

Canadian Government Announces Changes to Work-Sharing Program to Support Businesses in Response to US Tariffs

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Overview

On March 7, 2025, in response to US tariffs, the Canadian government announced [key measures](#) to support businesses and non-profit organizations through an enhanced Employment Insurance (EI) Work-Sharing Program. These measures are intended to provide businesses with extended financial support during trade disruptions and economic uncertainty.

EI Work-Sharing Program

The Work-Sharing Program is designed to help employers and employees avoid layoffs and terminations when business activity temporarily declines due to circumstances beyond an employer's control. These types of work-sharing agreements are not new and were previously used by some employers during the COVID-19 pandemic.

A Work-Sharing Program is a three-party agreement involving employers, employees, and Service Canada. Under the work-sharing agreement, employees must agree to: (i) a reduced work schedule; and (ii) share the available work equally over the term of the agreement.

The work-sharing agreement provides income support to employees eligible for EI benefits who work a temporarily reduced work week while the employer recovers. To participate, employees must experience a minimum 10% reduction to their normal weekly earnings to comply with the terms of the agreement. Service Canada must approve the agreement before the Work-Sharing Program can be implemented.

Under ordinary circumstances, work-sharing agreements have a minimum duration of six weeks and can last up to 26 weeks. If required, an extension of up to 12 weeks may be requested, for a total duration of 38 weeks.

Special Measures

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Employers facing a temporary decline in business activity because of the potential or actual implementation of US tariffs may qualify for the Work-Sharing Program special measures (Special Measures) if the employer: (i) has a minimum of two EI employees who agree to a reduction in hours and to share any available work; and (ii) has been operating in Canada for at least one year.

The Special Measures strengthen the Work-Sharing Program by introducing the following changes:

- **Extended Agreement Duration.** The maximum duration of the work-sharing agreement been increased from 38 to 76 weeks.
- **Waived Cooling-Off Period.** Under the regular Work-Sharing Program requirements, a business is subject to a cooling-off period between successive agreements. The Special Measures waive the cooling-off period.

The Special Measures also expand employer and employee eligibility to include:

- **Non-Profit and Charitable Organizations.** Under the Special Measures, non-profit and charitable organizations are eligible to participate if the basis for their participation is due to a reduction in revenue (including from donations, memberships, investment income), as a direct or indirect result of the tariffs.
- **Cyclical or Seasonal Employers.** Cyclical and seasonal employers are now eligible to participate in the Work-Sharing Program.
- **Less than 10% Reduction.** Generally, under the Work-Sharing Program, an employer is eligible if they have experienced a decrease in work activity in the past six months of at least 10%. The Special Measures allow a business to participate if they have experienced a decrease in work activity over the past six months of *less than 10%*. Further, there is usually a cap on the percentage of lost hours that will be eligible for EI payments (60%). The cap has been lifted under the Special Measures.
- **Expanded Employee Eligibility.** Under the standard rules of the Work-Sharing Program, only permanent and year-round employees essential to daily business operations are eligible to participate in the Program. While the Special Measures are in effect, seasonal and cyclical employees may now be eligible.

Key Takeaways

The Special Measures under the Work-Sharing Program can help mitigate the impact of temporary declines in business activity. These measures are intended to extend support, including the option to retain employees without resorting to layoffs. We will continue to monitor for further supports that may be available. Should you have any questions, please contact a member of our employment and labour team.

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This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.