RBC Thought Leadership

Small Business, Big Pivot

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June 11, 2020

Canada's million-plus small businesses weren't ready for this pandemic—even less so for the economic recession it unleashed. Whether it's restaurants or rig operators, fitness gyms or food suppliers, the bulk of small firms going into the crisis relied largely on the kind of physical contact with customers that collapsed overnight. That may be true the world over. But in Canada, small firms before the crisis also tended to be digital novices, which held many back from shifting quickly to the virtual economy—work-from-home, shop-from-anywhere, sell-to-everywhere—that's emerging in the pandemic's wake.

Now's the time to pivot.

The scars of an unprecedented recession are already visible on every Main Street in Canada, but the impact extends well beyond mom-and-pop shops and the retail sector. Small businesses are key in the Canadian economy, representing 42% of GDP and 48% of new jobs—and they are bearing the brunt of COVID-19's economic wrath. Firms with fewer than 100 employees accounted for nearly 60% of job losses in the first two months of the pandemic, twice the share of job losses they shouldered during the 2008-2009 recession. That unprecedented hit—and a historic small-business collapse—has confounded both business and government. During the global financial crisis, policymakers worried about "too big to fail," as they protected systemically important banks and insurers and shored up supply-chain foundations like auto companies. This time around, the emerging policy motto needs to be "too small to fail," as small businesses will be relied on to restore local demand and job creation across the country and economy.

This recession truly is different, both in structure and scale, because of the changing nature of the economy since the last crisis. Over the past decade, the rapid spread of cloud computing, mobile technology and data-driven platforms—think Amazon, Shopify, Netflix and Google—facilitated an explosion of entrepreneurship. So, too, did the emergence of a generation of millennials. Adept at the gig economy, they turned the idea of odd jobs into viable business models and even billion-dollar unicorns.

Unfortunately, Canadian firms weren't always at the front of the pack. Even though the small-business sector spans sophisticated tech and science companies, and creative industries that can thrive in a new economy, too many firms were digital followers. In 2017, nearly half of Canadian firms with fewer than 500 employees didn't even have a business website, according to Statistics Canada. Of those that did, fewer than 10% were enabled for online payments.

As those firms emerge from the Great Lockdown and into a larger digital economy, their ability to pivot will be critical to the overall economic recovery, and will require new strategies to seize on the transformations underway in workplaces, supply chains and the consumer economy. By our count, 1.2 million jobs will be at risk as the sectors hardest hit by the lockdown try to adjust—and there will be additional risks for women, youth and minorities, including Indigenous Canadians, who are disproportionately employed in the most disrupted parts of the small-business economy.

For local economies and communities, the need for a robust recovery is equally important. Smaller firms pay a large share of local tax revenue, drive local employment and typically support local charities and community groups that national initiatives often overlook.

In short, Canada's rebuild will depend on small businesses' rebound.

But as we lay out in this report, the rebound can't be back to something that worked in the past. It needs to propel smaller enterprises forward—fast forward into a different economy. This may seem ambitious, given the immediate challenges of survival that confront many business owners and operators. But to be unprepared for a very different kind of recovery could be just as costly as the unprecedented collapse. Small firms need to seize on new technologies and permanently altered consumer preferences to attack markets and build brands in entirely new ways. While resilience will be important, adaptability will be critical.

With hindsight, we can now recognize this as the first economic crisis of the mobile era, in which businesses, social services, schools and entertainers were able to shift to new platforms overnight. For the brave, it's been a leap from innovator's dilemma to innovator's delight:

- Toronto's Knix, which makes undergarments for irregular sizes, used the crisis to create "virtual fitting sessions" and turned its annual warehouse event into an online sales push that expanded its market across North America. The result: April and May were the company's best months on record.
- Calgary's Style Encore, which opened last fall, turned an immediate sales crisis into an opportunity by shifting to Facebook Live forums and FaceTime consultations. The owners connected with customers at all hours, and used data to more quickly adjust inventory.
- Sareena Nickoli, of Vernon, B.C., closed her fitness gym, Soul Studio and opened a virtual studio that attracts Zumba clients from around the world.
- Joseph Chaeban, Zainab Ali and Darryl Stewart shuttered Winnipeg-based Chaeban Ice Cream's storefront and launched an online subscription model, increasing sales and allowing them to keep staff.

Transformation isn't as easy as flipping a digital switch, of course. And while the federal government has stepped up with unprecedented amounts of fiscal support, owners still face the challenges of curtailed demand, altered spending patterns, and brand new ways of operating and delivering products. They also have to worry about a slow recovery in which confidence may not zoom back. Will employees want to risk returning to work? Can entrepreneurs continue with their debt loads? Will some changes in consumer behavior be permanent? And will supply chains remain intact?

Those questions are among the great unknowns, but we do know which types of small firms face the biggest hurdles. And we can see the pandemic reshaping economic activity in ways small firms need to be aware of—and seize. While the productivity and international competitiveness of small businesses has long been debated, this crisis may be the moment for these companies to reboot and reposition themselves for a new economy that will be more digital, more virtual and more mobile than anything we've seen.

One thing's for sure: the choices they make now will have a lasting impact on all of Canada, as the entire country prepares for an economic rewiring that will shape the decade ahead.

What we found

1. Small firms have recorded almost double the rate of job losses as mid-sized and large firms.

2. Small firms in five sectors—accommodation and food services; arts and entertainment; non-essential retail; mining and oil & gas services; commercial real estate leasing—are most vulnerable; potentially affecting 1.2 million workers.

3. Small firms in sectors like technology, wholesale trade and administrative services face a relatively lower risk; their fixed-cost burden is lighter and they can deliver products and services with little to no physical contact.

4. Women and youth face the greater job risk from small-business woes; they've suffered outsized employment declines already.

5. We expect GDP in some of our hardest-hit sectors to remain around 25%-50% below February levels at the end of the year, even as the recovery takes hold.

