



Business Matters

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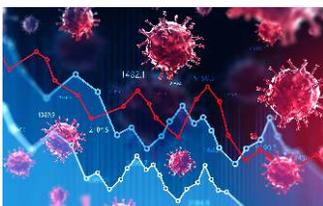
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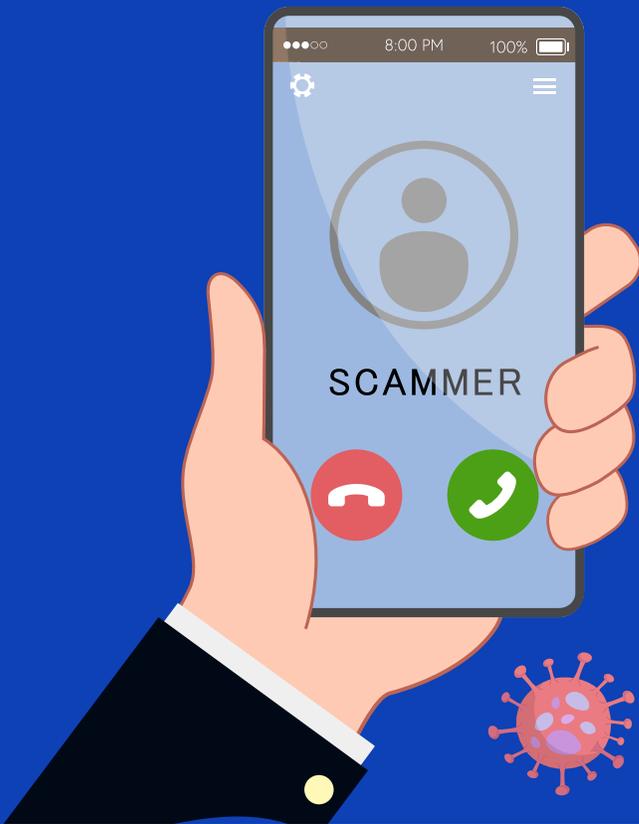
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COVID-19 FRAUD AND SCAM

MANAGEMENT

How to avoid common scams during COVID-19

As most of the Canadian workforce has now moved to remote work in response to the COVID-19 pandemic, we are increasingly being targeted by fraudsters. This article outlines some of the most common scams we have seen during the current pandemic and suggests steps you can implement to keep your hard-earned dollars safe during these uncertain times.

Their goal remains the same: Divert funds, extort a ransom payment or steal data (which they can later sell on the Dark Web). At first glance, their schemes may appear legitimate and reasonable under the current COVID-19 circumstances.

Common scams

Here are some of the most common scams that have been reported:

- Fraudsters posing as a representative of a **loan or financial services company** may offer loans, debt consolidation and other financial assistance services. These imposters will typically ask for your personal information, such as your Social Insurance Number and other financial data, for the “application process.” Their ultimate goal is to steal your identity.
- Callers purporting to be calling on behalf of **heating or cleaning companies** will offer duct cleaning services or air filters so that you can protect yourself against COVID-19. Others will pretend to be your electricity provider and threaten to disconnect your power, given your high usage. In both cases, they will ask for an immediate credit card payment. Needless to say, no product or service will be forthcoming even after you've paid. Their goal is to steal your credit card information and make unauthorized purchases.
- Some callers will pretend to be calling from the **Public Health Agency of Canada** claiming that they have results confirming that you have tested positive for COVID-19. They will ask you to provide your health card and credit card numbers for the purposes of sending over prescription medication. Again, their goal is to steal your data.

- In some cases, you will receive “phishing” emails that seem to come from the **Canadian government (or a government agency)**. These emails will have a COVID-19 theme and will encourage you to open attachments, click on a link or share personal data. The goal of the sender can range from installing malware on your computer to tricking you into sharing your personal information.
- Others will contact you pretending to be calling from the **Red Cross or other known charities** and will ask you for donations (all via credit card payment) to help provide medical kits to vulnerable individuals in retirement homes or in other parts of the country. They will not give you the option to make a donation online.
- Other scammers will claim to be calling from a **vendor who has not been paid** for over 90 days and requires immediate payment. They will provide “new” banking details and attempt to pressure you into making a quick payment.

In all of these cases, the fraudster will appear to be genuine, referencing COVID-19-related facts that appear to give credence to their claim that what they are offering or asking for is likely legitimate. Further, they will emphasize the need to act quickly and may even adopt an aggressive tone if you question them.

