



COVID-19 EMPLOYER INFORMATION UPDATE #6

CANADA EMERGENCY WAGE SUBSIDY UPDATE

Current and accurate as of April 14, 2020

On April 11, 2020 the Federal Government passed legislation providing more details on the **CANADA EMERGENCY WAGE SUBSIDY**. This program was introduced by the Federal Government in hopes that it would allow employers to re-hire their workforce. The Prime Minister and the Minister of Finance indicated that the intention of this program is to allow employees to continue to be paid and to be connected to their employers, to support our economy in remaining strong and sustaining the best position to rebuild rapidly when we are able to recover from the COVID-19 crisis.

This information is intended for non-unionized workers, so if you require information related to your unionized employees, please feel free to reach out and we will direct you to alternate sources of information.

Please note that this is a rapidly changing and evolving situation, and that this information is based on our best knowledge at the current time. Due to the unique circumstances of every business, not all information is applicable to all employers, so please feel free to contact us with any questions.

Q1: Does my business qualify for the Canada Emergency Wage Subsidy?

Eligible employers for the Canada Emergency Wage Subsidy include all sizes of businesses across industry and sectors. Business can be individuals, taxable corporations, non-profit organizations, registered charities and partnerships consisting of eligible employers. Public bodies are not eligible for this subsidy.

Q2: What is the loss of business revenue criteria and how is it calculated?

Businesses will have to demonstrate a loss of gross revenue from March 15 to April 11 of 15%; from April 12 to May 9 of 30%; and from May 10 to June 6 of 30%. These losses must be demonstrated year over year from 2019. Alternatively, employers can choose to compare the revenue to the average revenue earned in January and February 2020. Whichever method is chosen; the business is obligated to continue to use that method for the duration of the program.

Businesses calculate their revenues in accordance with their usual accounting methods (either accrual or cash methods, but not both) and must use the same method for the duration of the program. Businesses are permitted to exclude revenues from extra ordinary items and amounts on account of capital. Employers will be required to retain records demonstrating their reduction in revenues and remuneration paid to employees.

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Q3: How much does the Canada Emergency Wage Subsidy cover and are businesses required to pay the remaining 25%?

Businesses shall be eligible to receive 75% of the salary or wages actually paid to employees, up to \$847 per week. There is no overall cap for the duration of this program, which shall be in place for 12 weeks.

Employees wages shall be based on their average weekly payment paid between January 1 and March 15, excluding any seven-day period that they did not receive any payments.

Businesses are encouraged to do all that they can to pay their employees the remaining 25%; however, there is no requirement of payment at this time. Employers are expected to make best efforts to bring employees back to their pre-COVID-19 wages or salary.

Q4: Is the 10% Temporary Wage Subsidy still available and if so, how does it interact with the Canada Emergency Wage Subsidy?

The previously announced 10% Temporary Wage Subsidy is still available for eligible employers to reduce the amount of payroll deductions required to be remitted to CRA. This program remains up to \$1,375 for each eligible employee to a maximum of \$25,000.

If an employer is eligible for **both** the Canada Emergency Wage Subsidy and the 10% Wage Subsidy, any benefit of the 10% Temporary Wage Subsidy paid in a specific period should be expected to generally reduce the amount available under the Canada Emergency Wage Subsidy for the same period.

Q5: How does the Canada Emergency Wage Subsidy interact with Workshare Program?

If an employer is eligible for **both** the Canada Emergency Wage Subsidy and the Workshare Program, the EI benefits received through the Workshare Program will reduce the benefit that the employer is entitled to receive under the Canada Emergency Wage Subsidy.

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Q6: How do we apply for the Canada Emergency Wage Subsidy?

Eligible employers will be able to apply for the Canada Emergency Wage Subsidy through the Canada Revenue Agency's *My Business Account portal*. More details about the application process will be made available shortly.

Recognizing that things are changing rapidly, and each business and workforce is unique, please do not hesitate to reach out with questions, concerns, or if we can be of assistance in any way.

Also, we note that this information is current as of business on April 14, 2020 and will be subject to change following this date as further details of this program are being developed and released by the federal government.

From us and the Bishop & McKenzie team, please stay safe and healthy!

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