

IMPORTANT UPDATES

Canada Emergency Wage Subsidy: For Employers – Adjustments and Extensions

On November 2, 2020 the Department of Finance confirmed the extension of the Canada Emergency Wage Subsidy (“CEWS”) program and announced new legislation related to the extension.

The information contained in this post is current as of November 4, 2020 and includes our interpretations of publicly-available information that is subject to change during this rapidly-evolving pandemic. As more information becomes available from the Department of Finance and/or the Canada Revenue Agency, we will continue to provide you updates. Please ensure you are relying on the most current information possible for any government assistance plans relating to the COVID-19 pandemic. Not all government legislation relating to these programs has been finalized and enacted, and some important details may be lacking but we continue to monitor these matters and can assist you with applying the information available to your circumstances. Contact your Ford Keast advisor if you are unsure about any items contained in these updates or if you wish to discuss how these items relate to your specific situation or if you would like assistance in completing your applications.

Changes of Note

Eligible periods

- ❖ On September 23rd, 2020, the government’s throne speech indicated that CEWS would be extended through to June 2021; and,
- ❖ On November 2, 2020 new legislation was released confirming the addition of eight new periods (Periods 10 to 17). CEWS Period 17 is anticipated to end June 10, 2021.

Top-Up Subsidy

Additional subsidy of up to 25% for eligible employers with a revenue decline exceeding 50%.

For period 8 – 17 covering from September 27th to December 19th, 2020, the revenue decline test for the base subsidy and top-up subsidy will be harmonized. Both parts of the subsidy will now be calculated based on the monthly revenue decline on a year-over-year basis or in comparison to the average of January-February 2020. The top-up subsidy will no longer be based on a three-month average calculation.

For periods 8-10, there will be a safe-harbour measure to ensure that the top-up subsidy received is not less than the subsidy that would have been calculated had there not been a change to eliminate the revenue decline percentage by reference to a three month average.

Old Top-Up Calculation = $1.25 \times (\text{three-month revenue decline} - 50\%)$

New Top-Up Calculation = $1.25 \times (\text{Revenue decline percentage used for base subsidy} - 50\%)$

Base Subsidy

The rate of the base CEWS will continue to vary depending on the level of revenue decline, and its application is extended to employers with a revenue decline of less than 30 per cent. This means that all eligible employers with a revenue decline will qualify for CEWS support.

The maximum base CEWS rate for periods 8 – 10 has been frozen and the gradual reduction eliminated. The maximum base subsidy will be as follows:

	Maximum weekly benefit per employee	Subsidy if Revenue drop 50% and over	Subsidy if Revenue drop 0% to 49%
Period 8- 10	Up to \$452	40%	0.8 x revenue drop

The CEWS rates for periods 11-17 has not yet been released.

Furloughed Employees

The calculation under CEWS for furloughed employees remains the same for periods 5-10 as was calculated for period 1 – 4. Therefore, for furloughed employees, the maximum subsidy will be equal to 75% of the eligible remuneration paid to the employees on leave up to a maximum of \$847 per week.

Change in Application Deadline

In response to the extension of the program, the filing deadline for CEWS applications has been revised to be the later of:

- ❖ January 31, 2021, or
- ❖ 180 days after the end of the qualifying period

Qualifying Period 10

Period 10 will begin November 22, 2020 and end December 19, 2020.

Qualifying Period 11 to 17

Although legislation has been enacted for these periods, the regulations which will provide the reference periods used to measure the revenue decline, the subsidy rate and maximum CEWS benefit for each period are still outstanding. As soon as these details are released, we will provide an update.