6. The pandemic is creating new economic trends and accelerating others, offering a roadmap for an altered economy: more digital delivery; more domestic procurement; less market concentration; more consumer caution.

A nation of small businesses

Big corporations are household names. But it's the small firms—the third-generation greenhouse operation, the startup founded by recent engineering grads, the immigrant-owned corner store—that form the bulk of businesses in Canada.

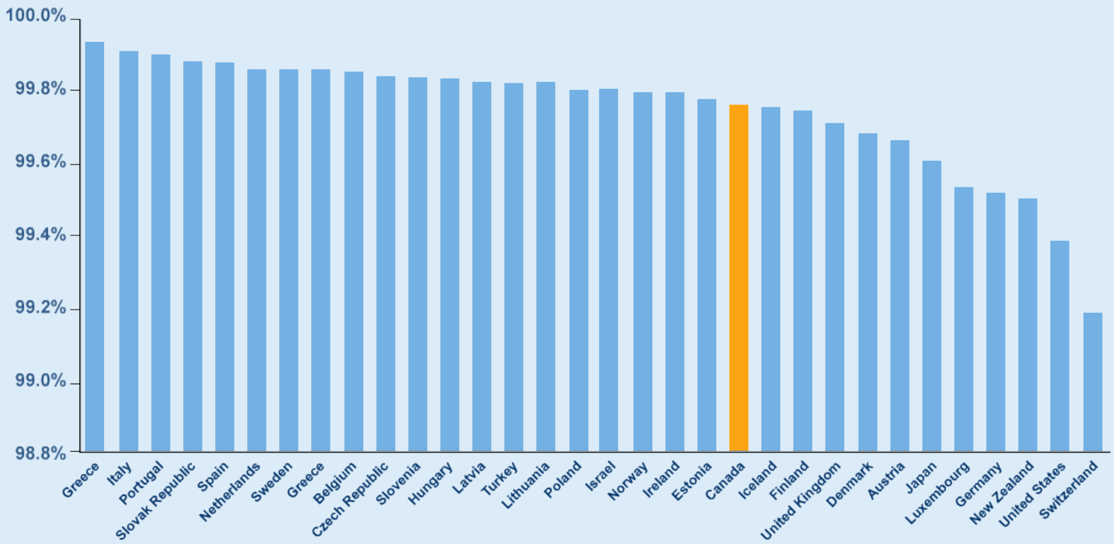
In that respect, Canada isn't alone. When looking at the share of small and medium-sized businesses in the economy, Canada falls somewhere in the middle of the pack of OECD countries. We differ in having a relatively small share of young firms (less than five years old), and a bigger-than-average share of firms that have been around at least a decade.

Share of Canadian private sector employment at firms with fewer than 100 employees

2019	2000
42.8%	44.0%

Small business share of all businesses

Enterprises with <250 employees as a share of total business sectors ex finance and insurance, 2017 or latest available



Sources: OECD, RBC Economics

Firm counts for a cross-section of Canadian businesses with revenues of $30K-$5M

General contractors	64,700
Software and computer firms	56,300
Commercial landlords	51,600
Trucking operators	41,300
Childcare centres	36,500
Full-services restaurants	35,500
Salons and barber shops	19,600
Accounting services	17,900
Landscapers	17,700
Film and video makers	10,600
Convenience stores	9,400
Jewelers	3,100
Apparel makers	2,600
RV and camp sites	2,100
Golf courses	1,800

Canada can boast about being small-business-friendly. It regularly ranks as one of the easiest places in which to start a business: the World Bank put us in second spot in 2018. In surveys, Canadians consistently report healthy entrepreneurial attitudes around traits like risk-taking and self-confidence. Small business tax rates in Canada compare favourably with those in other G7 and OECD countries.

Scaling up is another matter. Canada has a larger share of micro and small firms than the U.S., suggesting problems with growth. Indeed, less than one in 10 small and mid-sized businesses are considered high-growth, Statistics Canada says. Some blame Canada's tax system; the small-business tax rates that stack up well against our peers are replaced with significantly higher levies as firms get bigger, which critics say put the brakes on growth. There's also a relative shortage of capital for small businesses. (Canadian venture capital deal flow was just 2% of the U.S. total in 2018, according to Pitchbook.) Interprovincial trade barriers are another culprit. Mundane administrative or regulatory differences—things like differences in trades certifications, or truck-tire sizes—can deter small businesses from entering new markets, even next door. That helps explain why only one in five small businesses sells to other provinces.

The problem with scale predates the pandemic, but may become more of a concern in the post COVID-19 world, as firms need to position themselves to better meet new challenges, and new opportunities.

Immigration's role

While 22% of Canada's population is foreign-born, a larger share—25%—of small-business owners are foreign-born. Their firms tend to be smaller than those owned by Canadian-born entrepreneurs. The pandemic will curtail immigration, and it's unlikely Ottawa will hit its target of 340,000 new permanent residents in 2020. But as the recovery begins, economic immigration, including entrepreneurs, students and highly-skilled individuals, will be critical. Such newcomers won't displace unemployed Canadians or steal opportunities from struggling small businesses; they'll add demand that the economy needs.

The small business scorecard

When thinking of a small business, your local café or shoe-repair shop may come to mind. But Canada's small-business universe encompasses everything from software startups and oil-well maintenance firms to jewelers.

As varied as they are, they're all feeling the collective pain of COVID-19 in the form of a plunge in revenues and a cash-flow squeeze. (See box Gauging the mood.) After governments across Canada issued stay-at-home orders, firms ranging from theatres to tattoo studios were ordered to close because of virus-transmission risks. Others saw demand evaporate as consumers hoarded household goods and temporarily bought less of other items. While activity is recovering as restrictions lift, many businesses remain shuttered. And in most cases, their environment may look substantially different when they emerge.

