

# Questions & Answers

## Strong Recovery Adaptation Rebate

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### Contents

1. What is the Strong Recovery Adaptation Rebate (SRAR)?.....	2
2. What are the eligibility criteria? .....	2
3. Does a one-time payment mean I can only claim for one expense?.....	2
4. What types of expenses will be reimbursed as business adaptation investments? .....	2
5. Can a business submit expenses for costs incurred to adapt their business before the program start date? .....	4
6. How is the payment or reimbursement calculated? .....	4
7. Why is there a minimum \$300 expense?.....	5
8. What types of businesses are eligible? .....	5
9. Are not-for-profits eligible? .....	5
10. Are new businesses that opened in 2020 eligible?.....	5
11. How will the Government of Saskatchewan (GOS) verify eligibility? .....	5
12. Why is there a requirement for the business to demonstrate at least a 30% revenue loss for each of April, May, and two additional months of the applicant’s choosing?.....	6
13. If I chose January or February 2021 as the months where my business has experienced a 30% revenue loss, do I compare the 2021 revenues to 2020 or 2019?.....	6
14. Are seasonal businesses eligible if they did not operate for April, May and an additional two months between April 1, 2020 and February 28, 2021? .....	6
15. How soon can I apply? When can I expect to receive my payment? .....	6
16. What is the deadline to apply? .....	6
17. Is this program open to businesses that operate in Saskatchewan but are located outside the province?.....	7
18. Am I eligible for this program if I received money from other federal and/or provincial programs?.....	7
19. My business has multiple locations; how should I apply? .....	7
20. Are payments taxable for the purposes of income tax?.....	7

## 1. What is the Strong Recovery Adaptation Rebate (SRAR)?

The SRAR reimburses eligible small businesses in Saskatchewan for one-time, incremental expenses they have incurred to adapt their business model to operating during the COVID-19 pandemic.

The program reimburses businesses for 50% of total eligible business adaptation investments made by the applicant between April 1, 2020 and February 28, 2021. The maximum government payment is \$5,000. The minimum expense that will be reimbursed is \$300 (which is a \$150 government contribution).

## 2. What are the eligibility criteria?

To be eligible, a Saskatchewan business must:

1. Maintain a permanent establishment in Saskatchewan;
2. Have experienced a loss of sales revenue equal to at least 30% in each of April, May and two other months selected by the applicant, within the months of April 2020 to February 2021, as compared to the same months in 2019 or 2020;
3. Have less than 100 full-time and part-time employees;
  - o in 2019; or
  - o when averaged for 2017, 2018 and 2019.
4. Provide proof of expenditures for incremental business adaptation investments of at least \$300 paid between April 1, 2020 and February 28, 2021.
5. Attest that the business intends to continue to operate in 2021; and
6. Apply on or before March 31, 2021.

## 3. Does a one-time payment mean I can only claim for one expense?

One-time is not intended to mean one lump-sum payment for an expense. Rather, it means expenses for an incremental project (a service, product or operational change) required to adapt your business model to operating during and after the COVID-19 pandemic.

Examples would be expenses for the creation of a web page or incremental website development costs for e-commerce, purchase and installation of plexi-glass or sneeze guards, or renovation of a physical space. The costs of hand sanitizer, cleaning supplies/services, or personal protective equipment (PPE) are not eligible. See list of eligible expenses below.

## 4. What types of expenses will be reimbursed as business adaptation investments?

A business adaptation investment is a one-time or initial expenditure that an applicant has made to adapt its business model, including investments to adapt its physical environment to operate safely. All eligible expenses must be incremental and a direct result of adjusting operations due to COVID-19. The following table provides a listing of eligible expense categories and examples of eligible and ineligible items.

