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COVID-19 and Your Workplace: Government Programs and Support

Employer Alert

Government support and programs are critical at this juncture to ensure the viability of many businesses through this COVID-19 crisis. In addition, they will assist with ensuring that the economy can quickly recover, by helping avoid layoffs and helping support recalls.

Over the last several days, the Federal Government has both created new programs to assist employers and it has also made amendments to some existing programs. While the details of these programs are slowly being revealed, in order to help employers during these challenging times, we wished to provide an overview of three key programs.

Wage Subsidies

There are currently two wage subsidy programs - a 10% wage subsidy (called the Temporary Wage Subsidy) and a 75% wage subsidy (called the Canada Emergency Wage Subsidy).

The Temporary Wage Subsidy was announced on March 18th and provides a subsidy for a three month period equal to 10% of the wages paid to an employee, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. In order to be eligible, your business must be a sole proprietorship, partnership (with limitations), non-profit, charity, or a Canadian-controlled private corporation (CCPC) that is eligible for the small business deduction. Further, in order to be eligible, the business had to have a business number and payroll account with the CRA on March 18, 2020.

In order to address the immediate payroll needs of employers, the Government provided that employers may reduce their remittance of income tax withheld on their employees' paycheques. However, source deductions must still be remitted in full and on time. If you did not claim the Temporary Wage Subsidy by way of reducing your remittances, then you still may claim it on your year end.

The Temporary Wage Subsidy will be treated as taxable income. More information is currently [available here](#).

The Canada Emergency Wage Subsidy was announced on March 24th and provides a subsidy equal to 75% of the first \$58,700 normally earned by employees – representing a benefit of up to \$847 per week per employee. The subsidy will be available for all businesses on a monthly basis for March, April, and May, provided that they can prove a 30% decrease in revenue compared with the same

month in 2019. In order to qualify each month, employers will need to submit a monthly application in a portal to open up in 3 - 6 weeks. The Federal Government has advised that payments under the Canada Emergency Wage Subsidy should start to be made in 6 weeks' time. More information is currently [available here](#).

Canada Emergency Business Account

The Federal Government has also introduced the new Canada Emergency Business Account. This will provide funding to eligible financial institutions so that they can provide interest-free loans in the form of lines of credit of up to \$40,000 to businesses with payrolls of between \$50,000 and \$1,000,000. The federal government has stated that under the CEBA Program it will provide up to \$25 billion in loans. The federal government will both fund and guarantee the loans. Currently, the loans will be interest free for the first year with 25% of the loan up to \$10,000 being forgiven for those businesses that pay the loan back on time.

Small businesses and Not-For-Profits who have had their revenues temporarily reduced will be eligible to apply. More information is currently [available here](#).

The Work-Sharing Program

The Work-Sharing Program is a long-standing government program designed to help employers and employees avoid layoffs by allowing a reduced work week, while the employees are eligible for EI.

Work-Sharing requires a three-party agreement between the employer, the employees, and Service Canada. In order to qualify for Work-Sharing, an employer would need to have: 1) seen a recent and temporary 10% decline in business; 2) its core employees consent to a 10% - 60% reduction in hours/pay; and 3) a recovery plan.

As a result of COVID-19, the government first temporarily extended the maximum duration of Work-Sharing agreements from 38 weeks to 76 weeks. More recently, the Federal Government has indicated that it will be reducing the waiting period for new applicants from 30 days to 10 days. With the waiting period potentially now significantly reduced, the Work-Sharing Program may become a more viable option for employers who may be able to avoid layoffs by reducing hours of work. More information is currently [available here](#).

As the options, obligations, and impact of COVID-19 on the workplace continue to change, we are ready to strategically support you and your business.

For more information or for assistance, please contact our firm.