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation."</i></p>
2	I am the only employee of my medical corporation. My medical practice income has dropped significantly due to COVID-19 measures. What can I claim, when I am the only employee? Is there a deadline for when I submits these claims?	<p>This question will require the advice of your accountant if it relates to expenses you are able to claim against reduced medical practice income that has dropped due to COVID19.</p> <p>As for when you can submit expenses, it depends on whether you are incorporated or non-incorporated. If incorporated, your deadline will be based on your corporate year end. If non-incorporated, it will be based on December 31st year end deadline. https://www.canada.ca/en/revenue-agency/services/tax/businesses/small-businesses-self-employed-income/business-income-tax-reporting/business-expenses/types-operating-expenses.html</p>

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What is the amount decrease income do I have to prove and how do I prove this? Compare to previous year same month to this year? Or compare to any month prior to CoVID in 2019 to now?

In response to this question, we are assuming that it relates to the 75% Canadian Emergency Wage Subsidy (CEWS) as it requires proof of reduced income for eligibility.

For the 75% Canadian Emergency Wage Subsidy, the decrease of income/ revenue is based on a percentage not a specific amount.

- For the period between March 15 to April 11, 2020: You need to prove a decrease of revenue of at least 15% in March 2020 when compared to either March 2019 OR the average of January and February, 2020 revenue.
- For the period between April 12 to May 9, 2020: You need to prove a decrease of revenue of at least 30% in April 2020 when compared to either April 2019 OR the average of January and February, 2020 revenue.
- For the period between May 10 to June 6, 2020: You need to prove a decrease of revenue of at least 30% in May 2020 when compared to either May 2019 OR the average of January and February 2020 revenue.

The government has provided the following chart as a guide:

Period dates	Baseline revenue	Eligibility period revenue	Required reduction
March 15, 2020 to April 11, 2020	<ul style="list-style-type: none">• March 2019, or• Average of January and February 2020	March 2020	15%
April 12, 2020 to May 9, 2020	<ul style="list-style-type: none">• April 2019, or• Average of January and February 2020	April 2020	30%
May 10, 2020 to June 6, 2020	<ul style="list-style-type: none">• May 2019, or• Average of January and February 2020	May 2020	30%

Visit CEBA website from the Government of Canada to learn more:
<https://ceba-cuec.ca/>

4	Someone also mentioned some other government subsidy for income that is 15% decreased. What is this?	The only federal government measure for small business that mentions income or revenue decrease of 15% relates to the Canadian Emergency Wage Subsidy (CEWS) in terms of determining eligibility for the CEWS for the period between March 15 to April 11, 2020.
5	Does investment income get factored into whether and how much of a loss of income there is?	No. Investment income is not factored into business related income earnings for the purpose of determining eligibility for CEWS. Eligible business revenue or income is generally the sale of goods or services rendered.
6	I'm a FFS primarily hospital-based physician but my income has gone down as the hospital isn't as busy. I don't have an off-site office. For the CEBA, what can the \$40K be spent on?	<p>In terms of spending the borrowed funds from the \$40,000 Canadian Emergency Business Account (CEBA), the government is very clear that it is intended for non-deferable business operating expenses such as:</p> <ul style="list-style-type: none"> • payroll • rent • utilities • insurance • property tax • regularly scheduled debt payments <p>If you have minimal expenses due to not having an off-site office, then you are limited to regularly scheduled debt payments and payroll. Speak to your accountant about any limitations related to business expenses you normally deduct when filing your taxes.</p> <p>Furthermore, the Government has also been very clear that: <i>"The funds from this loan... may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation."</i></p>
7	Am I expected to hire back staff with CEWS when there is no work or is it meant to be used when things start up again?	<p>No. That choice is up to you whether you hire back staff or keep employees on payroll until things start up again. If you qualify for 75% CEWS, the subsidy is designed primarily to help provide you with financial support to pay your existing staff during the COVID19 pandemic. Some healthcare professionals have been using it to keep staff on payroll for when things start up again.</p> <p>The goal of the CEWS measure is to provide a wage subsidy to allow eligible employers to keep employees on the payroll, to avoid layoffs and to bring employees who are already on layoff back onto the payroll.</p>