How to protect yourself

There are several ways you can protect yourself and your organization from these fraudsters' attempts to scam you. The key is to use the resources available to you to check the validity of the claim being made.

For example, for scams related to government offers or services, visit the Government of Canada's COVID-19 health, financial and security resources website¹. For claims related to your health and where fraudsters ask for your health information, decline the request and contact your public or private insurance service provider.

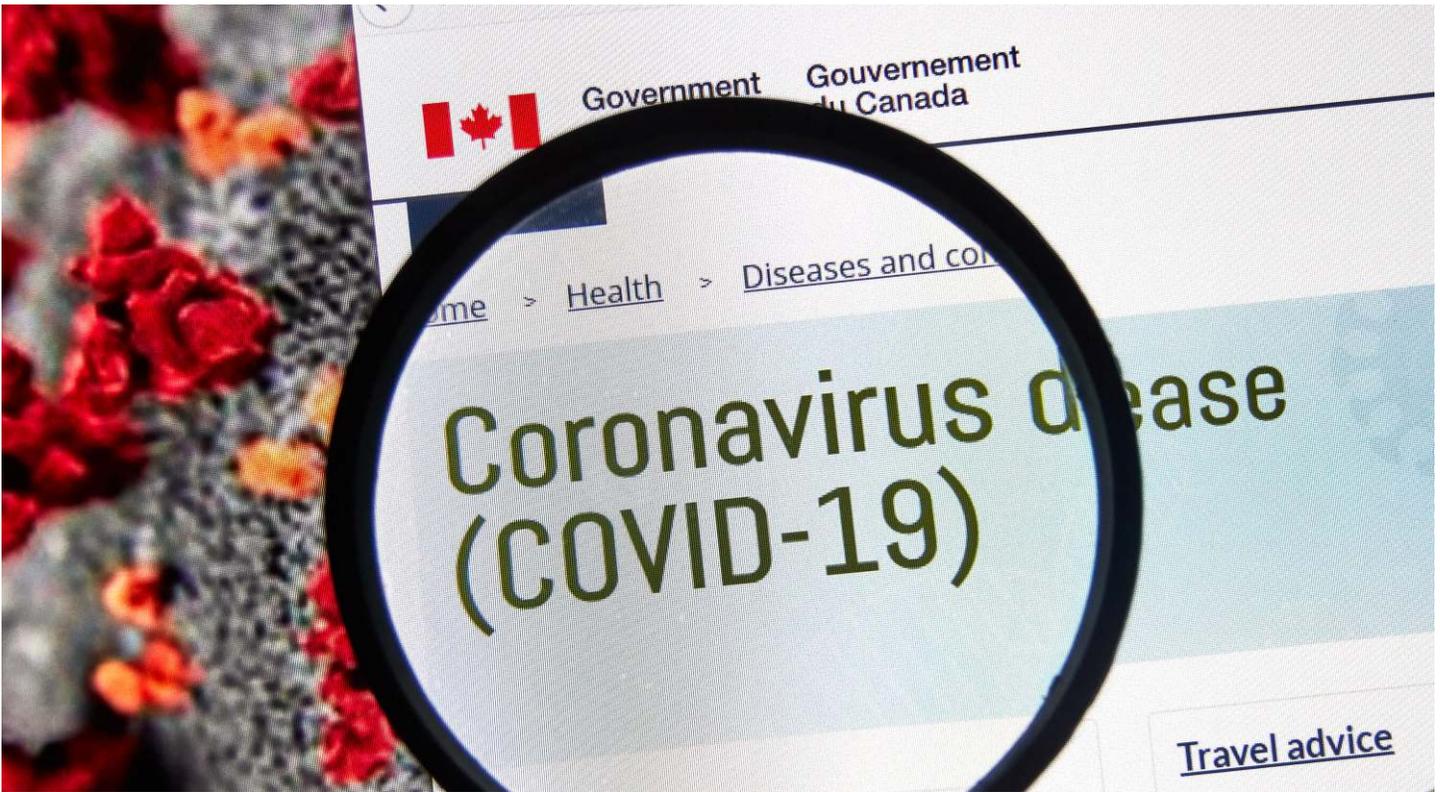
In terms of phishing emails, make sure you have the latest version of anti-virus software installed and keep your operating system up to date. Also, do not open documents or click on links from suspicious emails. If an email claims to provide “important information,” consider whether the purported sender would have your email address in the first place. If the sender claims to be from a government department, contact Service Canada or your provincial government services department.

