

IMPORTANT UPDATES – COVID SUPPORT MEASURES

The Department of Finance has now extended the Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”) programs, which were previously set to expire September 25, 2021, as well as increased the wage and rent subsidy rate for Period 20. This tax alert summarizes the COVID-19 measures impacted by the July 30, 2021, Finance Release.

The information contained in this post is current as of August 11, 2021, and includes our interpretations of publicly-available information that is subject to change during this rapidly-evolving pandemic. Please ensure you are relying on the most current information possible for any government assistance plans relating to the COVID-19 pandemic. We continue to monitor these matters and can assist you with applying the information available to your circumstances.

Canada Emergency Wage Subsidy & Canada Emergency Rent Subsidy:

These programs have now been extended to October 23, 2021 (previously set to expire September 25, 2021). However, the Federal Budget released earlier this year has provided the government with the ability to extend the program Period to November 20, 2021. Further, the Department of Finance has also proposed changes to the subsidy rates for the Period covering August 29 to September 25, 2021. Additional details and legislation regarding the CEWS and CERS programs covering August 29 to October 23, 2021, are outlined below.

Eligible Periods:

- ❖ Period 20: August 29th – September 25th
- ❖ Period 21: September 26th – October 25th

*** Period 20 of the Canada Emergency Wage Subsidy would be the 13th Period of the Canada Emergency Rent Subsidy. Period identifiers have been aligned for ease of reference.*

CEWS Subsidy rates:

The baseline subsidy rate of the base CEWS will continue to vary as it remains a function of the revenue decline percentage, however, the government has revised the current rate structure for Period 20 as well as provided the subsidy rate for Period 21; meaning the maximum base subsidy will be as follows:

	Period 19 August 1 – August 28	Period 20 August 29 – September 25 (Revised)	Period 21 September 26 – October 23
Maximum weekly benefit per employee*	\$452	\$452	\$226
70% and over	40% (i.e., Base: 25% + Top-up: 15%)	40% (i.e., Base: 25% + Top-up: 15%)	20% (i.e., Base: 10% + Top-up: 10%)
50-69%	Base: 25% + Top-up: (revenue decline - 50%) x 0.75 (e.g., 25% + (60% revenue decline - 50%) x 0.75 = 32.5% subsidy rate)	Base: 25% + Top-up: (revenue decline - 50%) x 0.75 (e.g., 25% + (60% revenue decline - 50%) x 0.75 = 32.5% subsidy rate)	Base: 10% + Top-up: (revenue decline - 50%) x 0.5 (e.g., 10% + (60% revenue decline - 50%) x 0.5 = 15% subsidy rate)

>10-50%	Base: (revenue decline - 10%) x 0.625 (e.g., (30% revenue decline - 10%) x 0.625 = 12.5% subsidy rate)	Base: (revenue decline - 10%) x 0.625 (e.g., (30% revenue decline - 10%) x 0.625 = 12.5% subsidy rate)	Base: (revenue decline - 10%) x 0.25 (e.g., (30% revenue decline - 10%) x 0.25 = 5% subsidy rate)
0-10%	0%	0%	0%

Eligible employers would still also be able to apply for the new Canada Recovery Hiring Program instead of the wage subsidy if they so choose. The hiring program is available from June 6, 2021, until November 20, 2021, allowing employers to shift from the Canada Emergency Wage Subsidy to this new support. See our previous website post from May 31, 2021, titled '[Canada Emergency Wage Subsidy, Canada Emergency Rental Subsidy & Canada Recovery Hiring Program](#)' for additional information.

CERS Subsidy rates:

The maximum base rent subsidy rate for Period 21 has been released as well as revisions to Period 20. The 25% lockdown support will remain to be 25% throughout Period 21. Details are outlined below:

Revenue Decline	Period 19 (August 1, to August 28)	Period 20 (August 29 to September 25)	Period 21 (September 26 to October 23)
70% and over	40%	40%	20%
>50% and <70%	25% + (revenue decline - 50%) x 0.75	25% + (revenue decline - 50%) x 0.75	10% + (revenue decline - 50%) x 0.5
>10-50%	(Revenue decline - 10%) x 0.625	(Revenue decline - 10%) x 0.625	(Revenue decline - 10%) x 0.25
0-10%	0%	0%	0%

Revenue Decline Reference Periods:

The revenue approach used to determine the relevant revenue decline must be consistent for all Periods from Period 5 onwards. However, as of Period 14 (March 14 to April 10, 2021), the prior reference Periods used under the general approach reverted to calendar months from 2019, ensuring that organizations continue to calculate their decline in revenues relative to a pre-pandemic month. This change may lead to unintended consequences for certain organizations that were not operating on March 1, 2019.

To provide greater flexibility to organizations in these circumstances, the government proposes to allow an eligible organization to elect to use the alternative approach to calculate its revenue decline for Periods 14 to 17 (March 14 to July 3, 2021) if it was not carrying on a business or otherwise carrying on ordinary activities on March 1, 2019. Subject to approval by the Governor in Council, these changes would align the rules for Periods 14 to 17 (March 14 to July 3, 2021) with those for Periods 1 to 4 (March 15 to July 4, 2020) for organizations that began operating between March 1, 2019, and the onset of the pandemic, making them eligible for continued support under these programs.

Sources for the information above are:

1. Department of Finance Canada: July 30, 2021, Backgrounder - Extending Business Support Measures Through the Pandemic