



COVID-19 & the Canadian Accounting Industry

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Current Climate

Latest Economic Data

- **Retail sales** increased a seasonally-adjusted 0.3% in February compared to sales in January.
- **Manufacturing sales** increased 0.5% in February.
- **Employment** fell by 1,011,000 in March of which 49.7% is within wholesale and retail trade or hospitality & food services employment, and the unemployment rate rose by 2.2 points to 7.8%.



† Interac Debit is the network used for most debit transactions at the point of sale in Canada. Interac Debit is separate from e-Transfer, automated banking machine cash withdrawals and other Interac products.

Source: Interac Corp.

Relevant Economic Support

- Avoiding layoffs and rehiring employees
- Access to credit
- Deferred payments by businesses
- Measures to support financial stability and promote lending activity

New Business Credit Availability Program Measures

Measure	Size
Canada Emergency Business Account	\$25B
SME Loan and Guarantee program	
EDC Guarantee	\$20B
BDC Co-Lending Program	\$20B
Total	\$65B

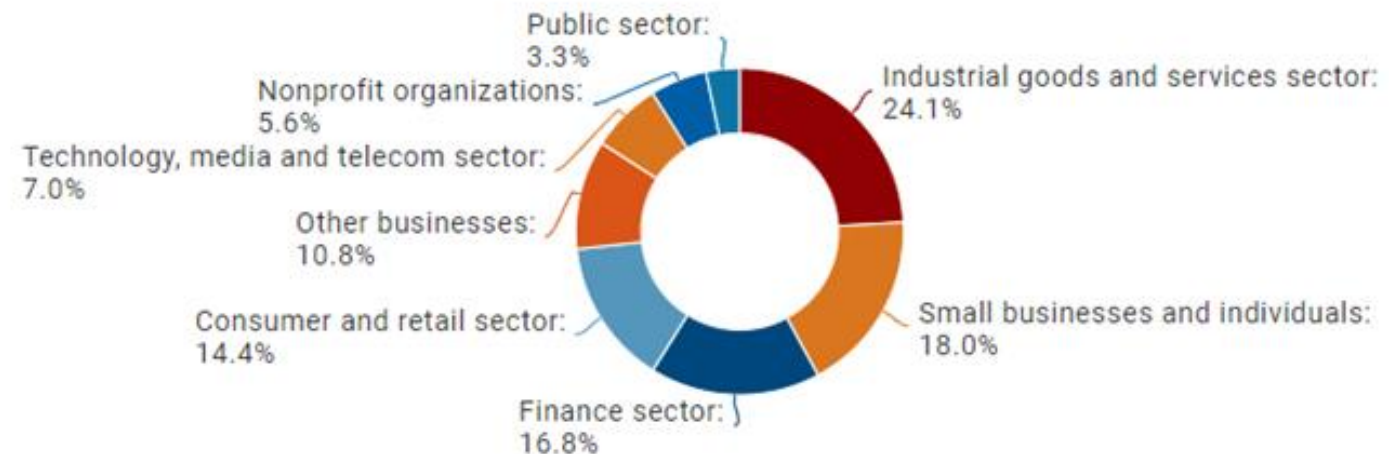
Source: Canada Department of Finance

Client Questions

How is the current climate affecting the Accounting industry and their supply chains?

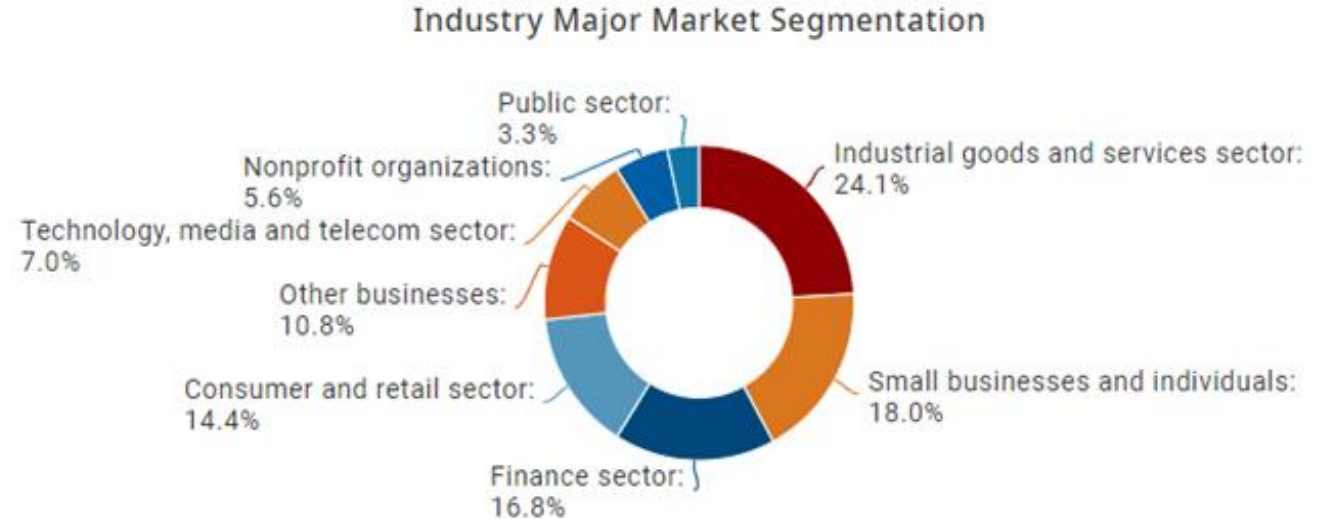
- **Advisory services** are a growing segment of the Accounting industry
 - Relaxed lending regulations should incentivize loan activity
 - Lenders likely to leverage accountants to properly account for surge in lending and change in reporting requirements
- **Supply chain perspective:** Stimulus efforts target **small businesses**, a key client base of the accounting industry
 - Some clients may need guidance on stimulus options available