8	<p>I am paying a fixed amount for overhead to the physician who runs the clinic I work at - would I qualify for anything? I am the only employee of my corporation so have no payroll except that to pay myself. Income has dropped as expected.</p>	<p>Based on your arrangement with the medical clinic owner and the income drop you are currently experiencing, you can still qualify for:</p> <p>Canadian Emergency Business Account (CEBA):</p> <p>If you can demonstrate you paid between \$20,000 to \$1.5 million in total payroll in 2019 and you have a Canada Revenue Agency Business Number (BN 15 digits) and 2019 T4 Summary of Remuneration Paid (T4SUM). Inquire if you can apply through your bank or credit union.</p> <p>Please note the bank will make you sign off on what the loan is going to be used for and the overhead you mentioned qualifies.</p> <p>Temporary Wage Subsidy (TWS)</p> <p>The 10% temporary wage subsidy is available to eligible employers with 1 or more eligible employee. If you are the only employee of your corporation and you draw a salary, you can qualify. You also need to have had a business number and a payroll account on or before March 18, 2020.</p> <p>Canadian Emergency Wage Subsidy (CEWS)</p> <p>Some doctors in your situation have qualified for CEWS. You do need to meet the strict criteria outlined in Question 3 above. Please consult your accountant to see if your situation can qualify for CEWS based on your income drop.</p>
9	<p>Is there any information that the CEWS will be extended outside the current window of March 15 - June 6th?</p>	<p>There is nothing official at this time that CEWS will cover periods after June 6, 2020 except that the legislation does permit additional claim periods, not extending past September 30, 2020. So should it become necessary, the government can choose to extend the measure past June 6, 2020.</p>
10	<p>Calculating this revenue for CEWS - can we base this on what we bill / submit to MSP? or do we wait until we are paid for this period and calculate retrospectively (takes a while to actually get paid)</p>	<p>Under CEWS, employers are allowed to calculate revenues under the accrual method or the cash method, but not a combination of both. So, when applying for CEWS, you will be required to select an accounting method and use that method for the entire duration of the program. You can choose the accrual method or cash method.</p> <p>Talk to your accountant to find out which method you've been using. Also, inquire about a special election that is required for employers seeking to use the cash method for CEWS.</p>

		<p>Accrual method: The accrual method of accounting records revenues when they are earned and expenses when they have been incurred.</p> <p>Cash method: The cash method of accounting records revenues when the cash is received and other transactions, such as expenses, when they are actually paid.</p>
12	<p>What would a physician derive from contacting Financial Literacy Counsel? What service would the company provide, and what kinds of costs are involved? What if the physician already has an accountant?</p>	<p>The Financial Literacy Counsel is contracted by Vancouver Coastal Health Employee Wellness to provide financial education and financial coaching. As of March 2020, VCH Employee Wellness services have been extended to Physicians, Nurse Practitioners and Midwives. Visit https://employee-wellness.ca/</p> <p>As part of the financial wellness benefits, Physicians receive 2 private planning coaching sessions free of charge per year. Additional sessions start at \$250/ hour based on the complexity of your finances.</p> <p>You will receive a financial prescription based on your top concerns which is prepared by a financial planner in collaboration with tax and legal professionals. If you already have an accountant, our team is happy to work with them. We have been working with medical professionals for the past 17 years.</p> <p>You can access your financial wellness benefits by calling VCH Employee Wellness at:</p> <ul style="list-style-type: none"> • 604.872.492 or 1.800.505.4929 • consultation@flci.ca <div data-bbox="1100 959 1650 1385" style="border: 2px solid blue; padding: 10px; margin-top: 20px;"> <p>MEDICAL STAFF UPDATE</p> <p>Physicians now have access to VCH Employee Wellness programs</p> <p>VCH would like to inform its medical staff that during the COVID-19 pandemic, all medical staff will have free access to VCH Employee Wellness services, effective immediately. These services will include counselling services, wellness services, and critical incident services.</p> <p>The VCH Employee Wellness counselling services offers counselling, online confidential treatment and a 24/7 crisis line. Our registered/certified therapists have more than 10 years of professional counselling experience, and provide free, confidential, short-term counselling to address a range of issues (i.e. depression, anxiety, burnout, trauma, relationships, family, couple, work stress and many more).</p> <p>To access any of these services please call: 1-800-505-4929, 604-872-4929 or e-mail booking@employee-wellness.ca. For more information, please visit the Employee Wellness website.</p> </div>