EXPENSE CATEGORY	Eligible
<p><b>Reconfiguring physical space or infrastructure investments to enhance safety</b></p> <p>Adaptations to meet changing customer needs related to physical distancing (e.g., more digital capacity in meeting rooms, different meeting space sizes, signs and barriers) and investments and physical modifications to enhance sanitization (modifications to ventilation, touchless sanitation infrastructure).</p>	<ul style="list-style-type: none"> <li>• Plexiglass barriers</li> <li>• Sneeze guards</li> <li>• Air filtration systems</li> <li>• The installation of touchless devices such as doors, waste containers and bathroom upgrades (taps, sinks, etc.)</li> <li>• The installation or purchase/rental of equipment/furniture to ensure safe customer facing operations and associated electrical and plumbing work directly attributable to the renovation</li> <li>• Creation of signage or floor markers</li> <li>• The building or purchase of sanitizing stations</li> <li>• The building or purchase of materials used to create a structure to facilitate curbside pickup</li> <li>• The building or purchase of materials to change the size or digital capacity, meeting rooms or public space and associated electrical and plumbing work directly attributable to the renovation</li> <li>• Engineering or design services to reconfigure space</li> <li>• Third party labour costs associated with any of the above</li> </ul>
<p><b>Providing new services or products</b></p> <p>Services or products that were not widely offered prior to the pandemic.</p>	<ul style="list-style-type: none"> <li>• Machinery or new technologies to change operations and associated electrical, plumbing work attributable to the modification</li> <li>• Third party labour costs associated with any of the above</li> </ul>
<p><b>Providing services through digital tools</b></p> <p>Adaptation through the use of digital tools would include the development of new marketing or sales channels to reach the business' target market, or using new channels to reach customers not previously part of the business' customer base.</p>	<ul style="list-style-type: none"> <li>• Up to six months of subscription fees for software to enable digital services such as for websites, webinars, e-commerce</li> <li>• Website and social media development and enhancements for e-commerce functionality, including hiring a professional content writer or consultant</li> <li>• Professional photos for websites</li> <li>• Initial set-up fees for websites or e-commerce functionality</li> <li>• Cyber security software</li> </ul>
<p><b>Providing delivery, curbside or take-out services</b></p> <p>This form of adaptation applies to businesses who provide tangible products (retail, restaurants, bars, etc.) and includes using new channels or methods to reach customers.</p>	<ul style="list-style-type: none"> <li>• Software, hardware, up to six months of subscription fees or commissions associated with the use of a delivery service, including third party food delivery apps</li> <li>• The building or purchase of materials to create a physical structure to enable curbside delivery or take-out</li> <li>• Costs associated with procuring a delivery vehicle including purchase, lease, rental fees or up to six months of the cost of an external contract (for delivery services only, does not include labour costs)</li> <li>• Costs related to website development or e-commerce (as above)</li> </ul>

<p><b>Other</b> Costs to enable business planning for the purpose of adaptation, recovery or re-branding <u>or</u> costs related to a substantial change in operational processes, such as a change in resource inputs, process improvements.</p>	<ul style="list-style-type: none"> <li>• Professional consulting fees for website design and enhancements, social media/marketing</li> <li>• Marketing-related expenses to promote new products, services or ways to access products/services including consultation or incremental advertising</li> <li>• Professional consulting fees for business plans, feasibility studies to enhance recovery, adapt, or re-brand</li> <li>• New investments in network infrastructure, equipment, data storage or tracking</li> </ul>
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Ineligible expenses include:

- Personal protective equipment including masks, face shields and gloves
- Hand sanitizer
- Cleaning services
- Building permits
- Internal labour costs for the installation/set-up of barriers or physical distancing measures
- Employee wages and salaries
- Staff training costs
- Fuel or vehicle maintenance costs
- Contracted or pay-per-service delivery employment not associated with an app
- Internal labour costs associated with providing delivery services
- PST/GST
- Inventory costs
- Items purchased for resale
- Existing operating costs
- Office furniture or costs for home office equipment
- Renovations not required for physical distancing
- Existing marketing or advertising costs
- Incremental or existing insurance costs
- Security system or personnel
- Costs related to automation

5. Can a business submit expenses for costs incurred to adapt their business before the program start date?

Yes. Businesses can submit expenses that were incurred after April 1, 2020 and before February 28, 2021, as long as the expenses were incurred as a result of the pandemic.

6. How is the payment or reimbursement calculated?

The payment is based on 50% of the business's eligible expenses demonstrated through receipts or invoices, up to a \$5,000 government payment.

Eligible expenses can be added together to determine the total amount eligible for reimbursement. For example, a business could submit expenses for the purchase and installation of sneeze guards and the cost of enhancing its website to enable e-commerce. However, the applicant must submit all expenses through one application.

Total expenses claimed must be over \$300. The purchases must have been made after April 1, 2020 and before February 28, 2021. The expenses included in an application may exceed \$10,000, however the maximum government reimbursement will not exceed \$5,000.

### 7. Why is there a minimum \$300 expense?

Each application takes time and infrastructure to verify and process a payment. A \$300 minimum ensures the benefit the business receives is more than the cost of processing the application.

