

Connecting the dots: Information Update – CERB & Emergency Wage Subsidies

APRIL 1, 2020

The government of Canada has provided another level of much-needed detail around the Canada Emergency Relief Benefit (CERB) and the 75% wage subsidy.

Employers experiencing hardship from the COVID-19 crisis have a choice to make over the coming days about whether they will

- keep or re-hire employees and have the government help support their payroll costs with one of the two wage subsidy programs; or
- if they will lay people off and direct their team members to the Canadian Emergency Relief Benefit for financial help

This will not be an easy decision for the owners and managers in businesses and organizations across the country though they can be assured that there is help for their people regardless of their decision.

It is important to note that the federal government has not included a lot of red tape in the application processes to ensure money can get to Canadians quickly. They are relying on Canadians to act like Canadians – with honesty and with integrity - and have threatened severe action if there is misuse of the crisis programs.

Wage Subsidy Programs

Canada Emergency Wage Subsidy

75% Wage Subsidy for Organizations Experiencing a Financial Loss

- The 75% wage subsidy program announced on March 27th will be available to employers –regardless of status or size – that have experienced a gross revenue decline of 30% or more. In order to calculate the 30% drop in revenues, businesses and organizations will compare year-over-year monthly revenue, for instance, income for March, April or May this year to last year's income in the corresponding month.
- The subsidy will cover up to 75% of the first \$58,700 of an employee's annual salary (up to \$847 per week, backdated to March 15, 2020) whether a business is currently open or not.

Employers who use this subsidy are being asked do everything they can to pay the remaining 25% of wages to employees, and businesses and organizations should get ready to re-hire former employees who have already been laid off. Applicant organizations will have to attest that they meet the criteria and that their wage claims are accurate. They are urged to retain documentation for later compliance audits. Applications will be available soon through the Canada Revenue Agency portal and funds are expected to flow in about three to six weeks. Once on the program, businesses will be required to reapply each month.

75% wage subsidy of the first \$58,700 of an employees salary

847 per week

Backdated to March 15

Proof of a 30% drop in gross revenue required to be eligible for the program

The program is available to for-profit businesses of all size, charities and non-profit organizations.

Hospitality, Not-for-Profit and Charitable Organizations Included

Minister Morneau confirmed that the wage subsidy program will apply to the hospitality sector (restaurants and bars) as well as to not-for-profit and charitable organizations. Although non-profits and charities will be subject to the same 30% revenue drop requirement, deciding on how to make this calculation is much more complicated because of the varied funding sources and timelines these organizations manage. The government also committed to further engagement with and more aid for the sector.

The total cost of the wage subsidy is estimated at \$71 Billion. Together with the Canadian Emergency Relief Benefit, this is the largest support package released in Canada’s history.

More information is available [here](#).

The table below outlines each claiming period and the period in which it has a decline in revenue of 30 per cent or more.

For eligible employers established after February 2019, eligibility would be determined by comparing monthly revenues to a reasonable benchmark.

ELIGIBLE PERIOD		
	CLAIMING PERIOD	REFERENCE PERIOD FOR ELIGIBILITY
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

10% Subsidy for Small Businesses and Organizations

A separate subsidy of 10% is still available for small businesses and organizations in Canada. Previously announced, this program will provide a subsidy of equal to 10% of remuneration paid over a three-month period to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. To qualify you must be an individual, partnership, non-profit, charity or Canadian controlled private corporation that is eligible for the small business deduction.

Companies who are eligible to receive both subsidies must choose one. They cannot double dip.

More information on the program and how to apply is available [here](#).

Canadian Emergency Response Benefit (CERB)

The CERB is a taxable government payment meant to help those who have lost their jobs, been laid off, or are where circumstances that have resulted in sudden loss of income due to the COVID-19 pandemic. It offers **\$2000 per month** for up to four months (16-weeks).

- Workers who are still employed but are not receiving income because of COVID-19-related disruptions to their work situation, will qualify for the CERB.
- Any workers who do not qualify for Employment Insurance (E.I.) are eligible to apply, including wage workers, self-employed and contract workers.
- Anyone who has applied for the previous relief programs (Emergency Care Benefit & Emergency Support Benefit) will be automatically migrated to the new benefit and does not need to reapply.
- Applications for EI will automatically be moved to the CERB program when the program opens.
- The application process for CERB will open on April 6, 2020. Individuals are asked to apply in the following order based on birth date to prevent surges in applications:
 - January to March – apply on April 6
 - April – June – apply on April 7
 - July – September – apply on April 8
 - October – December – apply on April 9

More information is available [here](#).