

#### **IMPORTANT UPDATES - COVID-19 SUPPORT MEASURES**

The Department of Finance has announced the end of the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs expiring October 23, 2021 and introduced two new programs for companies to assist with COVID-19 relief. This tax alert summarizes the COVID-19 measures impacted by the October 21, 2021, Finance Release.

The information contained in this post is current as of October 21, 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. 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.

### Canada Emergency Wage Subsidy & Canada Emergency Rent Subsidy

The Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy programs had previously been extended to October 23, 2021. However, the Federal Budget released earlier this year provided the government with the ability to extend to additional periods. The Department of Finance has now confirmed that they will not be extending these programs and that they will expire as originally planned on October 23<sup>rd</sup>, 2021.

\*\*For details regarding the subsidy rates up to the date these programs expire, please see our previous updates regarding COVID-19 Support Measures.

# **Canada Recovery Hiring Program**

This program will continue as previously published for one additional four-week period up to November 20, 2021. However, the government has also now proposed an extension to this program until May 7, 2022. This program allows employers to apply for relief if they experienced both of the following:

- 1) A revenue decline in the qualifying period of more than:
  - 0 percent for the period June 6, 2021, to July 3, 2021
  - 10 percent for the period July 4, 2021, to Nov. 20, 2021; and,
- 2) Had an increase in eligible employee remuneration paid between the qualifying periods and the baseline period from March 14, 2021, to April 10, 2021.

The subsidy rate for the Canada Recovery Hiring Program is calculated as the incremental increase in remuneration multiplied by a set flat rate per period as outlined below:

Qualifying period	Period 17	Period 18	Period 19	Period 20	Period 21	Period 22
Baseline period	March 14 to April 10, 2021					
Qualifying period dates	June 6 to July 3, 2021	July 4 to July 31, 2021	August 1 to August 28, 2021	August 29 to September 25, 2021	September 26 to October 23, 2021	October 24 to November 20, 2021
Subsidy Rate	50%	50%	50%	40%	30%	50%

\*Period 17 of the Canada Emergency Wage Subsidy would be the first period of the Canada Recovery Hiring Program. Period identifiers have been aligned for ease of reference.



### **NEW COVID-19 SUPPORT MEASURES**

The government is proposing two new programs to provide support to November 20, 2021, with additional legislation to be added to allow the extension of these programs to May 7, 2022, and possibly again to July 2, 2022.

### **Tourism and Hospitality Recovery Program**

This support will be targeted to the tourism and hospitality industries. Although legislation has not yet been introduced for this program, eligible organizations are expected to include:

- Hotels
- Restaurants
- Bars
- Tour operators
- Convention centres
- Trade show organizers
- Festivals
- Travel agencies
- Others yet to be defined

Eligible organizations would be required to meet the following two conditions to qualify for this program:

- An average monthly revenue reduction of at least 40 percent over the first 13 qualifying periods for the Canada Emergency Wage Subsidy (12-month revenue decline: calculated as the average of all revenue decline percentages for eligible organizations from March 2020 to February 2021); and
- 2. A current-month revenue loss of at least 40 percent.

### **Subsidy rate structure**

Revenue Decline	Period 22 – 26 (October 24, 2021 – March 12, 2022)	Periods 27-28 March 13 – May 7, 2022
75% and over	75%	37.50%
>40% and <74%	revenue decline (e.g., 60% revenue decline = 60% subsidy rate)	revenue decline ÷ 2 (e.g., 60% revenue decline ÷ 2 = 30% subsidy rate)
0-39%	0%	0%

Lockdown Support would be available at the current fixed rate of 25 percent and pro-rated based on the number of days a particular location was affected by a lockdown, as under existing rules.



## Support in the Event of a Public Health Lockdown

Any organizations subject to a qualifying public health restriction would be eligible for support at the subsidy rates as calculated in the Tourism and Hospitality Recovery Program, regardless of sector, if they have one or more locations subject to a public health restriction (lasting for at least seven days in the current claim period) that requires them to cease activities that accounted for at least approximately 25 percent of total revenues of the employer during the prior reference period.

Applicants would not need to demonstrate the 12-month revenue decline, only a current-month decline.

# **Hardest-Hit Business Recovery Program**

For companies that do not qualify for the Tourism and Hospitality Recovery Program, they may be eligible for the Hardest-Hit Business Recovery Program, provided they meet the following two eligibility requirements:

- 1. An average monthly revenue reduction of at least 50 percent over the first 13 qualifying periods for the Canada Emergency Wage Subsidy (12-month revenue decline: calculated as the average of all revenue decline percentages for eligible organizations from March 2020 to February 2021); and
- 2. A current-month revenue loss of at least 50 percent.

### **Subsidy rate structure**

Revenue Decline	Period 22 – 26 (October 24, 2021 – March 12, 2022)	Periods 27-28 March 13 – May 7, 2022	
75% and over	50%	25%	
>40% and <74%	10% + (revenue decline – 50%) x 1.6 (e.g., 10% + (60% revenue decline – 50%) x 1.6 = 26% subsidy rate)	5% + (revenue decline – 50%) x 0.8 (e.g., 5% + (60% revenue decline – 50%) x 0.8 = 13% subsidy rate)	
0-39%	0%	0%	

#### Sources for the information

i. Department of Finance Canada: October 21, 2021 Backgrounder - Targeting COVID-19 Support Measures (Click here for Source)