Few small businesses can withstand even a moderate revenue hit that lasts several months. But to better understand small businesses' relative ability to withstand the pandemic, we looked beyond their differences to isolate some common traits. Focusing on Canadian firms with $30,000-$5 million in annual revenue, we examined three factors—the role of fixed costs in their operations; liquidity constraints such as overall debt and debt-servicing abilities; and the extent to which physical contact is involved in delivering their services. (For more on our methodology, see Appendix A.)

Using those parameters, we identified five industries in which small firms face the biggest challenge: accommodation and food services; arts and entertainment; non-essential retail; mining, oil and gas; and commercial real estate leasing.

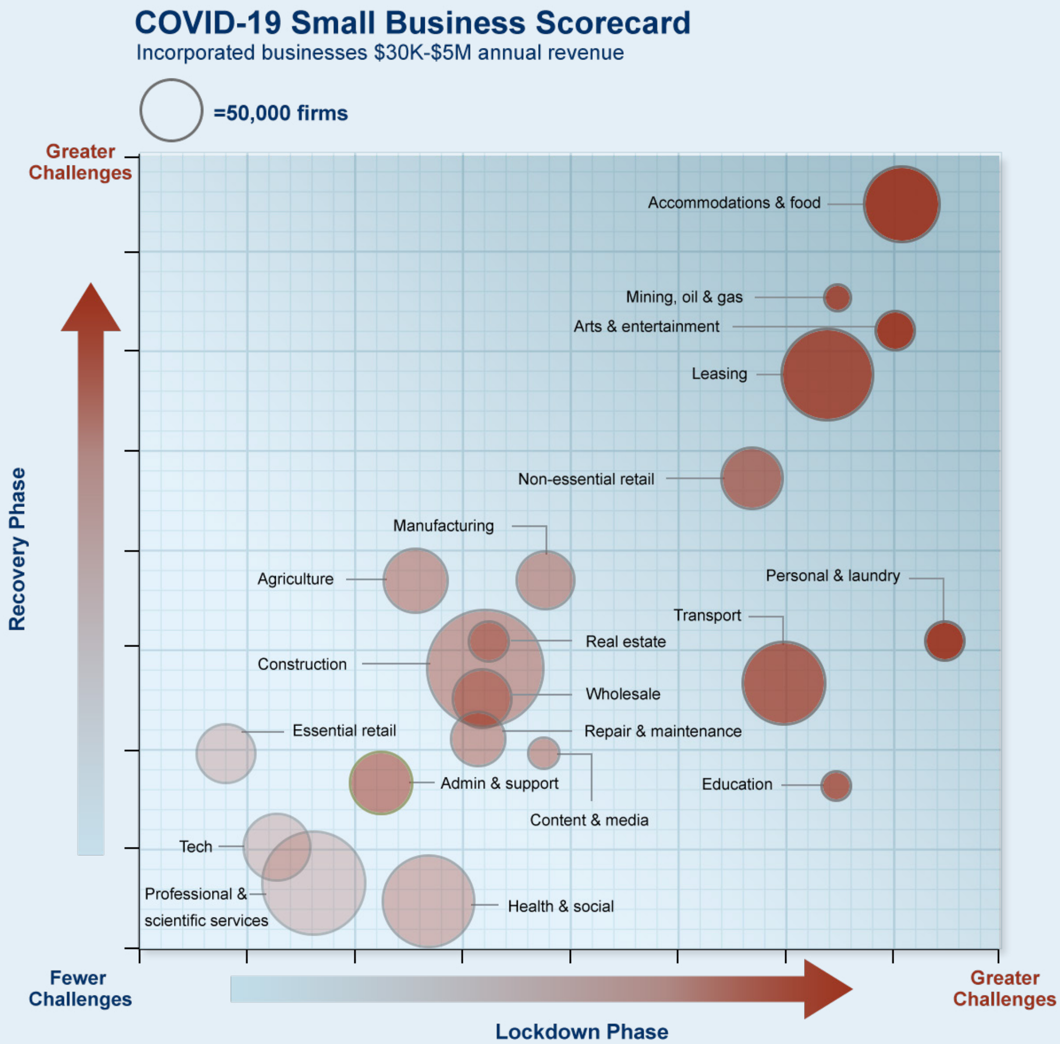
Firms in these five sectors (Scorecard: upper right quadrant) have higher fixed costs, such as rent, utilities and property taxes. They have higher debt loads than small firms in other sectors—either because they're in debt-intensive sectors, like commercial real estate leasing, or tend to have low profit margins, like restaurants. For some of these businesses, delivery of their products or services necessitates greater physical contact, meaning they will be especially hampered by social-distancing policies and new habits around personal interaction. These factors will exacerbate near-term solvency challenges.

Gauging the mood

A late-April survey of RBC's small business clients indicated

- more than 4 out of 5 businesses had already experienced revenue declines
- of small businesses that cut staff, businesses on average had laid off 75% of their employees
- two-thirds had experienced a revenue decline of more than 50%
- most owners had cut their own salaries
- uptake of federal support programs was low
- one-quarter were opposed to taking on more debt

**From an online survey of RBC business clients conducted in late April which generated 22K responses. Responses here are from businesses with less than $3M in annual revenue.*



More pain:
accommodation and food services

- Rents are typically high and profit margins thin
- Gradual unwinding of social distancing will be a challenge

Less pain:
professional, scientific & technical services

- Only 12% of tech workers say they can't do their jobs at home
- Not as heavily affected by social distancing

Consider arts and entertainment. For many Canadian theatres and sports facilities, Summer 2020 is shaping up as one of empty seats and playing fields. Music festivals across the country have been cancelled. The timing of the return of professional sports is uncertain. Even little leaguers won't be playing. The curtailments will hit venue operators, bars and french-fry stands. Firms in this sector are among the most illiquid small firms in Canada, and fixed costs eat up 13% of their revenue on average, compared with less than 5% for wholesalers, a relatively less affected group. But in their place, a new generation of entertainment, sports and cultural experiences may be emerging, which Canadian creators can harness to reach global markets.