Lastly, when it comes to wire transfers, double-check every request and consider an “analog” verification technique – e.g., picking up the phone and calling the vendor to validate the request. Electronic confirmations can be falsified, especially if the fraudster was able to compromise your vendor's email account.

During these uncertain times, one thing that remains a constant is the fraudsters' desire to scam well-intentioned individuals into sharing personal information or redirecting funds. While sophisticated in some regards, these scams can be easily thwarted by some basic due diligence.

If in doubt, challenge the fraudster and check trusted resources provided by the government, including those offered by the Canadian Anti-Fraud Centre.

¹ Government of Canada (2020), [Coronavirus disease \(COVID-19\) resource website](https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html), retrieved from www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html



TAXATION

Understanding COVID-19 federal government support

The COVID-19 pandemic has resulted in unprecedented demands on the Canadian health system, along with strains on our economy and our personal financial situations. The federal government has announced several programs offering targeted support for individuals, businesses and other organizations. These programs have been updated and amended throughout the past two months; here is the current information as of May 12.

All individuals

The deadline for filing most personal tax returns has been extended to June 1; the deadline for self-employed individuals and their spouses remains unchanged at June 15. Any balance due will not have to be paid until September 1, with no interest or penalties payable. However, if you receive the Goods and Services Tax (GST) credit or the Canada Child Benefit (CCB), or if you expect to receive a refund, you should file as soon as possible to ensure that the 2020/21 payments will not be delayed. If you pay tax by instalments, you will also not have to pay the June 2020 instalment until September 1.

The Canada Emergency Response Benefit (CERB) provides \$500 per week for up to 16 weeks to those who have lost income because of COVID-19. It is available to Canadian residents over the age of 15 who meet one of these criteria:

- have stopped working because of COVID-19
- are eligible for Employment Insurance (EI) regular or sickness benefits
- have exhausted their EI benefits and are unable to find a job because of COVID-19

To qualify for the CERB, workers must not have quit their jobs voluntarily, and they must have had employment or self-employment income (or maternity / paternity benefits) of at least \$5,000 in 2019 or in the 12 months before

they applied; they can earn up to \$1,000 per month without it affecting their eligibility. The CERB is jointly delivered by Service Canada and the Canada Revenue Agency, and there is an application questionnaire on www.canada.ca that will direct people to either the EI or the CERB depending on their particular situation.

There is a special one-time payment in April or May to those currently receiving the GST credit, effectively doubling the 2019/20 credit amount. The CCB for 2019/20 has been increased by \$300 per child, also to be paid in May. If you received the GST credit or the CCB in 2019/20, there is no need to apply for the extra payments.

Employees

Many employees have had to adjust their work arrangements during the COVID-19 pandemic, which raises questions about how the CRA will apply the rules when it comes to what reimbursements are considered a taxable benefit to the employee and whether home office expenses are deductible during this extraordinary time. While guidance on many of these areas is limited, the CRA released a technical interpretation on April 22 to clarify the matter; it is prepared to accept reimbursements of up to \$500 so that an employee can update their home technology in order to work from home more effectively. As these updates are primarily for the benefit of the employer, there would be no taxable benefit to the employee, and the employee must provide receipts to support reimbursement.

The federal government also announced that it has confirmed, or is in the process of confirming, agreements with all the provinces and territories to share the costs of a temporary salary top-up for essential workers. Each province or territory will identify which essential workers will be eligible for this support and how much they will receive.

Students

There is a proposed Canada Emergency Student Benefit (CESB) that would provide support to students and new graduates who are not eligible for the CERB or EI or are unable to work due to COVID-19. The CESB will be \$1,250 per month for eligible students or \$2,000 per month for eligible students with dependents or disabilities, from May to August 2020.

The government will also expand existing federal employment, skills development and youth programming to create up to 116,000 jobs, and will launch a new Canada Student Service Grant (CSSG) for students who choose to do national service and serve their communities. The new CSSG will provide up to \$5,000 for their education in the fall.

Proposals are under review to make the following enhancements to other existing support programs:

- Double the Canada Student Service Grants amounts for full-time and part-time students.
- Broaden eligibility for student financial assistance and increase the maximum amount under the Canada Student Loans program.

- Extend support for eligible student researchers and post-doctoral fellows.
- Remove the maximum 20 hours per week restriction until August 31 for international students working in essential services.
- Suspend the repayment and interest on the federal portion of student and apprentice loans.

