

NOTE: Updated April 22nd 2020

The news we have been waiting for has been released. Here is what we know (today) and understand about the new wage subsidy.

The wage subsidy program can be used by eligible businesses, to provide a 75% wage subsidy for up to 12 weeks, retroactive to March 15th 2020 for companies that have been impacted by the COVID-19 pandemic.

Who is eligible for the Canada Emergency Wage Subsidy?

Eligible employers include Individuals, taxable corporations and partnerships consisting of eligible employers, Not For Profits and Charities.

Eligible employers must have seen a drop of at least 15% of their monthly revenue, year over year, for the calendar month of March and 30% for the following months. (More on this further down.)

How do we calculate revenues?

Revenues from business carried on in Canada, earned from arms length sources. This revenue is calculated using the employers normal accounting methods. (it excludes “extraordinary items and amounts on account of capital”)

You can calculate revenues under the accrual method OR the cash method. But not a

combination of both. It is worth noting here, which ever method you pick, you must stick with for following months.

How much is the subsidy amount?

This would be the amount for any given employee, on eligible remuneration (so think salary, commission, bonus etc) between March 15- June 6th 2020 and would be the greater of:

75% of the amount of remuneration paid up to a max of \$847/week

AND

The amount of remuneration paid, up to a max benefit of \$847/ week OR 75% of employees pre crisis weekly remuneration. Whichever is less.

Who are the eligible employees:

An eligible employee is an individual employed in Canada by you (the eligible employer) so that is new and existing employees, during the claim period, **except** if there was a period of 14 or more consecutive days in that period where they did not receive any pay (eligible remuneration) by you.

Employee eligibility is based on whether the person is employed in Canada, not where they live.

What about employees I have laid off already?

Employees who have been laid off or furloughed can become eligible retroactively, as long as you rehire them and their retroactive pay and status meet the eligibility criteria for the claim

period. You must rehire and pay such employees before you include them in your calculation for the subsidy.

How much can we claim?

Essentially you may be able to claim up to the full (100 %) of the 75% of pre crisis monthly wages or salaries, up to a max of \$58,700.00 per employee based on their pre crisis earnings.

What are the refunds for certain payroll contributions?

The government is proposing to offer a 100% refund on certain employer paid contributions to EI, CPP (and if in Quebec, QPP and QPI) The refund would cover 100% of employer paid contributions for any employees that are “On Leave with pay.” Note here - they have to be on leave with pay for the entire week to be eligible.

So if my employee makes more than \$58,700.00 year - How does it work?

The Government will cover 75% of the salary up to \$58,700.00. If you are able to keep your employee whole, you would then pay the balance. In the situation that you can not do so, you need to have a conversation with your employee in regards to them either a) taking a reduction in wages or b) considering a short term lay off due to the COVID-19 crisis.

The intention of the wage subsidy is to keep Canadians working. The hope is that employers will be able to top up their employees and keep their workforce working.

What counts as “Remuneration”?

Wages, salaries, bonuses. NOT Expenses such as car allowance and phone, severance pay, stock options, personal use of corporate vehicles ETC. You need to calculate your employees “Baseline” remuneration.

Baseline remuneration is considered to be the average weekly eligible remuneration paid to an employee during the period of January 1, 2020, to March 15, 2020. However, you may exclude from your calculation any period of seven or more consecutive days for which the employee was not paid.

Is there a limit on how much the company can claim? Perhaps a Max employee number?

No. there is no overall limit on the subsidy an eligible employer may claim.

Do I still pay my employees the balance?

YES - if you can! The idea here is to keep the workforce employed and to keep the wheels on the bus. If you can keep your employees whole, you are expected to.

What if I hire new people between now and June 6th?

Assuming your company is eligible, these people would also be eligible for the wage subsidy

I don't understand the eligible periods and how they work:

Your eligibility is based on revenue over periods of time. You need to prove a decline in revenue by ~~30%~~ 15% or more in the period. NEW: you can also choose which period to reflect - Jan/Feb or March. MORE coming on this as soon as the info is **available**.

Claiming Period	Reference Period for eligibility
Period 1 March 15- April 11 (15%)	March 2020 over March 2019 OR the Average of Jan and Feb 2020
Period 2 April 12 - May 9 (30%)	April 2020 over April 2019 OR the Average of Jan and Feb 2020
Period 3 March 10 = June 6 (30%)	May 2020 over May 2019 OR the Average of Jan and Feb 2020

So I'm Eligible - How do I apply?

You will apply through your CRA My Business Account.

More details coming shortly. The Government haven't announced these yet.

Are there penalties?

Yes - essential if you take this and do not need it, you will be required to repay the amount claimed. Essentially it will be considered Fraud and penalties could also include

imprisonment.

Is it taxable?

We are not tax accountants (and you should speak to yours,) but as we understand it, it would be considered part of the employer's taxable income. In the same way that any other government assistance would be.

You should know that "Assistance received under either wage subsidy would reduce the amount of remuneration expenses for other federal tax credit calculated on the same remuneration."

How do I get the money??

As we understand it, the amount claimed would be deposited in your business account via direct deposit from the CRA, shortly after each period. Which means that you will apply for it through an application on your CRA My Account portal each period and the money will come afterwards. Bear this in mind when you are looking at your cash flow.

What happens if my team are already laid off and claiming EI?

Your employees and you are not eligible for both. If your employees are claiming EI they would not be eligible for the wage subsidy in the period that they have claimed EI.

You can bring them back to work and then utilize the wage subsidy program! Yey for #KeepCanadaWorking!

My Husband and I are employees of our company, can we claim this for us as well?

In short yes.

To read the government info click [here](#).

For help managing your business through this troubled time, please reach out to BLANKSLATE Partners (izzie@blankslate.partners)