Industry Major Market Segmentation



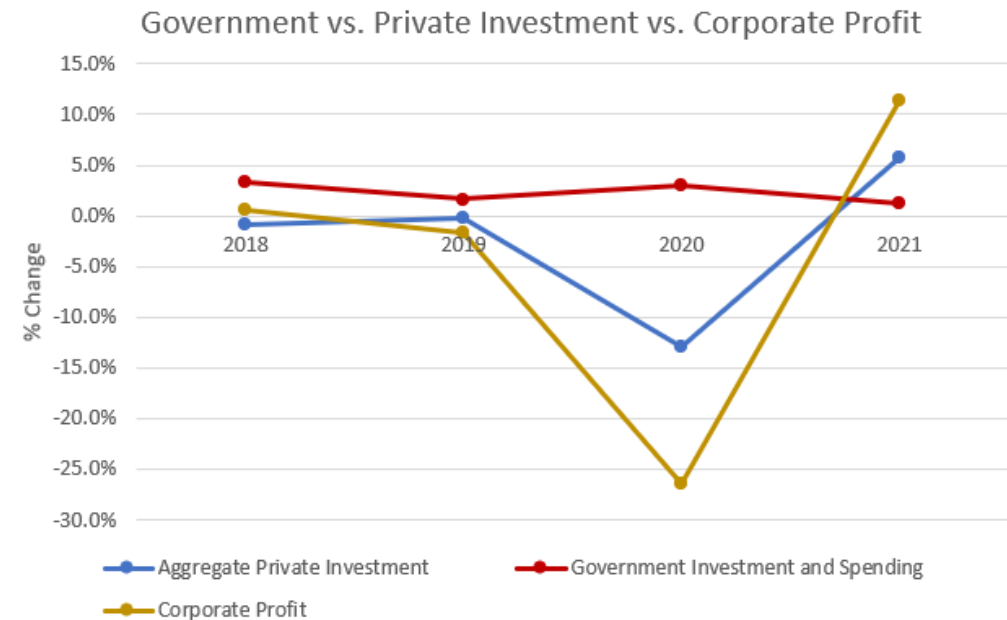
How can accountants best assist their clients?

- Assisting clients in **understanding relief programs**
 - CEBA
 - Deferred Goods & Services Tax
- Maximizing tax benefit of **delayed tax deadline**
 - **June 1, 2020** - deadline for most Canadians
 - **June 15, 2020** - deadline for those who are self-employed
 - **September 1, 2020** - deadline for taxes owed



What key economic drivers and external sources does IBISWorld use as indicators of economic recovery?

- Economic recovery is dependent on easing of social distancing restrictions
 - Timing of recovery to vary across regions, as each is in a different stage of the outbreak
- KEDS: Government spending, aggregate private investment, & Corporate Profit
- Changes in annual guidance from Q1 earnings season
 - Looking to changes in quarterly guidance as leading indicators of business sentiment

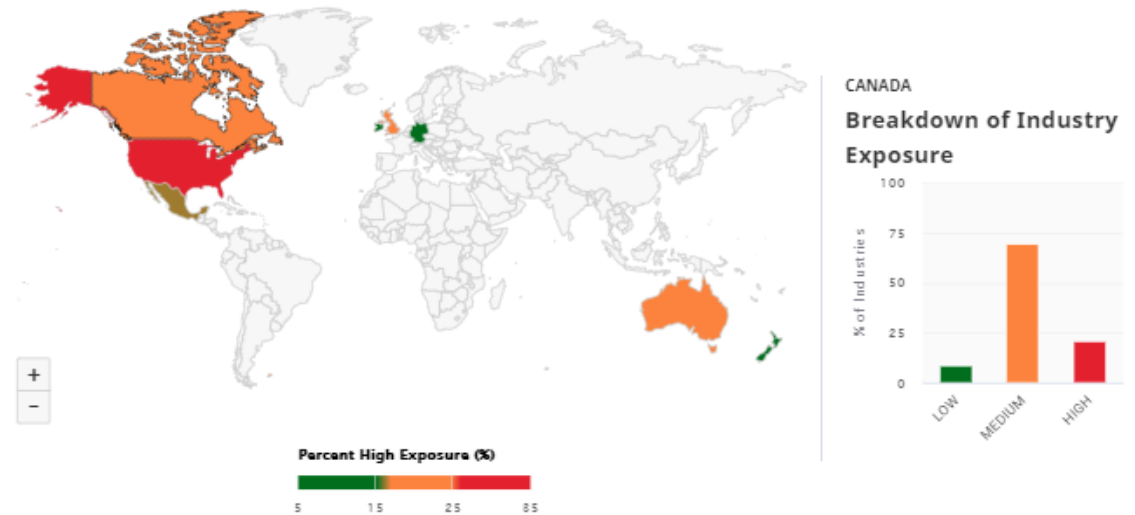


Additional Resources

Additional IBISWorld Resources

- IBISWorld Updated Reports list and Industry Insider
- COVID-19 update module
- Your client relationship manager

Industry Exposure Intensity by Country



Thank you!
Merci!