Additional support is also available to First Nations, Inuit, and Métis Nation post-secondary students.

Seniors

Given the volatility in the stock market, the Registered Retirement Income Fund minimum withdrawal percentages have been reduced by 25 per cent to allow seniors more flexibility to manage their funds.

Seniors who are eligible for the Old Age Security Pension will receive a one-time tax-free payment of \$300; those who receive the Guaranteed Income Supplement will receive an additional \$200.

Small business

The CRA has provided more flexibility for small business to file and pay taxes during the pandemic.

Income tax deadlines extended

Deadlines for all corporate income tax filings that were otherwise due between March 18 and June 1 have been extended to June 1; for example, corporations with a September 30 year-end that would normally have to file their T2 *Income Tax Return* on March 30 will now not have to file until June 1. However, the deadline for filing a Scientific Research & Experimental Development tax credit claim has not been extended, though this may be under review.

The deadline for filing tax and information returns for partnerships and trusts with a December 31 year-end has been extended to May 1; other trusts are required to file their tax and information returns by June 1.

The deadline for paying tax remittances due under Part I of the *Income Tax Act* on or after March 18 has been extended to September 1, with no interest or penalties. The payment deadlines for payroll remittances and for tax payments outside Part I tax (for example, the Part IV tax on taxable dividends received by private corporations), remain unchanged.

While the filing deadline for GST/HST returns has not been formally extended, the CRA has indicated that it will not impose late filing penalties if the returns are filed by June 30. GST/HST payments or custom duties otherwise due between March 27 and June 30 do not have to be paid until June 30.

The deadline for filing NR4s (the reporting slip for amounts paid or credited to non-residents of Canada) was extended to May 1; however, the payment deadline for the withholding tax on these amounts remains unchanged at the 15th of the month after the payment.

Support to fill wage gaps

The Temporary Wage Subsidy is available for eligible employers from March 18 to June 19, 2020 and equals 10 per cent of remuneration paid during that period; the subsidy is capped at \$1,375 per employee and \$25,000 per employer and is claimed by reducing source deductions including Canada Pension Plan (CPP) and Employment Insurance (EI) amounts. This subsidy is available to employers that are individuals, non-profit organizations, registered charities and Canadian-controlled private corporations. It also is available to partnerships for which all the partners would be eligible for the Temporary Wage Subsidy.

The Canada Emergency Wage Subsidy (CEWS) is available to all employers (except public institutions) that, compared to the prior year, have experienced a decrease in revenues of at least 15 per cent in March and 30 per cent in April and May. In certain circumstances, a different prior reference period may be used. The CEWS will reimburse employers for up to 75 per cent of an employee's wages up to \$847 per week for up to 12 weeks.

Employers who are eligible for the CEWS will also be eligible for a refund of the full amount of the EI, CPP, Quebec Pension Plan and Quebec Parental Insurance Plan contributions for employees who are on leave with pay. Any benefit that the employer receives under the Temporary Wage Subsidy will reduce the amount that they can claim under the CEWS for the same period. Applications for the CEWS opened on April 27. The CEWS was originally set to expire on June 6; however, on May 8 it was announced that the CEWS would extend past that date and that more details would follow.

In addition to these measures, the government is doubling the maximum duration of the Work-Sharing program to 76 weeks for employers affected by COVID-19. This provides income support to employees eligible for EI who reduce their normal working hours because of developments beyond their employer's control.

Increased access to credit

The government is also increasing small and mid-sized businesses' access to credit through the Business Credit Availability Program, which provides support through the Business Development Bank of Canada and Export Development Canada. In this program, private sector lenders support small and medium enterprises through loan guarantees and co-lending programs.

The federal government will also provide interest-free loans of up to \$40,000 for small businesses and not-for-profit organizations through the Canada Emergency Business Account. To qualify, the organization must have had payroll expenses of between \$20,000 and \$1.5 million in 2019. Eligible organizations apply for the benefit through their bank or credit union.

Assistance with paying rent

The proposed Canada Emergency Commercial Rent Assistance (CECRA) program will provide support to commercial property owners who forgive a portion of the April, May and June rent of eligible small business tenants. The landlord must reduce the rent for those tenants by 75 per cent and agree not to evict the tenant during that period, and the CECRA will provide a forgivable loan of 50 per cent of the rent otherwise payable.

