

The Canada Emergency Wage Subsidy (The 75% Wage Subsidy Program)

April 21, 2020 Update

This legislation was passed by Parliament and the Senate of The Government of Canada on April 11, 2020.

This subsidy program is commonly referred to by its initials CEWS.

The CEWS provide a 75% wage subsidy to eligible employers for up to 12 weeks commencing on March 15, 2020.

The key elements of the CEWS are:

- Eligible Employers:**
- Individuals
 - Taxable Corporations
 - Partnerships
 - Non-profit Organizations
 - Registered Charities

Public service bodies, including municipalities, local governments, Crown corporations, public universities, colleges, schools and hospitals are not eligible for the CEWS.

Purpose of the CEWS: To assist the above-mentioned employers in re-hiring employees that have been laid off as a result of Covid-19 and to better position employers in more easily resuming operations.

Qualifying Employers: In order to qualify, the employer must have experienced a decrease in gross revenue of at least 15% in the month of March and at least a 30% decrease in revenue in subsequent months of the pandemic.

Calculating Revenues: Arm's length revenue is calculated using the employer's normal accounting method. Employers are allowed to calculate revenue either on an accrual method or cash method. The method chosen for the first CEWS application must be followed in the subsequent application periods.

Revenue Decline Test: Under the current legislation, there are three claiming periods. The revenue declines and calculation periods can be summarized as follows:

Eligible Periods

	Claiming period	Required reduction in revenue	Reference period for eligibility
Period 1	March 15 to April 11	15%	March 2020 over: <ul style="list-style-type: none"> • March 2019 or • Average of January and February 2020
Period 2	April 12 to May 9	30%	Eligible for Period 1 OR April 2020 over: <ul style="list-style-type: none"> • April 2019 or • Average of January and February 2020
Period 3	May 10 to June 6	30%	Eligible for Period 2 OR May 2020 over: <ul style="list-style-type: none"> • May 2019 or • Average of January and February 2020

Eligible Employees: An eligible employee is an individual who is employed in Canada.
The CEWS is available to employees who have received remuneration during the eligibility periods listed in the above chart. Eligible employees include individuals who are related to the employing company.
The subsidy amount for such employees is limited to the lesser of \$847 per week and the 75% of the employee's pre-crisis weekly remuneration. This subsidy is only available to these employees who were on payroll prior to March 15, 2020.

Amount of Subsidy: The subsidy amount for a given employee on eligible remuneration for the subsidy period will be the greater of:
a) 75% of the amount of the remuneration paid, up to a maximum benefit of \$847 per week and
b) The amount of the remuneration paid, up to a maximum benefit of \$847 per week or 75% of the employee's pre-crisis weekly remuneration, whichever is less
Eligible remuneration may include salary, wages, and taxable benefits.
Non-eligible remuneration includes severance pay, stock option benefits and personal use of a corporate vehicle.
The CEWS will be reduced by any amounts previously claimed under the 10% wage subsidy program.

How to Apply: The Canada Revenue Agency, in conjunction with the Canadian Government, is working on the portal for application and submission of the CEWS. The portal will be under the MyBusinessAccount. Please take the time now to register for this.

When to Apply: Current information from the Federal Government indicates that the application for the first subsidy period can be made April 27, 2020.

Ongoing Source Deductions: Employers are still required to continue to collect and remit employer and employee contributions to CPP and EI as usual. Employers may be eligible for a refund of certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan and the Quebec Parental Insurance Plan.

WE WILL CONTINUE TO MONITOR ANY CHANGES TO THIS LEGISLATION OR NEW LEGISLATION THAT MAY BE ENACTED.

The website reference is www.canada.ca/en/department-finance/economic-response-plan.html.

Extensions to Filing and Payment Dates

March 19, 2020 Update

On March 18, 2020, Prime Minister Justin Trudeau and his Government has announced the following extensions to the filing and payments dates for various tax filings. In general terms, these measures can be summarized as follows:

Individuals:

The filing due date for your 2019 personal income tax return has been extended to **June 1, 2020**.
Any taxes owing on that filing are now deferred until after **August 31, 2020**, without interest or penalty.

Trusts / Estates:

The filing due date for trusts and estates with a December 31, 2019 fiscal year end has been extended to **June 1, 2020**.
Any taxes owing will also be due after **August 31, 2020**, without interest or penalty.

Corporations:

The filing due dates for your corporate tax returns and HST returns remain as is. There are no filing extensions.
Any taxes owing on these filings, will be deferred until after **August 31, 2020**, without interest or penalty.

More details are available on the Canada's Covid-19 webpage.

https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html#Flexibility_for_Tax-filers

The outbreak of Covid-19 continues to evolve globally. We at Hurren Sinclair MacIntyre CPA's LLP remain committed to the health and safety of our employees and their families. We also remain committed to looking after your needs with the same high quality and timely services that we have delivered in the past.

Given the circumstances of Covid-19, an abundance of caution is required to prevent the continued spread of this virus.

As such, we have put the following measures in place:

- Following the statement of Canada's Chief Medical Officer Dr. Theresa Tam, to help flatten the spread of Covid-19, we are meeting with clients via telephone or video only for the next two weeks.
- Tax documents can still be delivered to us by dropping them in our mail slot to the right of our front door.
- Bulkier data files can be dropped off at reception during normal business hours. We ask that you call or email ahead to arrange this first.
- We will be sending our non-corporate T1 clients a link to their secure portal folder in the next few days. This link will be provided to you in an email.
- If you have limited or no access to an email account, please contact your accountant to develop your personalized service plan.

We will provide further updates as the situation warrants. With these measures in place, we can ensure that your tax work is completed in a timely fashion while ensuring the health and safety of our employees and their families. Thank you.

HURREN SINCLAIR MACINTYRE CPA'S LLP