

**COVID-19  
PRESENTATION  
May 07, 2020  
OPPI**



# Agenda

- General COVID-19 Most Frequently Asked Questions
- 10% Wage Subsidy
- Canada Emergency Wage Subsidy
- Workshare Program
- Support for self-employed individuals
- Students and recent graduates

# General COVID-19 FAQ's

**It is my understanding that we are strongly encouraged to try and keep each of our employees working if possible.**

- This is not a mandatory requirement even if you qualify for the Federal Wage Subsidy.
- Otherwise you are free to balance your headcount and cost with your revenue and workload requirements.
- If Employees are not on payroll they are not eligible for the Wage Subsidy

# General COVID-19 FAQ's

## **An employee has tested positive for COVID-19 – what does the employer do?**

- The employee should not be permitted to return to the workplace until they are free of the COVID-19 virus.
- All employees who worked closely with the infected employee should also be removed from the workplace for at least a 14-day period to ensure the infection does not spread in the workplace.
- “Closely” will depend on the nature of interactions between employees. Employers should err on the side of caution.
- Employers should also take reasonable measures, to the extent possible, to protect the privacy of any employee who contracts COVID-19.

# General COVID-19 FAQ's

## **What if employees refuse to work because they are afraid of contracting COVID-19 in the workplace?**

- Employers have an obligation to take reasonable care to protect the health and safety of employees under occupational health and safety legislation.
- In the event of a work refusal, the employer must respond in accordance with Provincial or Federal occupational health and safety legislation.
- Whether or not a work refusal is reasonable will depend on individual circumstances. In the event of a work refusal, the employer must respond in accordance with occupational health and safety legislation, which response will include an investigation into the concerns and, if appropriate, adopting measures to eliminate or reduce the workplace danger. This investigation will, in large part, be based upon the current scientific understanding of COVID-19 and the specific facts in the individual workplace. No reprisal for properly exercising a health and safety right may occur.

# WAGE Subsidy FAQ's

**How long will it take to get the Subsidy? What happens if I cant make payroll until I get the subsidy?**

- New program so no way to tell. The CRA portal was selected as a quickest means of processing claims. If they are as quick as the CERB payments, that will be welcome.
- Unfortunately they must be on payroll first to even get the subsidy
- There are deferred loan options you can apply for and then repay the loans once you receive the wage subsidy

# 10% Small Business Wage Subsidy

## Overview

The government's 10% SBWS passed into law on March 25, 2020. On April 1, the government indicated that organizations that do not qualify for the CEWS may continue to qualify for the 10% SBWS. For eligible employers, key details of the 10% SBWS program are as follows:

- The subsidy will be equal to 10% of remuneration paid during the eligible period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.
- The eligible period is March 18, 2020 to June 19, 2020, inclusive.
- This measure allows eligible employers to reduce the amount of payroll deductions required to be remitted to the CRA.
- This SBWS can be accessed as soon as April 15, for quarterly and regular (monthly) payroll remitters.
- An eligible employer can be an eligible Canadian-Controlled Private Corporation (CCPC) (details below), an individual (other than a trust), a partnership (all of the members of which are individuals, eligible CCPCs, registered charities, or other eligible partnerships), a not-for-profit, or a registered charity. However, businesses must have had an existing business number and payroll account with the CRA on March 18, 2020. It will not be possible for a new corporation to be established, or an existing corporation to apply for a payroll account after March 18, 2020 to take advantage of this subsidy.

# Canada Emergency Wage Subsidy (CEWS)

## **Overview**

- The Canada Emergency Wage Subsidy provides a 75% wage subsidy (up to a maximum of \$847 per week per employee) to eligible employers for up to 12 weeks, retroactive to March 15, 2020
- Enacted into law on April 11, 2020
- Will be managed through the Revenue Canada online portal

## **Administration**

- Employers must keep records demonstrating revenue declines and remuneration paid to employees
- Employers should keep records in the event of an audit by the CRA



# Canada Emergency Wage Subsidy (CEWS)

## **Entity must be an “eligible entity”**

- a corporation (other than a tax-exempt corporation or public institution);
- an individual;
- a registered charity (other than a public institution);
- a person that is tax-exempt because of paragraph 149(1)(e), (j), (k) or (l) of the *Income Tax Act* (Canada) (other than a public institution);
- a partnership, all of the members of which are described in this paragraph or in any of paragraphs (a) to (d); or
- a prescribed organization

This covers all taxable corporations, whether public or private, domestically or foreign owned or controlled, etc.