Lessors of commercial property—such as the landlords whose storefronts are occupied by nail salons, law firms and art-framing shops—have a different challenge altogether, as they feel their tenants' pain in the form of missed or delayed rent payments or closures. But looking beyond the crisis, the most innovative property firms are already using new data platforms to engage with consumers virtually while turning their shops and malls into unique destinations that will stand out in a more cautious era.

Away from major population centres, small firms servicing the mining and oil and gas industries will be hit hard in very different ways. COVID-19 has depressed commodity

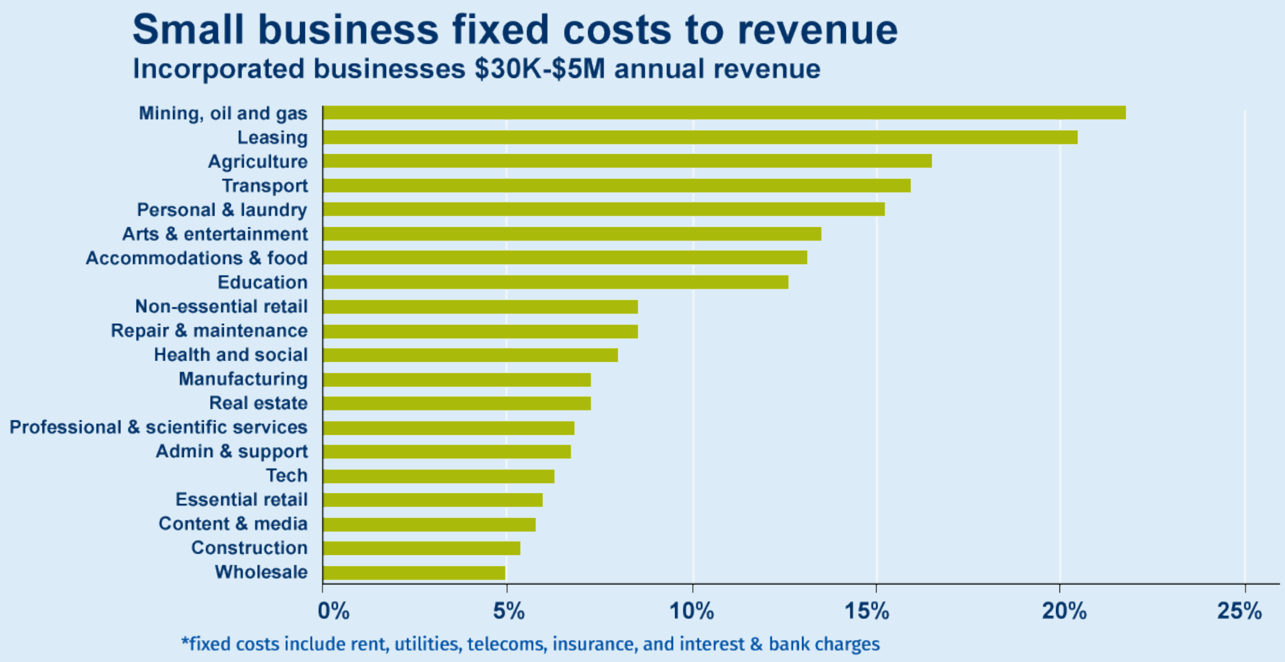
Small businesses in the most vulnerable sectors employed est. 1.2 million pre-COVID-19

Accommodation & food services: **530,000**
Arts & entertainment: **164,000**
Mining, oil & gas: **58,000**
Non-essential retail: **340,000**
Leasing: **137,000**

prices, and the resulting capital-spending cuts by major resource firms will curtail demand for associated services, such as oil-well maintenance or providing meals to crews. Small firms in this space have the highest fixed costs-to-revenue ratio in our universe, and will need to find ways to harness new technologies—automated machines and predictive software, for instance—to be more efficient in a post-COVID environment.

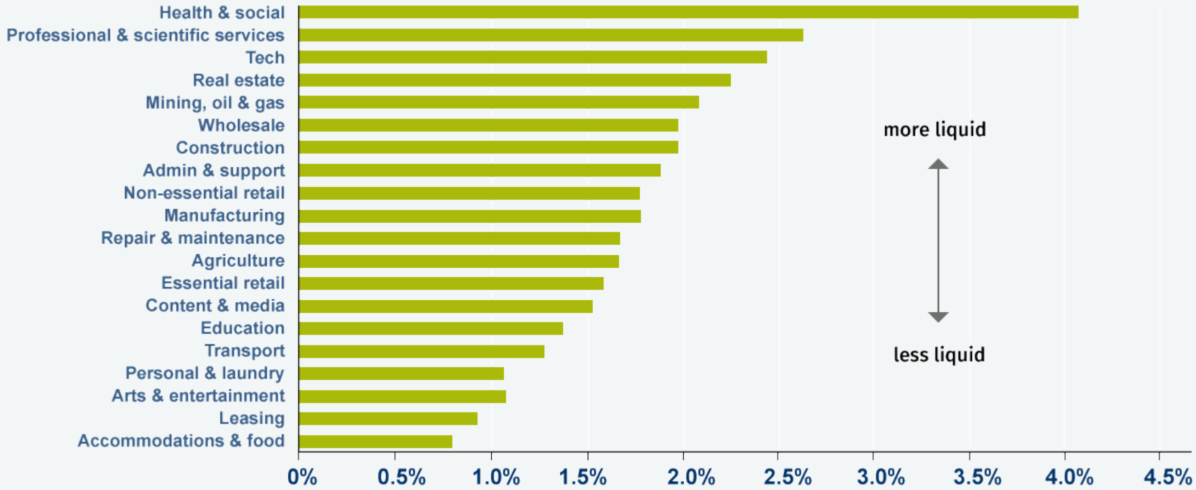
Firms in other sectors (Scorecard: lower left quadrant) will be in a better position to manage short-term losses. They include manufacturing and wholesale trade; professional, scientific, and technical services; and administrative services. These firms have relatively lower fixed costs and higher variable costs, giving them some financial flexibility. They score higher on measures of liquidity than other small Canadian firms—and some are just more profitable. And many can operate normally, or close to normally, even if social distancing is required.

