

**COVID-19:  
Federal government announces  
details of the Canada Emergency Wage Subsidy  
April 2, 2020**

On April 1, 2020, the Government of Canada announced the details of the Canada Emergency Wage Subsidy that the Prime Minister introduced last week.

The subsidy will apply at a rate of 75% of the first \$58,700 normally earned by employees. This represents a benefit of up to \$847 per week. The program will be in place for a 12-week period beginning March 15 to June 6, 2020.

An eligible employer's entitlement will be based on the salary or wages actually paid to employees. The subsidy is intended to allow employers to retain employees during this difficult time and to re-hire previously laid-off workers.

Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May, when compared to the same months in 2019 can access this subsidy.

Eligible employers include employers of all sizes and across all sectors of the economy. The subsidy is not restricted to Canadian-controlled private corporations or small and medium sized employers.

**Amount of the Subsidy**

The subsidy is calculated for each employee on eligible remuneration paid between March 15 and June 6, 2020. It is the greater of:

- 75% of the amount of remuneration paid, up to a maximum of \$847 per week; and
- The amount of remuneration paid, up to a maximum benefit of \$847 per week or 75% of the employee's pre-crisis weekly remuneration, whichever is less.

Employers will also be eligible for a subsidy of up to 75% of salaries and wages paid to new employees.

Eligible remuneration includes salary, wages and other amounts for which employers would be required to deduct and remit income taxes. It does not include severance pay, stock option benefits or taxable benefits related to the personal use of a corporate vehicle.

The subsidy does apply to employees that do not deal at arm's length with the employer, but the subsidy will be limited to eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75% of the employee's pre-crisis weekly remuneration.

It is expected that employers will make their best efforts to top-up employees' salaries to bring them to their pre-crisis remuneration.

## Eligible Periods

Eligibility is determined by the change in the employer's monthly revenues, year-over-year, for the calendar month in which the period begins. This table outlines each claiming period and the month in which a decline in revenue of 30% or more would be required to qualify for the subsidy.

	<b>2020 Claiming period</b>	<b>Reference period for eligibility</b>
<b>Period 1</b>	March 15 – April 11	March 2020 over March 2019
<b>Period 2</b>	April 12 – May 9	April 2020 over April 2019
<b>Period 3</b>	May 10 – June 6	May 2020 over May 2019

## Applying for the Subsidy

Eligible employers can apply for the subsidy through the Canada Revenue Agency's My Business Account portal. There will also be a web-based application to allow for those employers that do not currently have My Business Account access to apply for the subsidy.

Employers will be required to keep records demonstrating their entitlement to the subsidy.

Employers will be required to repay amounts received under the subsidy program if they do not meet the eligibility criteria and pay their employees accordingly. Penalties may apply in cases of fraudulent claims. The government will build in anti-abuse rules to ensure that employers do not inappropriately obtain amounts under the program. They are also considering criminal offences that will apply to individuals, employers or business administrators who provide false or misleading information in order to access benefits or who misuse any funds obtained.

### *Interaction with the Temporary Wage Subsidy for Employers*

This temporary wage subsidy allows eligible employers to a 10% wage subsidy. Employers may be eligible for both the 10% and 75% subsidies. Any benefit from the 10% wage subsidy for remuneration paid in a period would generally reduce the amount of remuneration available to be claimed under the 75% subsidy in that same period.

### *Interaction with the Canadian Emergency Response Benefit*

An employer would not be eligible to claim the 75% subsidy for remuneration paid to an employee in a week that falls within a 4-week period during which the employee is eligible for the Canada Emergency Response Benefit.

The government will be working with non-profit organizations and registered charities to ensure that the definition of revenue is appropriate to their circumstances. Additional support for this sector, particularly those involved in the front-line response to COVID-19, is being considered and further details will be announced.

Employers that do not qualify for the Canada Emergency Wage Subsidy may continue to qualify for the previously announced wage subsidy of 10% of remuneration paid from March 18 to June 20, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.

**Canada Emergency Wage Subsidy**

The following link will take you to Canada Revenue Agency's site for more information:

<https://www.canada.ca/en/department-finance/news/2020/04/the-canada-emergency-wage-subsidy.html>

**Canada Emergency Response Benefit (CERB)**

This link will take you to Canada Revenue Agency's website for the process of how to apply for this benefit:

[https://www.canada.ca/en/services/benefits/ei/cerb-application.html?utm\\_campaign=not-applicable&utm\\_medium=vanity-url&utm\\_source=canada-ca\\_coronavirus-cerb](https://www.canada.ca/en/services/benefits/ei/cerb-application.html?utm_campaign=not-applicable&utm_medium=vanity-url&utm_source=canada-ca_coronavirus-cerb)

Please contact your Gilmore & Company LLP engagement partner for any questions.