# CEWS Qualifying Periods

	Qualifying Period (2020)	Required Revenue Reduction*	Reference Periods
Qualifying Period 1	March 15 – April 11	15%	March 2020 over: <ul style="list-style-type: none"> <li>• March 2019, or</li> <li>• Average of Jan &amp; Feb 2020*</li> </ul>
Qualifying Period 2	April 12 – May 9	30%	April 2020 over: <ul style="list-style-type: none"> <li>• April 2019, or</li> <li>• Average of Jan &amp; Feb 2020*</li> </ul>
Qualifying Period 3	May 10 – June 6	30%	May 2020 over: <ul style="list-style-type: none"> <li>• May 2019, or</li> <li>• Average of Jan &amp; Feb 2020*</li> </ul>
Qualifying Period 4+	TBD - Before September 30	TBD	<ul style="list-style-type: none"> <li>• TBD</li> </ul>

# Canada Emergency Wage Subsidy (CEWS)

## **Eligible Employee in a qualifying period**

Employee must be

- employed in Canada
- employed by the eligible entity in a qualifying period
- not without remuneration by the eligible entity in respect of 14 (or more) consecutive days in the qualifying period
- Employee may or may not be working fulltime
- No requirement to pay the employee 75% or a full salary although employers who are able to recall staff and pay them are “encouraged” to do so.

# Canada Emergency Wage Subsidy (CEWS)

## **Eligible Remuneration**

- Means salary, wages or other remuneration such as taxable benefits; fees, commissions or other amounts for employment services
- Company paid CPP and EI contributions if an eligible employee is not at the weekly maximum
- Does not include a retiring allowance, severance pay or items such as stock option benefits or the personal use of a corporate vehicle
- Does not include any accelerated remuneration paid to an employee that is in excess of the employee's baseline remuneration where one of the main purposes for the accelerated payment is to increase the amount of the CEWS
- For example, where there is an arrangement whereby, after the qualifying period, the eligible employee is reasonably expected to be paid a lower weekly amount

## **Baseline Remuneration**

- Based on the average weekly remuneration paid between January 1 and March 15, inclusively

# Workshare Program

The main purpose is to keep people working and avoid layoffs. Work-Sharing is a three-party agreement between employers, employees and Service Canada.

## Applying for a Work-Sharing Agreement

- To apply for Work-Sharing an employer must provide:
  - a **completed application form** (including attachments and signatures of both employer representative(s) and employee representative(s);
  - and, a list of employees included in the **Work-Sharing unit**.
- All information with respect to applications will be kept confidential.
- A formal application for Work-Sharing must be received by Service Canada at least 20 days in advance of the requested start date of the agreement.

# Workshare Program

- The Government of Canada introduced temporary special measures that extend the maximum duration of Work-Sharing agreements from 38 weeks to 76 weeks across Canada for those businesses affected by the downturn in business due to COVID-19

**Eligible employers** -To be eligible for a WS agreement, employers must:

- Have been in business in Canada year-round for at least two years;
- Be a private business, a publicly-held company, or a not-for-profit organization;
- Demonstrate that the shortage of work is temporary and beyond their control, and is not a cyclical/recurring slowdown;
- Demonstrate a recent decrease in business activity of approximately 10%; and,
- There must be a reasonable expectation that recovery (that is, a return to normal work hours for all participating employees) will be achieved by the end of the agreement.

# Workshare Program

## **Eligible employees**

- Employees being proposed for a Work-Sharing agreement must:
- be "core employees" (that is, year round permanent full-time or part-time employees who are required to carry out the everyday functions of normal business activity)
- be eligible to receive Employment Insurance benefits; and
- agree to a reduction of their normal working hours in order to share the available work
- Eligible employees will receive 55% of their average insurable weekly earnings, up to a maximum amount. As of January 1, 2020, the maximum yearly insurable earnings amount is \$54,200. This means that you can receive a maximum amount of \$573 per week or \$114.60 for each day not worked.

