

## COVID 19 – BULLETIN #7 UPDATES CANADA WAGE SUBSIDY, EMERGENCY BUSINESS ACCOUNT, CANADA SUMMER JOBS PROGRAM

RELEASE DATE APRIL 9, 2020

The purpose of this bulletin is to provide updated information issued by the Canadian government regarding the Canada Emergency Wage Subsidy plan (CEWS), the Canada Emergency Business Account, and temporary changes to the Canada Summer Jobs program.

### **AS OF APRIL 9, 2020:**

*This bulletin is current to the morning of **April 9, 2020**. Please note that while we continue to monitor the situation, the circumstances remain very fluid as legislative and government rules and policies are ever changing. The responses of federal and provincial governments will continue to evolve, and this may impact the accuracy of the information in this bulletin and any information is subject to revision with the introduction of new or additional government guidelines.*

### CANADA EMERGENCY WAGE SUBSIDY (CEWS) UPDATES

The Federal Government previously announced that it will be enacting a Canada Emergency Wage Subsidy program for Canadian businesses, regardless of their size or employee count, in order to mitigate the need to layoff or let go of employees during this difficult time. Below you will find previously established information about the CEWS plan, followed by an outline of important newly released details and changes.

The following information about the CEWS plan was previously provided:

- The government will provide a 75% wage subsidy on the first \$58,700 of an employee's income, up to a maximum of \$847 per week.
- These measures will be retroactive to March 15, 2020.
- The Canada Emergency Wage Subsidy will be available to businesses, charities and non-profits of all sizes and structures, whether they are currently operating or closed.
- The Canada Emergency Wage Subsidy program would be in place for a 12-week period, from March 15 to June 6, 2020.
- Eligible employers would include employers of all sizes and across all sectors of the economy, with the exception of public sector entities.
- An eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees.
- All employers would be expected to at least make best efforts to top up salaries to 100% of the maximum wages covered.
- Eligible employers would be able to apply through a Canada Revenue Agency online portal which the Government hopes to have running within 3 weeks.

- This is in addition to, and does not replace, the previously announced 10% Temporary Wage Subsidy program.
- 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.

### Newly Released Details

April 8, 2020: the Canadian Government announced the following changes to the proposed Canada Emergency Wage Subsidy program to increase flexibility of employers' eligibility criteria:

- Employers that see a drop of at least 15% of their revenue in March 2020 and 30% for the following months. This eases the previous requirement of a 30% decrease in revenue.
- To measure revenue loss, all employers have the flexibility to compare their revenue of March, April and May 2020 to that of the same month of 2019, or to an average of their revenues earned in January and February 2020.
- It is proposed 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).
- The Government is proposing to expand the CEWS by introducing a new 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 cover 100% 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 to claim for the CEWS for those employees.
- Employee Eligibility: An eligible employee is an individual who is employed in Canada.
  - Eligibility for the Canada Emergency Wage Subsidy of an employee's remuneration, will be limited to employees that have 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 criteria 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.
- Any business that receives the benefit and is discovered to be ineligible will have to repay the full amount. Anyone caught abusing the program could face penalties up to 225% of what they have received, and up to five years in prison.

***It is important to note that these conditions and amendments have been proposed and the legislation has to be approved by Parliament before it can be officially implemented.***

For further information and additional details regarding the CEWS (including claiming periods, required reduction in revenue, reference periods and employer eligibility) please visit <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>.

### CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

This program will provide up to \$25 billion to eligible financial institutions so they can provide interest-free loans to small businesses. These loans are guaranteed and funded by the Government of Canada. They will ensure that small businesses have access to the capital they need, at a 0% interest rate, so they can pay for rent and other important costs over the next number of months.

Applications for the Canada Emergency Business Account (CEBA) open April 9.

- The CEBA provides small businesses and non-profits with interest-free loans of up to \$40,000.
- 25% of the loan up to \$10,000 is forgivable if paid off before Dec 31, 2022.
- To qualify, organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019.

Businesses interested in applying for the CEBA should reach out directly to their financial institution.

### CANADA SUMMER JOBS PROGRAM (CSJP)

The Canada Summer Jobs program provides opportunities for youth to develop and improve their skills within the not-for-profit, small business, and public sectors, and supports the delivery of key community services. The Government of Canada will be temporarily adapting the program, to help employers adapt to the realities of COVID-19, while also supporting young Canadians as they begin to look for summer employment.

Yesterday, the Prime Minister, announced temporary changes to the Canada Summer Jobs program that will help employers hire summer staff and provide young Canadians access to the jobs they need during this unprecedented time. The changes to the Canada Summer Jobs program will help small businesses hire and keep the workers they need so they can continue to deliver essential services. This program will help create jobs for youth between 15 and 30 years of age.

**While applications for this year's CSJP closed back in February, Trudeau said Members of Parliament will reach out to businesses and organizations that are providing critical services but did not apply for the CSJP to look at whether students could be hired.**

The temporary changes to the program for this year include:

- An increase to the wage subsidy, so that private and public sector employers can also receive up to 100% of the provincial or territorial minimum hourly wage for each employee.
  - In previous years, private and public sector employers were only eligible to receive a wage subsidy of up to 50% of the provincial or territorial minimum wage. The increase to the wage subsidy for private and public sector employers will be for this year only.
- An extension to the end date for employment to February 28, 2021.
- Allowing employers to adapt their projects and job activities to support essential services.
- Allowing employers to hire staff on a part-time basis.
- Job placements could begin as early as May 11, 2020, and end as late as February 28, 2021.
- Youth will be able to search for jobs available in their communities through the [Job Bank website and app](#).

For further information regarding the temporary measures pertaining to the Canada Summer Jobs program that were announced by the Government of Canada please visit <https://pm.gc.ca/en/news/news-releases/2020/04/08/changes-canada-summer-jobs-program-help-businesses-and-young>.

*Please note that this information bulletin is current to **April 9, 2020**. As this situation is evolving rapidly, we urge you to remain informed to the greatest extent you can. To understand how the information contained in this bulletin might apply in the context of your particular business or operation, please do not hesitate to contact us.*



Tel: 1-833-422-1212

Email: [dnt@HBCcanada.com](mailto:dnt@HBCcanada.com)

<https://highbridgehumancapital.com/>