

## Federal Government Extends and Redesigns the Canada Emergency Wage Subsidy

August 4, 2020

*An Act respecting further COVID-19 measures*

found [here](#)

### Extension of CEWS

Period 1	March 15 - April 11
Period 2	April 12 - May 9
Period 3	May 10 - June 6
Period 4	June 7 - July 4
Period 5	July 5 - August 1
Period 6	August 2 - August 29
Period 7	August 30 - September 26
Period 8	September 27 - October 24
Period 9	October 25 - November 21
Period 10	November 22 - December 19

### Overview of Subsidy

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- A **base subsidy** available to eligible employers that have experienced any decline in monthly revenues, which will apply on a sliding scale depending on the employer's revenue decline (the Base Subsidy); and
- A **top-up subsidy** of up to 25% available to eligible employers that have been most adversely affected by COVID-19 who have experienced a three-month average revenue decline of more than 50% (the Top-up Subsidy).

## Base Subsidy

	Period 5	Period 6	Period 7	Period 8	Period 9
<b>Base Subsidy Rate (by Revenue Decline)</b>					
50% and over	60%	60%	50%	40%	20%
0% to 49%	1.2 x revenue decline	1.2 x revenue decline	1.0 x revenue decline	0.8 x revenue decline	0.4 x revenue decline
<b>Maximum Weekly Benefit Per Employee (on remuneration up to \$1,129)</b>					
	Up to \$677	Up to \$677	Up to \$565	Up to \$452	Up to \$226

### Calculation of Revenue Decline & Reference Periods

- **General approach:** an employer's revenue decline will be equal to the greater of its percentage revenue decline when comparing the current month to the same month in 2019, and the previous month to the same month in 2019.
- **Alternative approach:** an employer's revenue decline will be determined by comparing either the current month to the average of January and February 2020, or the previous month to the average of January and February 2020.

	Claim Period	Reference Period: General Approach	Reference Period: Alternative Approach
Period 5	July 5 - August 1	July 2020 over July 2019 <b>or</b> June 2020 over June 2019	July or June 2020 over average of January and February 2020
Period 6	August 2 - August 29	August 2020 over August 2019 <b>or</b> July 2020 over July 2019	August or July 2020 over average of January and February 2020
Period 7	August 30 - September 26	September 2020 over September 2019 <b>or</b> August 2020 over August 2019	September or August 2020 over average of January and February 2020
Period 8	September 27 - October 24	October 2020 over October 2019 <b>or</b> September 2020 over September 2019	October or September 2020 over average of January and February 2020
Period 9	October 25 - November 21	November 2020 over November 2019 <b>or</b> October 2020 over October 2019	November or October 2020 over average of January and February 2020

## Top-up Subsidy

Three-Month Average Revenue Decline	Top-up Rate	Top-up Calculation 1.25 x (3-month revenue decline - 50%)
70% and over	25%	$1.25 \times (70\% - 50\%) = 25\%$
65%	18.75%	$1.25 \times (65\% - 50\%) = 18.75\%$
60%	12.5%	$1.25 \times (60\% - 50\%) = 12.5\%$
55%	6.25%	$1.25 \times (55\% - 50\%) = 6.25\%$
50% and under	0.0%	$1.25 \times (50\% - 50\%) = 0.0\%$

### *Calculation of Revenue Decline & Reference Periods*

	Claim Period	Reference Period: General Approach	Reference Period: Alternative Approach
Period 5	July 5 - August 1	April to June 2020 over June 2019	Average of April to June 2020 over average of January and February 2020
Period 6	August 2 - August 29	May to July 2020 over July 2019	Average of May to July 2020 over average of January and February 2020
Period 7	August 30 - September 26	June to August 2020 over June to August 2019	Average of June to August 2020 over average of January and February 2020
Period 8	September 27 - October 24	July to September 2020 over July to September 2019	Average of July to September 2020 over average of January and February 2020
Period 9	October 25 - November 21	August to October 2020 over August to October 2019	Average of August to October 2020 over average of January and February 2020

## Eligible Remuneration and Eligible Employees

### Employees on Paid Leave

- For arm's length employees, 75% of the amount of remuneration paid, up to a maximum of \$847 per week; and
- 75% of the employee's pre-crisis remuneration up to a maximum of \$847 per week or the amount of remuneration paid, whichever is less.

## Certain Additional Legislative Changes

- **Application deadline.** The deadline to apply for CEWS has been extended to January 31, 2021.
- **Payroll services.** An employer that does not have its own payroll program account and uses a payroll service provider to administer its payroll may now qualify for the CEWS.
- **Accounting method.** Under the original CEWS legislation, employers that use accrual-based accounting were able to elect to use the cash method of accounting to compute their revenue for purposes of determining the revenue decline. Any eligible employer may now make an election, which will apply for all qualifying periods, to determine its revenue based on the cash method or the accrual method.
- **Amalgamation.** A corporation formed by amalgamation is deemed, for purposes of the CEWS, to be the same corporation as, and a continuation of, each predecessor corporation, unless it is reasonable to consider that one of the main purposes of the amalgamation is to cause the new corporation to qualify for, or increase the amount of, the CEWS. This will allow corporations that have been amalgamated to calculate their revenue decline using the combined revenues of the predecessor corporations, unless it is reasonable to consider that one of the main purposes of the amalgamation was to qualify for, or increase the amount of, the subsidy.
- **Continuity on purchase of a business.** Where an eligible employer has acquired all or substantially all of the assets of a business carried on in Canada by a seller during a qualifying period, the purchaser and the seller may file a joint election such that the purchaser may include the seller's revenue in its revenue in calculating the purchaser's revenue decline for purposes of accessing the CEWS in respect of the purchased business.
- **Appeals.** The legislation provides for an appeal process for the CEWS to the Tax Court of Canada based on existing procedures for notices of determination.

*Additional resources related to the impact of the COVID-19 pandemic can be found [here](#)*

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