



**NOSEWORTHY
CHAPMAN**

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COVID-19

Impact on Businesses

Canadian Emergency Wage Subsidy (CEWS)

On Monday March 30th we updated you with respect to the CEWS benefit available to employers. Today, the Federal government announced additional details with respect to the CEWS program. As they say, the devil will be in the details, so we expect additional clarifications to come regarding this subsidy program over the coming days and weeks. The following is a recap of what has been announced to date:

- The subsidy will be available to eligible employers of all sizes and across all sectors of the economy including not-for-profit organizations and charities but excluding the public sector.
- Eligible employers, even if their business is closed, are eligible if business revenues have decreased by 30% or more due to the pandemic.
- Eligibility will be determined on a monthly basis by comparing revenue for each of March, April and May to the same month in 2019.





- Not-for-profit organizations and charities will receive further clarification from government on the definition of reduced revenues and additional support for those involved in front line support of COVID-19.
- This program will be in place for a 12-week period, from March 15 to June 6, 2020.
- The CEWS, which will be paid directly to the employer, will be 75% of an employee's normal gross wages paid during the above 12-week period, up to a weekly maximum subsidy of \$847 per employee.
- There is no cap on the number of employees per eligible employer.
- Employers must apply for the subsidy on a monthly basis via an online Canada Revenue Agency portal. This portal is expected to be set up by CRA in the next 3-6 weeks.
- The announcement indicated that employers will be required to attest that they have done everything they can to pay the remaining 25% of wages, however it appears this is not required to receive the subsidy.
- Employers will have to indicate an employee's regular wages and provide proof of the amount paid during the period to the employee.
- The government has indicated that there will be a verification program and there will be severe penalties in the event of misuse of the relief, including repayment of the subsidy.

What is unknown at this time is the following:





The government has indicated that Parliament will have to be recalled to enact changes to the legislation to provide for the CEWS. No date has been given, however once the changes are made public, we will provide you with further commentary,

In the meantime, the following link provides details of the announcement:



<https://www.canada.ca/en/department-finance/news/2020/04/government-announces-details-of-the-canada-emergency-wage-subsidy-to-help-businesses-keep-canadians-in-their-jobs.html>

10% Temporary Wage Subsidy Program:

The 10% Temporary Wage Subsidy program is still available for eligible employers and may be received in instances where a business may not qualify for another subsidy. A recap of this program is as follows:

- Eligible employers include Canadian-controlled private corporations (CCPCs) that would be eligible for the small business limit for its last taxation year that ended before the start of the eligible period, individuals (other than trusts), registered charities, non-for-profit organizations, and partnerships, that have all partners meeting one of the previously noted eligibility criteria.
- This program is not subject to the 30% revenue decline test for eligibility.
- The subsidy is equal to 10% of gross remuneration paid from March 18, 2020 to June 19, 2020 and is capped at \$1,375 per employee for a maximum available subsidy of \$25,000 per employer.
- Employers may reduce income tax deduction remittances for the amount of the subsidy. Employers that choose not to reduce payroll remittances will have the ability to request payment of the subsidy at the end of the year or transfer it to next year's remittances.





The following government frequently asked questions link provides additional details of the 10% wage subsidy:



<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h2>

Income tax filing and payment extensions

A number of payment and filing reliefs have been announced by CRA through the COVID-19 crisis. The following link provides details of these extensions and the new due dates:



<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html>

Please note that CRA has not extended the filing deadlines for corporate taxes and HST, only payment terms have been extended.

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