

Canada Emergency Wage Subsidy Eligibility Criteria

The Government of Canada announced additional details about the 75% Canada Emergency Wage Subsidy. This subsidy will be for a 12-week period and backdated to March 15, 2020. The subsidy will provide up to a maximum of \$847 per week per employee for employers that have experienced a 30% decrease in revenues. Employers are highly encouraged to top-up the remaining 25% of remuneration to employees. This is an additional measure to the 10% Temporary Wage Subsidy enacted for certain businesses. The 10% measure will still be available to those who do not qualify for the 75% Canada Emergency Wage Subsidy.

Eligibility Criteria

Eligible Employer – Individuals, taxable corporations (publicly owned and foreign owned corporations are included), partnerships consisting of eligible employers, non-profit organizations and registered charities will be able to benefit from the subsidy. Public bodies would not be considered an Eligible Employer. Most non-taxable corporations do not qualify. The wages of non-arm's length employees who are on payroll prior to March 15, 2020 also qualify.

Details will be released at a later date for new businesses, start-ups and seasonal businesses.

30% Decrease in Revenues – Employers must experience at least a 30% drop in revenues from a business carried on in Canada earned from arm's-length sources. The Government has stated that the Eligible Period must be compared to the same period in the prior year in order to determine whether an Eligible Employer has experienced a 30% decrease in revenues. If such a decrease has occurred, the Eligible Employer is able to make its claim under the Canada Emergency Wage Subsidy for the relevant Claim Period. For the following Claim Periods, the relevant revenue drop is for the Eligible Periods per the table below:

	Claim Period	Eligible Period
Period 1	March 15 – April 11, 2020	March 2020 vs. March 2019
Period 2	April 12 – May 9, 2020	April 2020 vs. April 2019
Period 3	May 10 – June 6, 2020	May 2020 vs. May 2019

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As an example, if arm's-length revenues in March 2020 were down at least 30% compared to March 2019, an Eligible Employer would be allowed to claim the Canada Emergency Wage Subsidy for the Claim Period between March 15 and April 11, 2020.

10% Temporary Wage Subsidy – Employers that meet the eligibility criteria for both the Canada Emergency Wage Subsidy and the 10% Temporary Wage Subsidy for any of the Claim Periods would generally have their Emergency Wage Subsidy reduced by the amount received under the 10% Temporary Wage subsidy for any particular Claim Period.

Interplay with Canada Emergency Response Benefit – Eligible Employers would not be able to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a particular Claim Period where the employee is eligible for the Canadian Emergency Response Benefit.

Employers not eligible for the Canada Emergency Wage Subsidy may be able to furlough employees who may then receive up to \$2,000 a month from the Canada Emergency Response Benefit.

Any wage subsidy received by an employer would be considered government assistance and be included in the employer's taxable income. The subsidy received would also reduce the amount of remuneration expenses eligible for other federal tax credits that are based on remuneration

How to Apply

Eligible Employers apply through the Canada Revenue Agency's "My Business Account" portal and an online portal that will be available in the next three to six weeks. Eligible Employers are required to maintain records that establish the reduction in arm's length revenues and remuneration paid to employees. More details on the application process will be forthcoming.

The above are announced measures relating to the Canada Emergency Wage Subsidy, and are yet to be enacted by the Government.

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

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