# Support For Self Employed Individuals

## **Canada Emergency Response Benefit (CERB)**

- Covers Canadians who have lost their job, are sick, quarantined, or taking care of someone who is sick with COVID-19, as well as working parents who must stay home without pay to care for children who are sick or at home because of school and daycare closures. The CERB would apply to wage earners, as well as contract workers and self-employed individuals who would not otherwise be eligible for Employment Insurance (EI).
- Only apply for the CERB through either Service Canada or the Canada Revenue Agency (CRA) – not both
- If you have stopped working because of COVID-19, the Canada Emergency Response Benefit (CERB) may provide you with temporary income support. The CERB provides \$500 a week for up to 16 weeks.



# Support For Self Employed Individuals

## **Canada Emergency Response Benefit (CERB) Continued**

- The Benefit is available to workers:
- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of reasons related to COVID-19 **or** are eligible for Employment Insurance regular or sickness benefits **or** have exhausted their Employment Insurance regular benefits or Employment Insurance fishing benefits between December 29, 2019 and October 3, 2020;
- Who had employment and/or self-employment income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and,
- Who have not quit their job voluntarily.
- When submitting your first claim, you cannot have earned more than \$1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of your claim.
- When submitting subsequent claims, you cannot have earned more than \$1,000 in employment and/or self-employment income for the entire four-week benefit period of your new claim.

# Support For Self Employed Individuals

## **Canada Emergency Business Account (CEBA)**

- To ensure that small businesses have access to the capital they need to see them through the current challenges, the Government of Canada has launched the new Canada Emergency Business Account, which has been implemented by eligible financial institutions in cooperation with Export Development Canada (EDC).
- This \$25 billion program provides interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.
- Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).
- The Borrower is a Canadian operating business in operation as of March 1, 2020.
- The Borrower has a federal tax registration.
- The Borrower's total employment income paid in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000.

# Support For Self Employed Individuals

## **Flexibility for Businesses Filing Taxes**

- Canada Revenue Agency will allow all businesses to defer, until August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020.
- The CRA will allow all businesses to defer, until the end of June 2020, any GST/HST payments or remittances that become owing on or after March 27, 2020, and before June 2020. This means that no interest will apply if your payments or remittances are made by the end of June 2020.
- Customs Duty and Sales Tax for Importers will also be deferred until the end of June 2020.

# Students and Recent Graduates

- The proposed Canada Emergency Student Benefit, which would provide support to students and new graduates who are not eligible for the Canada Emergency Response Benefit. This benefit would provide \$1,250 per month for eligible students or \$1,750 per month for eligible students with dependents or disabilities. The benefit would be available from May to August 2020.
- The new Canada Student Service Grant, which will help students gain valuable work experience and skills while they help their communities during the COVID-19 pandemic. For students who choose to do national service and serve their communities, the new Canada Student Service Grant will provide up to \$5,000 for their education in the fall.
- Double the Canada Student Grants for all eligible full-time students to up to \$6,000 and up to \$3,600 for part-time students in 2020-21. The Canada Student Grants for Students with Permanent Disabilities and Students with Dependents would also be doubled.

# Students and Recent Graduates

- The province will temporarily defer loan payments and interest accrual for six months for students borrowing through the Ontario Student Assistance Program (OSAP).
- The changes will come into effect March 30 and last until Sept. 30.
- The Canada Student Loans program announced a similar pause on payments and interest accrual for federal student loans over the same period.
- Broaden eligibility for student financial assistance by removing the expected student's and spouse's contributions in 2020-21, in recognition that many students and families will struggle to save for school this year.

# Questions

For the remainder of May, HRAI has arranged for Pivotal to provide webinar participants to have free access to get your HR questions answered. If the question is straightforward you will receive email guidance. If more complicated, a call. Send your question and contact information to:

[hrnews@pivotalolutions.com](mailto:hrnews@pivotalolutions.com)