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## **COVID-19 CANADA EMERGENCY WAGE SUBSIDY**

On April 11, 2020, legislation [Bill C-14](#) was tabled to enact the 75% Canada Emergency Wage Subsidy. The subsidy is available to eligible employers based on their eligible remuneration paid during certain 4-week periods. Eligibility is based on sufficient declines in qualifying revenue, the following are some of the key points to clarify the information released.

### **ELIGIBLE REMUNERATION**

This includes wages, salaries or other remuneration, including fees, commissions or other amounts paid to “eligible employees”. The subsidy is limited to the employee’s baseline remuneration (wages).

### **BASELINE REMUNERATION (WAGES)**

The baseline remuneration means the average weekly eligible remuneration paid to eligible employees by eligible companies/organizations during the period January 1, 2020 to March 15, 2020, any period of seven or more consecutive days for which the employee was not paid is excluded.

### **REMUNERATION TO OWNERS AND RELATIVES**

For payments to owners and relatives no more than 75% of remuneration can be claimed as a subsidy, so if no remuneration was paid in January to March 15, 2020 there will be no subsidy available. Increases in payments do not qualify as well and cannot employ a relative after March 1, 2020 to obtain this subsidy.

### **QUALIFYING REVENUES**

This is the standard that will be used to measure whether a sufficient decrease has occurred (15% for March and 30% for April). This will include the inflow of cash; accounts receivable or other consideration arising during the normal course of business and does not include amounts from related companies or individuals.

The revenue calculations can be on a cash or accrual basis but cannot change from period to period as well if you qualify in March 2020 you would automatically qualify in April 2020, however to qualify in May 2020 your April’s revenues will have to decline by 30%.



**ELIGIBLE PERIODS**

	Claiming period	Required reduction in revenues	Reference period for eligibility
Period 1	March 15 to April 11	15%	March 2020 revenues compare to-March 2019 or the average of January and February 2020 revenues
Period 2	April 13 to May 9	30%	Eligible for Period 1 <b>OR</b> April 2020 revenues compare to - April 2019 or the average of January and February 2020 revenues
Period 3	May 10 to June 6	30%	Eligible for Period 2 <b>OR</b> May 2020 revenues compare to - May 2019 or the average of January and February 2020 revenues

**WORKING WITH THE 10% WAGE SUBSIDY**

Employers who have already using this program to calculate direct deductions from payroll taxes remitted maybe eligible for the 75%, however the 10% subsidy will reduce the amounts eligible under the 75% subsidy.

**WORKING WITH THE CERB**

No subsidy will be available for an individual with no remuneration in respect to the 14 or more consecutive days of the qualifying period.

**PENALTIES AND ANTI-AVOIDANCE**

Minister Morneau has reiterated that severe penalties will be apply to the few who may seek to abuse the program, this includes a new 25% penalty for employers who manipulate heir revenues and remunerations. As well an existing penalty of 50% of an excessive claim for false statements or gross negligence or as much as a 200% penalty fine and five years imprisonment for fraud/tax evasion.



## **INFORMATION TO BE COMMUNICATED**

The Minister may communicate or otherwise make available to the public, in any manner that the Minister considers appropriate, the name of any person or partnership that makes an application under the 75% wage subsidy.

## **PAYMENT TIMING**

Minister Morneau verbally stated that he expects money under the subsidy will be available within 2-4 weeks. Click [here](#) to learn more at the Government of Canada website.



## **CANADA EMERGENCY RESPONSE BENEFIT (CERB)**

If you have stopped working because of COVID-19, the CERB may provide you with temporary income support. The CERB provides \$500.00 a week for up to 16 weeks.

### **WHO IS ELIGIBLE?**

The benefit will be available to workers:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of COVID-19 or are eligible for EI regular or benefits between December 29, 2019 and October 3, 2020;
- Who had employment and/or self-employment income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and
- Who have not quit their job voluntarily.

When submitting for your first claim, you cannot have earned more than \$1,000.00 in employment and or self-employment income for 14 or more consecutive days within the four-week benefit period of your claim.

When submitting subsequent claims, you cannot have earned more than \$1,000.00 in employment and/or self-employment income for the entire four-week benefit period of your new claim.

### **HOW TO APPLY**

To deliver payments to Canadians in a fast and easy way, the CERB is being jointly delivered by Service Canada and the Canada Revenue Agency.

To begin the application process, please answer a few simple questions. The answers you provide will help us direct you to the service option that best fits your situation.

Please read these [questions and answers](#) for more details.

### **GETTING STARTED**

Thinking about your main source of income in the last year - were you an employee or self-employed? **(required)**:

<https://www.canada.ca/en/services/benefits/ei/cerb-application.html>



## **CANADA EMERGENCY BUSINESS ACCOUNT**

The new Canada Emergency Business Account will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced.

To qualify, these organizations will need to demonstrate they paid between \$20,000 to \$1.5 million in total payroll in 2019.

This program will roll out in **mid-April**, and interested businesses **should work with their current financial institutions**.

### **INFORMATION YOU WILL NEED TO APPLY**

Businesses or not-for-profits, are eligible to apply for this loan if they have:

- An operating company registered in Canada on March 1, 2020;
- Annual payroll of between \$20,000 and \$1.5 million showing on the 2019 T4 Summary;
- A Business number with CRA showing on the T4 Summary;
- Uses a business operating account with a financial institution before March 1, 2020;
- Have not previously used the program or apply for support under the program at any other financial institution;
- Intention is to continue to operate your business or to resume operations'
- Agrees to participate in the post-funding surveys conducted by the Government of Canada or any of its agents.

### **Restrictions on how the funds can be used:**

The funds from this loan shall only be used by the Borrower to pay non-deferrable operating expenses of the Borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

### **REMINDER ABOUT THE LOAN**

- A \$40,000 interest-free loan to help pay for operating costs that you are not able to defer as a result of COVID-19;
- \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022.
- If not repaid by December 31, 2022 it can be converted into a 3-year term loan.
- Applying will be online through your financial institution.

Click [here](#) to learn more at the Government of Canada website