

A Message to Employers,

As we close out the 4th week of this unprecedented event, I would like to take this time to send a big SHOUT OUT to each and every one of you! I know that all of you have struggled over the last several weeks with making the right decisions for your employees, your family and your business but, I also know that all of you have made the RIGHT decisions that you could have given the circumstances. As we head into the long weekend, it is important that you take time to give yourself the positive acknowledgment that you deserve. Although you may not feel this way now, I'm sure you are all doing an awesome job - don't forget that!! So, THANK YOU for everything you do as an employer!

Wishing you, your employees and all the families good health! And remember... the Easter Bunny is an essential service and is aware of the physical distancing guidelines, so we hope they make it to your respective homes this weekend!!

Sincerely,
Janice Leroux

To help employers keep and return workers to their payroll through the challenges posed by the COVID-19 pandemic, Prime Minister, Justin Trudeau, announced the new Canada Emergency Wage Subsidy. This wage subsidy aims to prevent further job losses, encourage employers to re-hire workers previously laid off as a result of COVID-19, and help better position Canadian companies and other employers to more easily resume normal operations following the crisis.

Canada Emergency Wage Subsidy (CEWS)

- This benefit is retroactive to March 15, 2020 for a period of 12-weeks to June 6, 2020
- The benefit will be applied at a rate of 75% of the first \$58,700 earned by employees – this represents a benefit of up to \$847/week per employee
- An eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees
- All employers will be expected to make best efforts to bring employees' wages to their pre-crisis levels
- The wage subsidy applies to employers in all sectors, except the public sector
- Businesses of all sizes (big and small), charities, and non-profit organizations that are significantly impacted by COVID-19 can apply for help to keep their employees

In order to address the realities faced by the not-for-profit sector, high growth companies and new businesses, the Government proposes the following additional flexibility:

- For the month of March 2020, the revenue test will be 15%, in other words, businesses will need to show that their revenue went down by 15%. This is in recognition of the fact that many businesses did not begin to be affected by the crisis until partway through the month
- For the months of April and May 2020, the revenue test will continue to be at 30%
- Employers will have to apply for the wage subsidy each month and attest to the drop in revenue each month

The Government is also proposing two (2) possible benchmarks for employers:

- To measure their revenue loss, employers are able to compare revenues of March, April and May 2020 to their revenues of the same month for last year (2019)
- Alternatively, employers can use an average of revenues for January and February of this year (2020) and compare March, April,

Calculating revenues through one of 2 accounting methods

- In recognition that the time between when revenue is earned and when it is paid could be highly variable in certain sectors of the economy, the Government proposes that employers be allowed to measure revenues either on the basis of accrual accounting (as they are earned) or cash accounting (as they are received), not by both. Special rules would also be provided to address issues for corporate groups, non-arm's length entities and joint ventures
- In addition, to recognize that different types of organizations are experiencing different types of funding pressures, it is proposed that charities and non-profit organizations be allowed to choose to include or exclude government funding in their revenues for the purpose of applying the revenue reduction test

Resource Corner

COVID-19 Self-Assessment Tool
<https://www.ontario.ca/page/2019-novel-coronavirus-covid-19-self-assessment>

Public Health Ontario
<https://www.publichealthontario.ca/>

The Globe and Mail
<https://www.theglobeandmail.com/politics/article-draft-wage-subsidy-bill-gives-businesses-more-flexibility-to-measure/>

We recommend that employers provide the following resources to their employees:

- Telehealth 1-866-797-0000
- Phone number for your local Public Health Department
- Phone number for local hospitals

Refund for Certain Payroll Contributions

- The Government is proposing that employers eligible for the CEWS be entitled to receive a 100% refund for certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan
- This refund would apply to the entire amount of employer-paid contributions for eligible employees for each week throughout which those employees are on leave with pay and for which the employer is eligible for the CEWS for those employees
 - An employee will be considered to be on leave with pay throughout a week if that employee is remunerated by the employer for that week but does not perform any work for the employer in that week
 - This refund would not be available for eligible employees that are on leave with pay for only a portion of a week
- This refund would not be subject to the weekly maximum benefit per employee of \$847 that an eligible employer may claim in respect of the CEWS. There is no overall limit on the refund amount that an eligible employer may claim
- Employers would be required to continue to collect and remit employer and employee contributions to each program as usual. Eligible employers would then apply for a refund, as described above, at the same time that they apply for the CEWS

Eligible Periods

	Claiming Period	Required Reduction to Revenue	Reference Period for Eligibility
Period 1	March 15 to April 11	15%	March 2020 over: <ul style="list-style-type: none"> ➤ March 2019 or ➤ Average of January and February 2020
Period 2	April 12 to May 9	30%	April 2020 over: <ul style="list-style-type: none"> ➤ April 2019 or ➤ Average of January and February 2020
Period 3	May 10 to June 6	30%	May 2020 over: <ul style="list-style-type: none"> ➤ May 2019 or ➤ Average of January and February 2020

Eligible Employees

- An eligible employee is an individual who is employed in Canada
- Eligibility for the CEWS of an employee's remuneration, will be limited to employees that have not been without remuneration for more than 14 consecutive days in the eligibility period, i.e., from March 15 to April 11, from April 12 to May 9, and from May 10 to June 6
- This rule replaces the previously announced restriction that an employer would not be eligible to claim the CEWS for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit

Additional Details about the CEWS

Interaction with the 10% Wage Subsidy

- For employers that are eligible for both the CEWS and the 10% wage subsidy for a period, any benefit from the 10% wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the CEWS in that same period

Interaction with the Work-Sharing Program

- For employers and employees that are participating in a Work-Sharing program, EI benefits received by employees through the Work-Sharing program will reduce the benefit that their employer is entitled to receive under the CEWS

Ensuring Compliance

- Applicants will have to designate someone with control over their finances to make sure their claims are appropriate
- Any business that receives the benefit and it is then discovered that they do not meet the eligibility requirements will have to repay the full amounts received under the CEWS
- Penalties may apply in cases of fraudulent claims

For more information, visit: <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

Canada Emergency Business Account

- Will provide small businesses and non-profit organizations with interest free loans of up to \$40,000 and 25% of this loan, which is up to \$10,000, will be forgivable if it is paid back by Dec 31, 2022
- Applications for this loan will be available starting Thursday, April 9, 2020
- Loans will be available through large and small banks as well as through credit unions, as the program unfolds
- Employers should contact their financial institution online or via telephone for details about the application process