Eligible small business tenants are those that pay less than \$50,000 per month in rent and temporarily ceased operations or experienced a 70 per cent drop in revenue. This support will also be available to non-profit organizations and charities. The CECRA is expected to be operational by mid-May.

Support for employers hiring students

Employers who were approved to hire students under the Canada Summer Jobs program will have increased flexibility. These temporary changes increase the wage subsidy to one hundred per cent of the provincial minimum hourly wage, permit businesses to hire part-time staff and extend the end date for employment from August 28, 2020 to February 28, 2021. Employers will also be able to adapt the activities outlined in their application to accommodate for COVID-19 restrictions, such as moving from providing in-person services to using digital tools for service provision.

Programs for other circumstances

Targeted programs have been introduced to meet the needs of organizations that do not qualify for the above programs or that are considered to need additional support.

- Innovative and early-stage businesses that do not qualify for other COVID-19 business supports may be able to access financial and other support from the Industrial Research Assistance Program.
- Additional funding is being provided to Futurpreneur, a non-profit organization that supports young entrepreneurs, to provide payment relief for its clients for up to 12 months.
- The Regional Relief and Recovery Fund will provide additional access to capital for rural businesses and organizations; eligible businesses should apply through their Regional Development Agency (RDA).
- The RDAs have also received increased funding to provide financing support for other small and medium-sized businesses that are unable to access other COVID-19 programs.
- The Northern Business Relief Fund will provide additional non-repayable support for businesses in the territories, and additional funding will be provided to Aboriginal financial institutions to support First Nations, Inuit, and Métis Nation small and medium-sized businesses.

As these programs are being updated or amended over time, it is important that you check www.canada.ca for the most recent information.



TECHNOLOGY

Understanding digital and electronic signatures

The use of electronic signatures has skyrocketed in the last few years. It is now commonplace in many banking, real estate and legal transactions. As the software has evolved, it has also become much more accessible. Many small organizations can now easily implement and use this secure and efficient function.

What is the difference between digital and electronic signatures?

As the digitization of documents, processes and messaging continues, just like someone physically signing a contract, a trustworthy mechanism to determine and capture the signer's intent is required. The terms "electronic signature" and "digital signature" are often used interchangeably to describe this intent. However, there are important differences.

- The term "electronic signature" or "e-signature" represents the broader concept, as it simply refers to the signature data being in electronic form.

- By contrast, a digital signature ensures the validity of digital messages and documents. Key to this validation is ensuring sender authentication (the sender is known) as well as the providing a level of assurance that the document's integrity has not been altered while in transit. A mathematical schema is used (think of this as encryption), with a set of accepted standards to provide a high level of security and trust.

In short: A digital signature can be an electronic signature, but the reverse is not always true.

Why would you want to use a digital signature?

Electronic signatures provide several important advantages:

1. **Lower cost:** Businesses save on the cost of paper, postage and – most importantly – time. These enhancements are also much more environmentally friendly.
2. **Simple and convenient to use:** With most electronic signature software, you simply assign your designated signatories and their email address. The documents are distributed electronically, so your signatories can be spread out around the world and receive your document immediately.
3. **Fast turnaround:** Without having to wait for regular delivery, or to arrange an in-person meeting, you can have your documents distributed, signed and returned in a fraction of the time required by the traditional method. Such a process can also be fit into a corporate workflow to further speed up the process.
4. **Highly secure:** Given all the protocols in place with digital signatures, they are actually more secure than a traditional physical signature. The digital signature contains an electronic history of who signed the document, where they were and when the signature was executed.

There are some important aspects of electronic signatures that can limit how you use this functionality. As stated above, digital signatures add a high degree of security. However, not all security is created equal. Be sure to research the security aspects of the electronic signature software you are evaluating or using. Also be sure to investigate how your documents are stored by the software, and whether you can still access them if you stop paying for (or licensing) the software. Some providers use proprietary applications where, without an active account with them, you may lose access to your own material.

How does a digital signature work?

As mentioned earlier, digital signatures utilize specific protocols that are assigned to each individual involved. This protocol is called the public key infrastructure (PKI). When a signature is created, two keys are generated: one kept private by the initiator and one that is public. The mathematical mechanism of the software translates these keys as needed, encrypts them and associates the public key with the document to be signed. The resulting encrypted data is what is referred to as the “digital signature.” It contains the encrypted details of who signed the document, when and where. A certificate authority (CA) is an entity that certifies the ownership of public keys, providing assurance of the integrity of the digital signature and ensuring that the digital signatures are reliably created and saved. This encryption, integrity and reliability are the key services of the software provider you are paying for.

