

Canada Emergency Rent Subsidy (CERS) Flowchart

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Earlier in 2020, the Canada Emergency Commercial Rent Assistance (CECRA) program was introduced by the Government with great fanfare. Unfortunately, due to the design of the program (e.g. asking landlords to agree upfront to a net 25% cut in rental revenue, and burdening the landlord with all of the risk and administration), the take-up of the CECRA was dismal and most small business tenants did not receive the help the program was intended to deliver. To replace the CECRA, the Government recently introduced the Canada Emergency Rent Subsidy (CERS). The CERS legislation was passed into law on November 19, 2020 and it provides assistance for rent and property expenses going back to September 27, 2020. In our view, the CERS is a much more powerful and accessible program than the CECRA and it is delivered straight to businesses that need such assistance.

The CERS legislation is built on the same revenue decline mechanics used by the Canada Emergency Wage Subsidy (CEWS) program. The CERS rules attempt to scale and target the amount of subsidy based on each business' needs. In most cases, we think the rules succeed in doing so but, not surprisingly, this targeting also results in very complex rules.

It is important to point out that, despite its name, the CERS does not just provide subsidy assistance to tenants, it also provides subsidy assistance to businesses that own the real estate they operate in (but note that CERS does not apply to rental properties). There is also a top-up subsidy amount for businesses that have locations subject to lockdown (referred to as "public health restrictions" in the CERS rules).

Rather than walking through the legislation in detail, we have developed a flowchart that will hopefully help businesses and their advisors navigate the CERS program. [You can access the flowchart here.](#) We have also recorded a podcast on the subject that attempts to describe the program in plain English. [You can access the podcast here.](#)

The CERS is certainly welcome. However, be very careful navigating the rules!