Consider your neighbourhood accountant. You need to file your income taxes, pandemic or not, and with tools like document scanning and electronic signatures, it needn't require physical contact. That's not the case for health-services businesses like a dentist's office. But as social-distancing edicts are lifted, and demand returns, such firms that rely on one-to-one service can get back to work quickly. Those that serve crowds—restaurants or theatres, for instance—will need to invest heavily in screening and safety protocols, and even new facilities, if they hope to reopen.



Small firm liquidity (short-term assets vs liabilities)

Incorporated businesses $30K-$5M annual revenue



Sources: ISED, Statistics Canada, RBC Economics

Small firm employment by industry

Self-employed (incorporated and unincorporated) and firms <100 employees

Sources: Statistics Canada, RBC Economics

The rocky road ahead

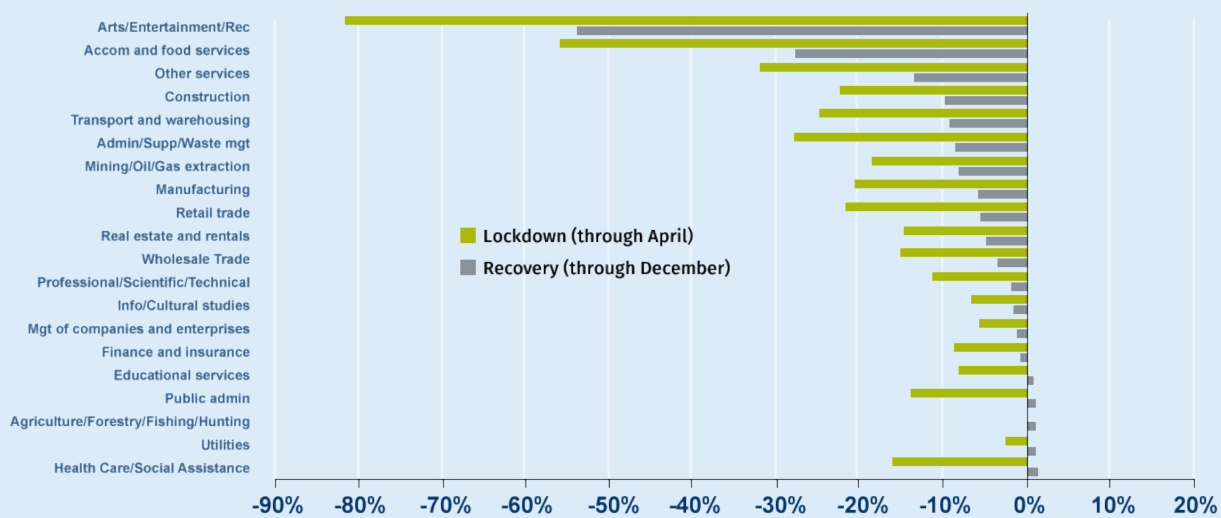
We will see a rebound in activity as Canadians unleash some pent-up desire to spend. But supply-chain disruptions, firm failures, the gradual unwinding of social-distancing measures, and lingering health fears will curb the recovery. After a 5.9% contraction in 2020, we expect the Canadian economy to rebound 4.2% in 2021. That partial recovery, however, will be uneven. For one thing, in terms of employment, small companies have a deeper hole to dig out of. For firms with fewer than 100 employees, employment was down 29% in April versus February, almost double the rate of either mid-sized or large firms.

We expect output in one of our hard-hit sectors, arts and entertainment, to remain at least 50% below February 2020 levels at the end of the year. Accommodation and food services output will be around 28% lower. By comparison, output in the professional and scientific sector, and in health and social services, will only be down slightly.

We've already seen reports of permanent closures. Business exits always increase during downturns: in the 2008-2010 period, nearly 20,000 more small businesses closed their doors than in the prior three years. Most job losses in that downturn were within firms that continued to operate, leaving the door open for employees to return once conditions improved. These firms' survival was important; U.S. research suggests 40% of employees end up returning to their last employer at the end of a jobless spell.

Projected GDP by industry

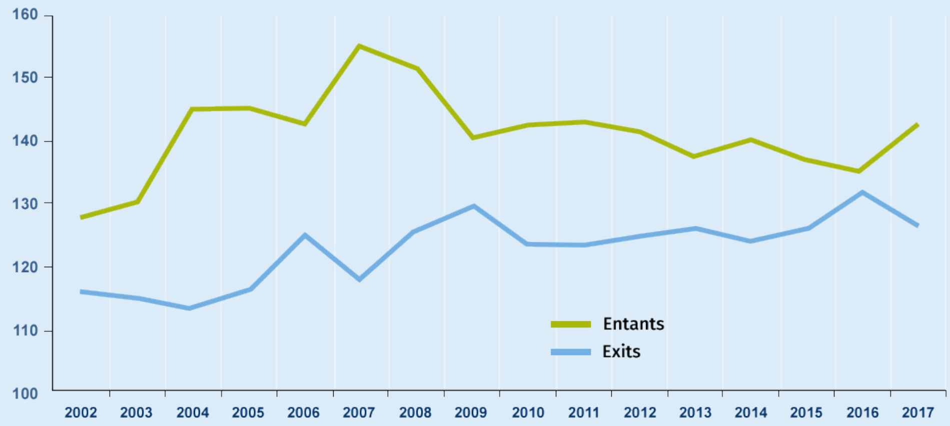
Percentage change vs. January 2020



Sources: RBC Economics

Small business entries and exits

Thousands of new firms and closures (<100 employees)



Sources: Statistics Canada, RBC Economics

The post-pandemic era could be different. Ottawa has taken extraordinary steps to help keep small businesses afloat. Like other major economies, it's offered a mix of wage subsidies, interest-free loans, tax breaks and outright grants. Recognizing that maintaining employer-employee relationships could be key to a faster recovery, the Canada Emergency Wage Subsidy is the centrepiece of Canada's COVID-19 fiscal response.