What should you look for in an electronic signature tool? When selecting an electronic signature platform, there are some key aspects to investigate. These items should be well understood, as they affect how you will use the software and mitigate future issues.

- As previously mentioned, be sure to understand the security protocols that the software provides. Ensure that it comes from a reliable and reputable provider that encrypts both the data and the traffic.
- Ensure that the signature software integrates well with the other applications that you currently use. The software should work with applications like your Adobe Acrobat, Microsoft Word, Google Docs or other applications that you will be using to generate your documents.
- Document storage solutions should be robust and offer flexibility. Ensure that you can access your documents even after you stop using that specific signature software.
- Assess whether you require other functions like status tracking, alert definitions and role management (signers, read-only, etc.), and whether multiple users need to access the same document at the same time or on various devices.

Whether your need is to improve efficiency in getting documents signed or to improve document traceability, or you simply want to be more environmentally friendly, electronic signatures offer a great option. Just do a little homework on what provider best fits your needs, and rest assured that electronic signatures offer a secure and recognized alternative to your John Hancock.



WEALTH MANAGEMENT

Investment market update: What happened?

There was nowhere to hide in the first quarter of 2020 as the decade-long bull market in stocks came to a dramatic and sudden end in late February. With the novel coronavirus spreading rapidly around the world, economies are closed for business as stay-at-home orders were issued in Canada and abroad.

What is being done to manage the crisis?

Fiscal and monetary authorities in North America are trying to avoid a deeper financial crisis by providing temporary support to financial markets and businesses. At the time of this writing (April 30, 2020), it seems as though policymakers have sufficiently reassured the market as, so far, stock prices have rebounded and recovered more than half of the amount they had declined.

Stock markets

U.S. stocks held up better than Canadian stocks, falling 19.6% (USD\$), while Canadian stocks posted a decline of 20.9% (CAD\$). Ongoing concerns related to COVID-19 will likely result in continuing market volatility, as companies begin to report their first-quarter earnings and the resulting impact of the COVID-19 virus on their

financial performance. Unlike the financial crisis of 2008/2009, financial institutions in North America entered the crisis well capitalized and are a source of strength in this current crisis. Thanks to this strength, the current crisis to date has resulted in a little more than half of the peak-to-trough decline compared to 2008/2009.

Bond markets

Bonds were flat in the first quarter of 2020. Policymakers in Canada and in most other developed market economies eased monetary policy to combat financial market liquidity and credit concerns related to COVID-19-related economic shutdowns. However, credit spreads expanded because of ongoing economic uncertainty. Credit conditions should normalize as policymakers spare no expense to ensure that financial markets function properly, and that liquidity flows where needed.

Canadian dollar

On top of the COVID-19 concerns, the collapse in energy prices has seen investors fleeing the commodity-linked Canadian loonie for the relative safety of the U.S. greenback. With a high correlation between the Canadian dollar and oil and copper prices, until these commodities recover in value, the loonie is likely to be in the penalty box.

Market performance

(as of April 30, 2020, source is Refinitiv Eikon R&A, total Returns in CAD\$)

Market	Decline % (Feb 20 to Mar 23)	Recovery % (Mar 23 to Apr 30)	Q1 2020 % (Jan to Mar)	2020 Year to Date % (end Apr 30)
Canadian Equity (S&P/TSX Composite Index)	-37.20	32.27	-20.90	-12.36
US Equity (S&P 500 Index)	-27.33	25.40	-12.95	-2.61
International Equity (MSCI EAFE Index via EFA ETF)	-25.86	17.01	-16.65	-12.53
Canadian Fixed Income (FTSE Canada Universe Bond Index via XBB ETF)	-7.10	9.69	-0.24	5.00
US Fixed Income (Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index via AGG ETF)	7.63	0.21	11.62	12.60
Currency Exchange Rate (USD\$ in CAD\$)	9.34	-3.82	8.27	7.36

What can you do?

It could be a matter of weeks or months until economies restart and financial markets fully recover. No one knows how long it will take or what the world will look like when we get to the other side. You cannot control financial market fluctuations; however, you can take back control by reviewing your financial goals and individual long-term investing plan to see if they are aligned. History has shown that economic and financial market recoveries can materialize quickly. So, stay calm and focused on your long-term plan, biding your time until the markets move into recovery mode.

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