

COVID-19 Direct Benefits Available to Eligible Individuals and Businesses

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April 10, 2020 - The Federal Government is in the process of finalizing the details of the various programs introduced to assist individuals, business and industries that are facing hardship as a result of the COVID-19 outbreak. The summary below will focus on individuals and businesses and provide a brief and informative overview of the current federal cash benefits available under the various programs and their interplay with one another.

CERB (Canada Emergency Response Benefit)

Individuals who have stopped working due to COVID-19 may apply and be eligible to receive temporary income support of \$500 per week for up to 16 weeks.

Eligibility:

- Age 15 and older;
- Employees or self-employed who ceased to work due to COVID-19;
- Income of at least \$5,000 in 2019; and
- Those who are and expect to be without employment or self-employment for at least 14 consecutive days in the initial four-week period. For subsequent benefit periods, they expect to have no employment or self-employment income.

Application:

- Online through CRA My Account, or
- Over the phone: 1-800-959-2019 or 1-800-959-2041. You'll need your postal code and SIN to verify your identity.

Canada Emergency Wage Subsidy (CEWS)

The CEWS provides employers up to 75% of an employee's salary for up to 12 weeks. This benefit is calculated based on the greater of:

- 75% of the actual remuneration paid to the employee by the employer since March 15, 2020 up to the maximum benefit of \$847/week per employee; and
- The lesser of the actual remuneration paid (up to \$847/week) or 75% of the employee's pre-crisis weekly remuneration. NOTE: the Pre-crisis weekly remuneration basis will be defined in the coming days.

Payroll Contributions

- 100% of certain employer paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan and the Quebec Parental Insurance Plan will be refunded.

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Eligibility:

- Individuals, partnerships, taxable corporations, non-profit organizations and registered charities.
- Employers must be able to demonstrate a drop of at least 15% in revenue (from arm's-length sources), excluding extraordinary items and amounts on account of capital for the March 15 to April 11, 2020 claim period, and a drop of 30% in revenue for subsequent eligible claim periods.
- The revenue decrease may be determined on an accrual basis or cash basis. The basis chosen, must be consistent throughout the claim periods.
- The employer is expected, where possible, to maintain the employee's pre-crisis salary level.

Application

- Online through CRA My Business Account;
- More details will be available shortly.

10% Temporary Wage Subsidy (TWS)

The TWS provides employers up to 10% of an employee's salary for remuneration paid from March 18, 2020 to June 19, 2020.

- The maximum amount eligible is up to \$1,375 for each eligible employee up to a maximum of \$25,000 total per employer;
- Associated Canadian Controlled Private Corporations (CCPCs) will not be required to share the \$25,000 maximum per employer.

Eligibility:

- Individuals, partnerships, CCPCs eligible for the small business deduction, non-profit organizations and registered charities.

Application

- Employers or whoever is responsible for making payroll remittances manually calculate the subsidy. Payroll remittances are then reduced for the amount of subsidy determined;
- Employers can begin reducing payroll remittances for the first remittance period that includes remuneration paid from March 18, 2020 to June 19, 2020.

Work-Sharing (WS) Program

This program provides EI benefits to eligible employees in a "Work Sharing Unit" who agree to reduce their normal working hours by at least 10% to 60%. Normally the maximum period for WS arrangements is 38 weeks, but it has been extended to 76 weeks for businesses affected by COVID-19

Eligible employers:

- Year-round business at least one year old;
- Private business or publicly held company and not-for-profit employers; or
- Have at least 2 employees in the WS unit.

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Eligible employees:

- Year-round employees (core staff) but do not hold more than 40% of the shares in the business;
- Eligible for EI Benefits; and
- The employees agree to the reduction of normal working hours.

Application

- Working-Sharing Agreement Form (EMP5100) and related Attachment A: Work-Sharing Unit Form (EMP5101) is to be completed and submitted via email 10 days prior to the requested start date.

Interplay Within the Programs

- Although not discussed above, those receiving EI benefits currently cannot obtain benefit through the CERB;
- Those eligible for the CEWS and TWS can take advantage of the TWS now. Once the CEWS is available any benefit received under TWS will reduce the benefit to receive under the CEWS;
- Where an employer is eligible for the CEWS and TWS, any benefit from the TWS for remuneration paid in a specific period would reduce the amount available under the CEWS in the same period;
- Where employers and employees are participating in the WS program, EI benefits received by employees through the WS program will reduce the benefit the employer is entitled to receive under the CEWS;
- Employers are encouraged to rehire employees as quickly as possible and to apply for the CEWS if they are eligible. The government will be considering implementing measures to limit duplication of benefit under the CEWS and CERB programs.

More Information about the above programs:

CERB - <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

CEWS - <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

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

WS Program - <https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>

For additional details, please contact your SLF advisor or call us at 416.785.5353

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