Based on its timing (taking applications in late April), Canada's wage subsidy didn't prevent initial widespread layoffs, but will provide significant support to businesses that maintained some staffing levels. As of late May, the CEWS had supported the wages of nearly 200,000 businesses (mostly small firms) and paid out $9.4 billion in support. Modifications to the program will help employers use it more actively.

One area in which Canada has been relatively less generous than other countries is in providing grants to small businesses. One-quarter of Canada Emergency Business Account loans (which are worth up to $40,000) is forgivable and can be considered a grant. But the other 75% is repayable, meaning small firms that take those loans will shoulder more debt than they did before the crisis. That could be a major deterrent for many firms in our five hard-hit sectors, which already had strained liquidity going into the crisis. By comparison, the U.K. has offered cash grants to small businesses in the most affected industries (retail, hospitality and leisure), and Australia is handing out cash payments economy-wide.

The thorny issue of offering a one-size-fits-all support program to a wide array of firms with different needs helps explain why not all Canadian small firms have opted to participate, citing either ineligibility or a desire not to take on more debt. (To see how Canada's rescue package stacks up against those of some other countries, see Appendix B.)

Even with government support, firms will be reeling after months of little to no revenue. Others have incurred costs to enable social distancing, or invested in new service- and product-delivery methods to respond to altered consumer habits. Those that were in a precarious financial state prior to the downturn will find it more difficult to survive.

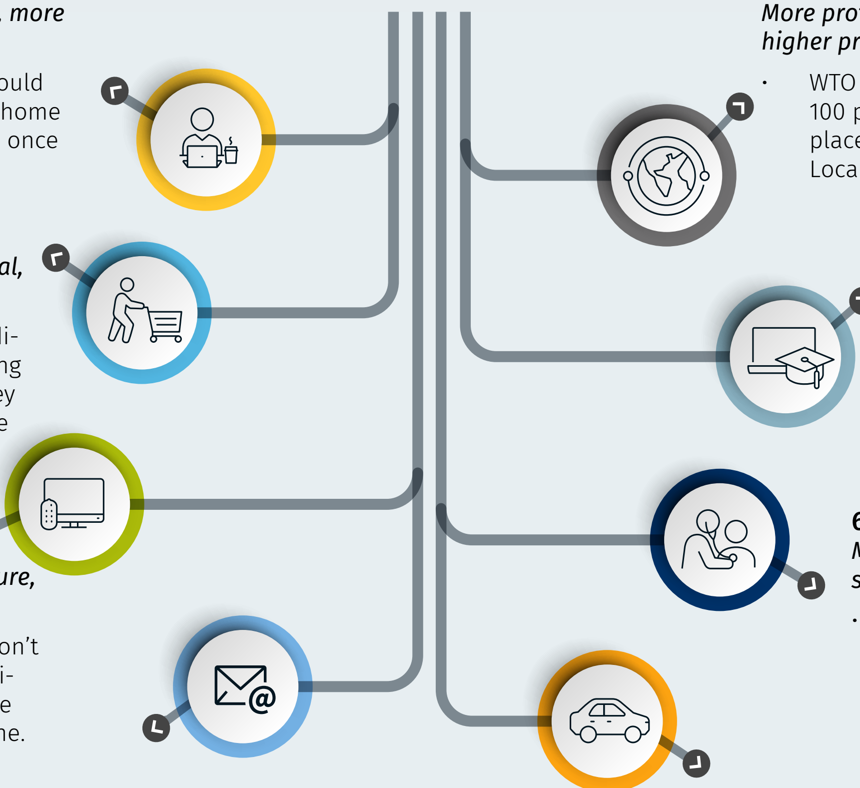
Share of employment	Small firms	Medium-sized firms	Large firms
Women	**47.4%**	**42.6%**	**43.7%**
Youth	**18.3%**	**15.0%**	**18.1%**

More than 3 million Canadian jobs have already been lost in the pandemic, pushing the jobless rate up to 13% in April and wiping out a long stretch of robust employment. Women and youth bore more of the pain, since they are overrepresented in small-business employment. As of April, employment of women at small businesses was down 32%, compared with 27% for men. Youth employment was down 47%, compared with a decline across all ages of 29%.

Permanent closures in the small-business sector will disrupt the entire supply chain. Every business—from nail salon to e-commerce startup—is a supplier to and/or customer of other firms. The disruption will temporarily limit the Canadian economy's productive capacity, idling plants and equipment. New businesses will eventually restore much of that lost capacity, but firm creation slows after a downturn. Surviving businesses can also pivot and expand—but that effort will take time and investment. (See "The new, new economy" sidebar for major trends that may impact small businesses.)

The new, new economy:
How COVID-19 may change everything

In our report, *After the Crisis*, we documented eight major economic trends underway that could impact every business – and create a new generation of opportunities.



1. How we work
Fewer offices, less paper, more productivity

- 75% of Canadians would prefer to work from home a little or a lot more once restrictions ease.

2 How we shop
More shipping, more local, more expensive

- Nearly 3 in 10 Canadians are now shopping online for things they normally would have bought in a store.

3 How we watch
More binging, more culture, more global

- 43% of Canadians won't go to an arena, stadium, or concert venue until there's a vaccine.

4. How we share
More bandwidth, more data, more hacks

- Data creation is on course to hit 175 zettabytes by 2025, 10 times what we produced in 2017.

5. How we travel
More local, more modest, more active

- As restrictions ease, 63% prefer to drive than fly, and 62% prefer to stay in Canada.

