

We have included your email address with our distribution list so you can receive our bi-monthly newsletter. We believe it will add some value to your business. If you do not wish to receive this newsletter kindly notify us so we will remove your name from our list.



WE MIND YOUR
BUSINESS

SPECIAL EDITION

Updated April 12, 2020

The **Temporary Wage Subsidy for Employers** is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA).

Individuals, partnerships, small businesses, sole proprietors, charities, non-profits, and Canadian-controlled private corporations (CCPC) are eligible for these subsidies, and require an existing business number and payroll program account with the CRA (e.g. CRA My Business).

There are two subsidies available:

Temporary Wage Subsidy for Employers (10%)

The subsidy is equal to 10% of the remuneration paid to your staff between March 18, 2020 and June 20, 2020, up to **\$1,375** per employee and **\$25,000 per employer**.

This subsidy is not tied to any measured decline in gross revenue.

What period does this apply to?

Payroll between March 18, 2020 and June 20, 2020

How do I receive this subsidy?

You'll have to manually calculate your subsidy, and reduce your current remittance of federal, provincial, or territorial income tax that you would

normally pay to the CRA. Talk to your accountant or payroll specialist to help set this up.

What remittances does this apply to?

Only your income tax - CPP and EI deductions cannot be included in the calculation of the subsidy. You need to pay those as usual.

When does this become available?

Immediately, when you submit your payroll remittances to the CRA.

Canada Emergency Wage Subsidy (75%)

For-profit, non-profit, and charitable organizations who have seen, at least, a **15%** drop in March 2020 and a **30%** drop in April and May 2020, in their gross revenue, there will be a 75% wage subsidy available. There will be no caps on the number of employees supported through the subsidy.

How much is covered?

The greater of either of the following scenarios:

- **Scenario 1:** 75% of an employee's salary of up to \$58,700 will be covered; this works out to \$847 per week.
- **Scenario 2:** 75% of an employee's pre-crisis salary, of up to a maximum benefit of \$847 per week.

The intent of the second scenario is to provide an option for employers to keep their employees at 75% of salary in the event that all business income has ceased.

What period does this apply to?

March 15, 2020 through June 6, 2020

How do I qualify?

Any Canadian business with a 15%/30% decline in gross revenue compared to the same period in 2019, or compared to an average of January/February 2020.

What periods are eligible?

For the revenue comparison, CRA will be looking at the following periods:

Payroll Period	Reference Period	Decline
		15%

Payroll Period	Reference Period	Decline
March 15 - April 11	March 2020 over March 2019, or March 2020 over an average of both January and February 2020	
April 12 - May 9	April 2020 over April 2019	30%
May 10 - June 6	May 2020 over May 2019	30%

Update April 11, 2020: The legislation passed allows for flexibility to extend this program to the end of September 2020.

How do I calculate the 15%/30% decline?

An organization looking to use this subsidy would be calculated with the following rules:

- Business carried on in Canada, earned from arm's-length sources
- Calculated using your organization's normal accounting method
- Exclude revenues from extraordinary items and amounts on account of capital
- Non-profits and charitable organizations may include/exclude government funding in calculating revenue

For non-profits and charities, the government will continue to work with the sector to ensure the definition of revenue is appropriate to their specific circumstances.

Update April 11, 2020: If an organization meets the eligibility requirement for a period, they will be automatically eligible for the following period. For example, an employer with a 15% revenue drop in Period 1 will be eligible for Period 2.

How do I report the revenue decline?

Organizations can choose to report either (not both) by:

- Accrual accounting (as they are earned/invoiced), or
- Cash accounting (as the cash is received).

Special rules would also be provided to address issues for corporate groups, non-arm's length entities and joint ventures.

What employee remuneration can be subsidized?

Unlike the 10% subsidy, the CEWS can include salary or wages; effectively, amounts for which an employer would be required to withhold income tax. This does not include severance, stock options, or personal use of a corporate vehicle.

Update April 8, 2020: The Federal Government will 100% refund the **certain employer-paid contributions** to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan.

[How do I receive this subsidy?](#)

Employers will apply via the CRA My Business portal, and will have to apply/confirm eligibility every month. Funds will be available in 3-6 weeks.

Update April 1, 2020: Organizations will have to attest that they are doing what they can to pay the remaining 25% of the employee salary. Subsidy will **not** be manually calculated.

[Can I claim both subsidies?](#)

It is likely that organizations that claim the initial 10% will deduct that amount from their 75% submission.

[What if my employees have applied for the Canadian Emergency Response Benefit?](#)

From the Department of Finance backgrounder:

"An employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.

Employers who are not eligible for the Canada Emergency Wage Subsidy would still be able to furlough employees who will receive up to \$2,000 a month."

[What if I'm using the work-sharing program?](#)

The 75% subsidy will be reduced for EI amounts received by an employee/employer using the work-sharing program.

[Are there any penalties?](#)

Yes. "Employers that **engage in artificial transactions to reduce revenue** for the purpose of claiming the CEWS would be subject to a penalty equal to **25 per cent of the value of the subsidy claimed**, in addition to the requirement to repay in full the subsidy that was improperly claimed."

[When will this be available?](#)

The subsidy application will be made through the CRA My Business portal, and will be available after the end of each of the periods, and are looking to deliver the program within 3 weeks (e.g. end of April).

It is important to note that the legislation passed on April 11, 2020 states the following: "The Minister may communicate or otherwise make available to the public, in any manner that the Minister considers appropriate, the name of any person or partnership that makes an application under the 75% wage subsidy." Effectively, if you use the subsidy, the Government can let the general public know.

Student Wage Subsidy

There will be updated to the Canada Summer Job Program which will include:

- Student wages to be subsidized at 100%
- Job placements to be extended to winter (to support jobs starting later in the year)
- Part-time works to be included in the program

Disclaimer:

The preceding information is for educational purposes only. As it is impossible to include all situations, circumstances and exceptions in a newsletter such as this, a further review should be done by a qualified professional.

No individual or organization involved in either the preparation or distribution of this letter accepts any contractual, tortuous, or any other form of liability for its contents or for any consequences arising from its use.

Please stay safe and follow advices by medical professionals only.



**Jerry J. Copuroglu
CPA, CGA, CFE, TEP
Licensed Public
Accountant**

www.jcprofessional.com

JC Professional Corporation, 1280 Finch Avenue West,
Suite 314, Downsview, Ontario M3J 3K6 Canada

[SafeUnsubscribe™ {recipient's email}](#)

[Forward this email](#) | [Update Profile](#) | [About our service provider](#)

Sent by jerry@jcprofessional.com powered by



Try email marketing for free today!