

**April 1, 2020**

## **Canada Emergency Wage Subsidy**

Federal Finance Minister Bill Morneau provided an update on the Canada Emergency Wage Subsidy (CEWS), although details of exactly *how* these funds will be administered are still being worked out.

Morneau noted that applications will be taken through a Canada Revenue Agency (CRA) portal, which will “soon be launched.”

At this point, it appears eligible businesses (see below) will apply through the portal to claim up to 75% of each employee’s pay. A condition of this funding will be that the business will have to attest that it is doing everything possible to pay the remaining 25%.

Once approved, the funds will be available in approximately six weeks. Businesses will have to show that they have paid their employees before the money flows.

The program will be in place for three months – March, April and May, retroactive to March 15. Businesses will need to re-apply to the program each month.

Morneau pegged the cost of the CEWS at \$71 billion – “the largest economic program in Canadian history.” The subsidy aims to enable businesses to keep staff on the payroll during the COVID-19 crisis, and Morneau’s message to business is, “get ready to re-hire people.”

### **Eligibility**

To qualify for the CEWS program, a business will have to demonstrate a decline in gross revenue of 30% or more from the same month last year.

All private businesses, large and small, are eligible, as are non-profits and charities. Public sector organizations cannot apply.

The subsidy will apply to the first \$58,700 earned per employee (up to \$847 per week per employee).

Morneau reiterated Prime Minister Justin Trudeau's warning that there will be severe consequences for "bad actors" filing fraudulent claims.

Organizations that do not qualify for the CEWS may continue to qualify for the previously announced wage subsidy, the Temporary Wage Subsidy for Employers, which covers 10% of remuneration paid from March 18 to before June 20, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.

### **Non-Profits and Charities**

The federal government will work with non-profit organizations and charities who are impacted by a loss of revenue to ensure the definition of revenue is appropriate to their circumstances.

The Department of Finance also notes that they are considering additional support for non-profits and charities, particularly those involved in the front-line response to COVID-19.

### **Canada Emergency Response Benefit**

In addition to the CEWS, Morneau (who was joined by Small Business and International Trade Minister Mary Ng and Innovation, Science and Industry Minister Navdeep Bains), also outlined the Canada Emergency Response Benefit (CERB) for individuals out of work because of COVID-19, including contract workers and those still employed but earning no income.

Launching April 6, also through a CRA portal, the CERB will provide up to \$2,000 per month for four months.

Again, specifics of the application process have not yet been announced.

### **Total Costs**

As noted above, Morneau confirmed that the CEWS will cost \$71 billion, while the CERB will cost \$24 billion, for total of \$105 billion.

Other government measures announced to date include various tax deferrals (\$85 billion), interest-free loans for small businesses (\$25 billion) and policies to ensure liquidity in markets (\$40 billion).

If you have any questions about this update, please let us know.

*The Enterprise Team*