6. How we heal
More protection, more screening, more expensive

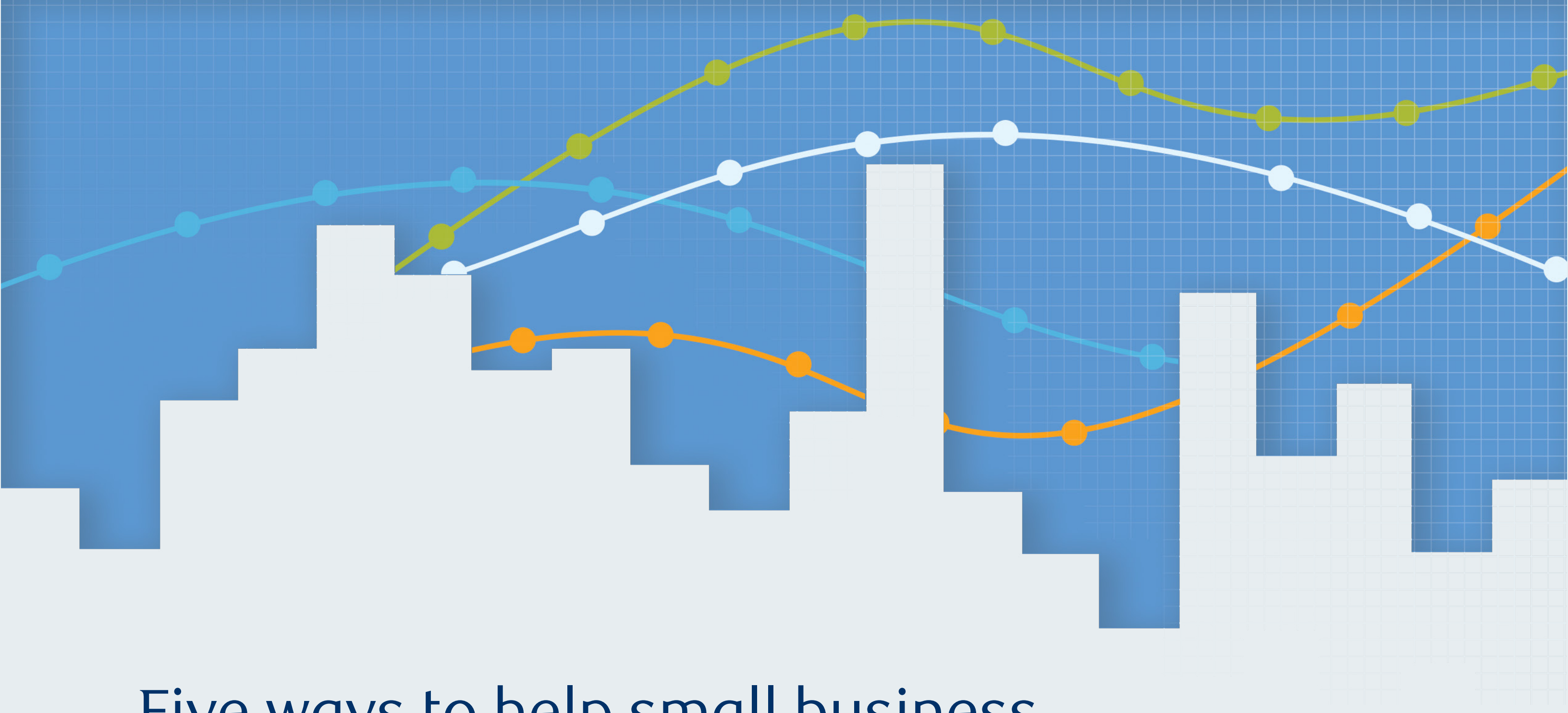
- 3 out of 4 Canadians say they won't feel safe until a treatment or vaccine is available.

7. How we learn
Remote, interactive, personal

- Digital spending in education is projected to double to US$350 billion by 2025.

8. How we trade
More protectionism, fewer imports, higher prices

- WTO has identified more than 100 protectionist measures in place, and noted a rise in "Buy Local" campaigns.



Five ways to help small business

1 Streamline relief programs

As we shift from relief to recovery, the federal government has an opportunity to refresh and streamline its relief programs for business. Most immediately, those options could include:

- a topped-up Canada Emergency Business Account (CEBA), and modified Business Credit Availability Program (BCAP), with greater forgiveness to cover a protracted recovery and help owners retrofit facilities for social distancing;
- changes to the Canada Emergency Response Benefit (CERB) to allow for a sliding scale to be paid to those going back on payroll;
- a transition of the student relief program to allow for small firms to hire students and top up their benefit until September 2020;
- a brief sales tax holiday for small businesses to spur the recovery of local shopping and tourism.

What if the federal and provincial governments, and Canada's ecommerce and payments leaders, launched a Buy Canada/See Canada initiative to kick-start local enterprises and economies?

2 Invest in capacity for safe reopening

Provincial governments should consider investing in broad-based programs to assist employers as they try to get back to business. This could include:

- provincially led and funded coalitions with business groups and chambers to provide personal protective equipment to small firms;
- an emergency training grant for micro-credentials with qualified colleges, universities and education platforms for employees of small firms;
- a virtual work-integrated learning initiative, to launch in the 2020-21 academic year, to remotely connect students with small businesses to help them gain work skills and mentorship opportunities to ease transitions to the labour market;
- a nationally-coordinated program to certify public-facing businesses as COVID-safe.

What if business groups along with the federal and provincial governments launched a safety certification for SMEs, with an initial focus on restaurants, accommodation and retail outlets?

3 Build digital networks

Small firms will not only need tools for the post-pandemic economy; they'll need to form alliances—the equivalent of digital co-op movements to compete in the global platform economy. A recovery plan needs a digital strategy for small business that could include:

- an acceleration of the Budget 2019 commitment of high-speed Internet for every Canadian and business by 2030;
- tax credits for small firms to invest in Canadian-designed software and hardware to enable digital growth;
- a national program to create virtual farmers' markets and virtual Main Streets;
- a five-year investment—on par with the supercluster initiative—in regional tech accelerators and provincial chambers of commerce to train and develop digital small firms and digital co-op movements.

What if we launched a massive Virtually Enabled Now movement with the goal of one million Canadian enterprises deriving at least 25% of their revenue from online channels by 2025?