### 8. What types of businesses are eligible?

The program is intended for small Saskatchewan business that are facing significant revenue losses and have adapted their business models due to the pandemic, as per the eligibility criteria above. Unlike the Saskatchewan Small Business Payment or the Saskatchewan Tourism Sector Support Payment, the program is not restricted to specific sectors.

Businesses must carry on business and have a permanent establishment in Saskatchewan.

### 9. Are not-for-profits eligible?

Non-profit organizations may be eligible if they earn revenue through business activities, either through the sale of goods or services. For example, the following types of non-profit businesses might have eligible business activities:

- Daycare services;
- Gyms/fitness facilities, professional training centres;
- Recreational facilities (soccer centre or gymnastics facility);
- Recreational classes or programs (e.g., sportball, bricks for kids, dance and art studios, etc.);
- Event facilities;
- Art galleries and museums, excluding provincial museums;
- Agricultural or exhibition societies.

Ineligible non-profit organizations include clubs with membership fees and fundraising, but no monthly sales revenue, and recreational programs run by municipalities.

### 10. Are new businesses that opened in 2020 eligible?

New businesses may be eligible on a case-by-case basis. For example, if a business was in the process of launching a new business prior to March 31, 2020, had to adapt its planned business model in response to the pandemic, and meets other eligibility requirements such as demonstrating sales revenue loss, then the businesses may be eligible.

### 11. How will the Government of Saskatchewan (GOS) verify eligibility?

Applicants will complete an application form and provide receipts for eligible expenses. Through the application process the applicant will attest:

- The business carries on business and maintains a permanent establishment in Saskatchewan;

- The business expects to continue to operate in 2021;
- All expenses claimed are one-time incremental investments made to adapt the business model as a result of the COVID-19 pandemic;
- No other related individual or party has previously claimed an expense submitted to the program for this business;
- The expenses claimed have not been directly reimbursed by another COVID program, including federal, provincial or municipal programs.

To demonstrate the 30% revenue loss, the applicant will enter into the application form their monthly sales revenues for April and May 2020, plus two additional months of the applicant's choice between April 1, 2020 and February 28, 2021 and the same months in 2019 (or 2020 for January or February).

Applications may be audited following payment. Any payments that are deemed to be ineligible will be considered a debt owing to the GOS and subject to collection processes outlined in *The Financial Administration Act*.

### 12. Why is there a requirement for the business to demonstrate at least a 30% revenue loss for each of April, May and two additional months of the applicant's choosing?

This requirement is intended to ensure funding is directed to businesses that are in most need of additional support in order adapt to changing consumer behaviors and new ways of operating due to COVID-19.

### 13. If I chose January or February 2021 as the months where my business has experienced a 30% revenue loss, do I compare the 2021 revenues to 2020 or 2019?

In the application form, you will be given the option to compare January and February 2021 sales revenue to the same months in 2020.

### 14. Are seasonal businesses eligible if they did not operate for April, May and an additional two months between April 1, 2020 and February 28, 2021?

If seasonal businesses meet all other eligibility criteria, they may apply based on the months that they normally operate, and will be assessed on an individual basis.

### 15. How soon can I apply? When can I expect to receive my payment?

Applications will be accepted starting December 22, 2020. Applications will be processed on a first-come, first-served basis. Complete applications with all required attachments will be given priority. Once an application is received, a confirmation email will be sent within three business days providing instructions on how to set up direct deposit payment. The program aims to process applications within three weeks of receiving a complete application.

### 16. What is the deadline to apply?

Applications must be received on or before March 31, 2021.

17. Is this program open to businesses that operate in Saskatchewan but are located outside the province?

To be eligible for the program, a person, partnership, corporation or cooperative must carry on business and maintain a “permanent establishment” in Saskatchewan and have allocated income to Saskatchewan for the purposes of income tax in the comparison period. Permanent establishment is defined in *The Income Tax Act, 2000* (Saskatchewan).

18. Am I eligible for this program if I received money from other federal or provincial programs?

Yes, this program is intended to complement other federal and provincial programming. However, if you have already received compensation for eligible expenses through another government support program (federal, provincial or municipal), those expenses may not be claimed in this program.

19. My business has multiple locations; how should I apply?

Applications are accepted by business entity, meaning one application per business entity. If a single business entity operates at more than one location, expenses from all locations can be included in the same application. The maximum government contribution will be \$5,000 per business entity.

20. Are payments taxable for the purposes of income tax?

These payments are considered taxable by the Canada Revenue Agency and must be included in your business income when preparing your income tax forms.