

Canada Emergency Wage Subsidy

Canadian companies of any size, non-profits and charitable organizations are now eligible to apply for the Canada Emergency Wage Subsidy if they have suffered at least a 15 per cent drop in revenue in March of this year because of the COVID-19 pandemic.

As well, companies applying will be able to compare their March revenue against the revenue they earned in January and February, the two previous months. Initially to be eligible for the program companies had to have a 30 per cent drop in revenue compared to March of 2019. As well charities which also qualify for the plan that receive government grants can include or exclude those grants when calculating their eligible revenues. Non-profits also qualify for the program

Under the Canada Emergency Wage Subsidy plan, the Federal Government's will pay 75 per cent of an employee's wage, up to \$847 a week. The eligible payments will be retroactive to March 15th, and were originally set to conclude on the pay period ending June 6th. However the program will be extended as necessary until normal working conditions return. The government hopes companies receiving the benefit will top up the remaining 25 per cent of the employees pay, but that is not mandatory.

Applications for the benefit will be available through a special Canada Revenue Agency portal currently under construction. Payments should be available within ten days of approval. Companies with a direct deposit account with the CRA could receive money more quickly.

Initially, companies will be expected to fund employee wages until applications are processed and the retroactive payments begin.

Applications will be processed on the honour system, although employers must be able to show their books from March, April and May of 2019 for later verification against their books for the same months this year.

Later adjustments could be made for discrepancies, and there will be criminal penalties for anyone caught trying to game the system.

There is no limit on the size of the company or the number of employees per company. However employees must have been and still on, or rehired to be on the company payroll, whether they are working, doing some work or with no work to do because of COVID-19.

The rationale for the benefit is to leave companies with an in-place workforce, ready to quickly go back to work when the pandemic passes.

Plans are all ready under to get payments out the door, although Parliament will be called back soon to pass the enabling legislation.

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