4 Set new economic strategies to help scale

Governments and large enterprises have an opportunity to invest in sectors that leverage Canadian supply chains and drive small business growth, including:

- coordinated procurement efforts by governments and large enterprises to designate preferred small-business suppliers, with a special focus on PPE, testing and tracking technologies, and health care;
- a Canada 2020-21 tourism campaign to spur domestic travel;
- provincial commitment to lower interprovincial trade barriers for small businesses in 2021;
- an independent audit of new COVID-19 regulations to ensure the costs of a new operating environment are partly offset by red-tape reductions in other areas.

What if there was a national data and cybersecurity program with a special focus on small-business capabilities to excel in the new economy?

5 Create a more strategic approach to globalization

In a world that is likely to be more fragmented, Canada will need a more focused approach to trade. We may need:

- a coalition of governments, banks and other institutions to develop a "Brand Canada" platform for small firms;
- a concerted "Go Global" program through the existing network of trade accelerators, with focus on countries and regions that are more open to Canadian exports;
- special focus on strategic sectors that can drive a higher level of employment growth, led by agriculture and food production, advanced manufacturing, education services, health and life sciences, and energy tech;
- expanded Canadian expat networks, such as the C100, to help knowledge-based industries connect with global Canadians.

APPENDIX A

Methodology

In this report, we looked at 20 industries covering 1.2 million small businesses (incorporated firms with annual revenue of $30,000 to $5,000,000). Each industry was assigned a "lockdown" and "recovery" score based on a subjective assessment (50%) and financial metrics (50%). Subjective assessments examined available hard data (e.g. changes in employment and hours worked in March and April), business surveys (e.g. business closures, revenue losses, ability to work from home), government regulations and reopening plans to determine how industries were affected by containment measures and the likely speed of recovery. Financial metrics are based on 2018 Financial Performance Data from ISED. "Lockdown" financial metrics include average fixed costs (rent, utilities, insurance, and interest and bank changes as a share of revenue) and liquidity (current assets as a share of current liabilities). Our assumption is that firms with higher fixed costs and less short-term liquidity will face additional challenges during the lockdown phase. "Recovery" financial metrics look at average debt (debt-to-equity ratio), debt-service costs (interest coverage ratio) and profitability (return on assets). Our assumption is that firms will have to rely on borrowing to cover costs amid revenue shortfalls, and those with more existing debt, higher debt payments and low profitability will have more difficulty managing higher debt loads during the recovery phase.

APPENDIX B

Government assistance for pandemic-stricken small businesses

	Canada	US	UK	Australia
Loans and guarantees	• Canada Emergency Business Account (CEBA): interest-free loans up to C$40K for firms with payroll between C$20K-1.5M (C$25B program) • Business Credit Availability Program: C$40B in loan guarantees and co-lending (loans up to C$6.25M) • Canada Emergency Commercial Rent Assistance (CECRA)	• Paycheck Protection Program (PPP): Small Business Administration to guarantee loans covering up to 8 weeks of payroll and benefits with payments deferred 6 months (program is US$659B or 3.1% of GDP) • Economic Injury Disaster Loans (EIDL) of up to US$2M • Main Street Lending Program: Fed will purchase up to US$600B of SME loans from banks	• Coronavirus Business Interruption Loan Scheme will provide 80% government guarantee on loans up to £5M (subject to a per-lender cap); government will cover the first 6 months of interest payments	• Coronavirus SME Guarantee Scheme will guarantee 50% of new SME loans up to A$250K (worth up to A$40B or 2% of GDP) with 6-month repayment holiday and up to 3-year maturity
Grants	• 25% of CEBA loans (up to C$10K) forgivable if repaid by end-2022 • CECRA intended to reduce rent by 75% for small businesses (paying <$50K monthly rent) facing temporary closure or 70% drop in revenue	• Emergency advance of up to US$10K on EIDL won't have to be repaid • SBA loan forgiveness tied to payroll requirements	• Cash grants of £10K-25K and 1 year property tax holidays for small businesses in retail, hospitality or leisure (worth more than 1% of GDP) • Self-employment Income Support Scheme: taxable grant worth 80% of past profits up to maximum of £2.5K a month for 3 months	• Boosting Cash Flow for Employers payments of A$20K-100K

Wage subsidies	• Canada Emergency Wage Subsidy (CEWS): 75% wage subsidy up to C$847 weekly per worker (also covers employer payroll taxes) for firms with 30% revenue drop • Temporary 10% Wage Subsidy for 3 months (up to C$1,375 per eligible employee to a maximum of C$25K per employer) • CERB payments (C$2K a month) open to self-employed	• SBA to forgive PPP loans if employees are kept on payroll for 8 weeks and the money is used for payroll, rent, mortgage interest, or utilities (75% must be used for payroll; forgiveness subject to conditions) • Employee Retention Credit: refundable tax credit of 50% of up to US$10K in wages paid by an eligible employer	• Coronavirus Job Retention Scheme: 80% subsidy for wages of furloughed employees (up to £2.5K a month per worker) available for 6 months	• JobKeeper Payment will provide A$1.5K per 2-week period per eligible employee until end-Sep 2020 • 50% subsidy for apprentice or trainee's wages between Jan 1 and Sep 30 (up to A$21K per eligible apprentice or trainee)
Tax deferrals	• Firms can defer income tax payments until Sep 2020 and GST/HST and customs duties payments until July	• Employer share of Social Security payroll taxes can be deferred and paid over next two years (half by end-2021)	• Businesses can defer payment of VAT collected Mar 20-Jun 30 (worth £30 billion or 1.4% of GDP) • Delay second Self-Assessment tax payment from end-Jul 2020 to end-Jan 2021 • Support on case-by-case basis	• Increased threshold for instant asset write-off through Jun 2020; accelerated depreciation through Jun 2021 • Support on case-by-case basis

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Published by RBC

RBC Thought Leadership | June 11, 2020

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