



CERS: Will the Canada Revenue Agency Pay 90% of Your Rent?

Description

Last week, the CRA launched the Canada Emergency Rent Subsidy (CERS). The subsidy pays up to 90% of your rent if you qualify for it. The subsidy only covers business rent, but you don't need to operate a big business to get it. There are certain situations where *individuals* can qualify for the CERS. In this article, I'll explore how that works.

What is a business according to the CRA?

When you look at the CERS' requirements, you might think that it's only for businesses with massive office space and huge payrolls. The requirements to receive the CERS are:

1. Having a CRA business number, a payroll account, or investments in a business with a payroll account.
2. Being an eligible business or non-profit.
3. Having experienced a drop in revenue.
4. Having paid qualifying rent.

This list seems pretty restrictive on the surface. But if you look at the *first* of the requirements, it has three separate components, and you only need to meet *one* of those. So the payroll thing isn't absolutely necessary as long as you have a CRA business number. What this means is that self-employed *individuals* may qualify for the CERS. In fact, individuals are even listed under qualifying businesses on the Canada Revenue Agency website.

Who can get the CERS?

To illustrate how an individual could get the CERS, we can look at an example.

"Bob" is a self-employed accountant who mainly works from home. He also rents a small office from another accountant in a small building. He uses the small office to meet with clients. In 2020, the office was forced to shut down. As a result of no longer being able to do meetings in the office, Bob's

revenue declined 90%. However, he still had to keep paying his rent because he was on a long term lease.

In this situation, Bob would likely qualify for the CERS. He could be covered for up to 65% of his rent at minimum, and [up to 90%](#) if his shutdown was directly forced by a public health order.

Implications for investors

As the above example shows, the CERS can really help you out if you're a small business owner with rent expenses.

It could also help you out as an investor, too.

If you buy ETFs like the **iShares S&P/TSX Capped Composite Index Fund** ([TSX:XIC](#)), then your investments are tied to the strength of the broader economy. When businesses are open and people are able to keep working, that means more spending, and more money for the stocks/companies that make up your portfolio.

While the companies owned by XIC are too big to get a large *direct* boost from the CERS—it has a \$300,000 cap—they indirectly benefit from the economy being kept afloat. More people in business means more sales for the biggest Canadian companies.

So even if you're *not* a business owner, you can benefit from the CERS' stimulating effects on the economy. Ultimately, everything depends on the economic whole, from the local gas station all the way up to [index funds like XIC](#).

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