

# Q&A: FINANCIAL SUPPORT DURING COVID-19

## **Is the 10% wage subsidy still in place?**

Yes, the 10% Small Business Wage Subsidy (SBWS) is still in place. The 75% Canada Emergency Wage Subsidy (CEWS) is in addition to the SBWS. Organizations that do not qualify for CEWS may still qualify for the SBWS. If an organization is eligible for both, the amount paid under CEWS will be reduced by the amount paid under the SBWS in respect of the wages paid in the same period.

## **With the Work-Sharing Program, would all employees decrease by the same percentage regardless of whether full or part-time or, instead, can one group be made of simply part-time employees?**

An employer can create multiple work units. A work-sharing unit is a group of employees with similar job duties who agree to reduce their hours of work over a specific period of time.

## **Does the Work-Sharing Program apply to contractor arrangements – i.e. an NPO operating with contractor agreements in lieu of employees on payroll?**

Contract workers are not eligible under the Work Sharing Program because they do not meet the eligibility requirements listed – i.e. they are not year-round permanent or part-time employees who are eligible for EI. The Government of Canada has released programs to assist contract workers who otherwise would not be eligible, such as the Canada Emergency Response Benefit (CERB).

For your specific situation, we recommend that you seek legal advice. Please let us know if you would like to engage in a discussion about potential legal advice.

## **Does a business (i.e. sailing school) have to be incorporated to benefit from this program? Revenue could be zero for the next several months, but expenses still incurred.**

The eligibility requirements given for employers state that a year-round business that is either private, publicly held, a Government Business Enterprise or a not-for-profit employer and has at least two workers in a work-sharing unit is eligible. It does not specify that a business needs to be incorporated.

**With regards to the Work Sharing Program for bar staff who get tips, do the tips affect the salary maximum?**

If the tips are not included in the employee pay stub (and thereafter reported on a T4 and associated income tax return), the income would not be included.

**What are the logistics around topping up EI?**

With respect to CEWS, it is expected that the employer “top up” employee salaries to bring them to pre-crisis levels. However, to date this has not been legislated as a direct requirement.

**Is it possible to link the Work Sharing Program (employees sharing a role) with the Wage Subsidy 75% (where government pays 75% of this shared payroll)?**

For employers and employees that are participating in a Work-Sharing program, EI benefits received by employees through the Work-Sharing program will reduce the benefit that their employer is entitled to receive under the CEWS.

**With regards to CEWS, when do you expect the government to finalise the details relative to the not-for-profit/RCAAA/charities sector?**

On April 11, 2020, at an emergency sitting of the Legislature, the Federal Government passed Bill C-14, the COVID-19 Emergency Response Act, No. 2 (“Bill C-14”). Charities, as well as non-profits, can also choose to include or exclude government funding when making their calculations. We expect that further government direction will be forthcoming.

**Does CEWS covers taxes deducted at source?**

Employers eligible for the CEWS be entitled to a 100% refund for certain employer-paid contributions to the Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Place for where employees are retained but unable to work. This refund would be applicable to the entire amount of employer-paid contributions in respect of remuneration paid to employees while the employer is eligible for the CEWS.

**Is there a minimum number of employees for an employer to benefit from CEWS?**

No, there is no minimum or maximum number of employees required. Eligible employers must experience a 15% decline in March and a 30% decline in April and May 2020, amongst the other required criteria.

### **With regards to CEWS, what if income lost is projected in the next 12 months, and not 3 months?**

When details regarding CEWS were released (and subsequently updated), it was stated that eligible employers who suffer a drop in gross revenues of at least 15% in March and 30% April or May, when compared to the same month in 2019, would be able to access the subsidy.

Eligible claiming periods:

- Period 1: March 15-April 11 (Reference period for eligibility: March 2020 over March 2019)
- Period 2: April 12-May 9 (Reference period for eligibility: April 2020 over April 2019)
- Period 3: May 10-June 6 (Reference period for eligibility: May 2020 over May 2019)

### **Does the subsidy apply to employees hired after the crisis started?**

The Government of Canada has said that employers will also be eligible for a subsidy of up to 75% of salaries and wages paid to new employees.

### **Our HST installment is due on April 30th. Is there any provision to postpone payment to the Revenue Canada without penalty?**

The Minister of National Revenue will extend until June 30, 2020 the time that:

- Monthly filers have to remit amounts collected for the February, March and April 2020 reporting periods;
- Quarterly filers have to remit amounts collected for the January 1, 2020 through March 31, 2020 reporting period; and
- Annual filers, whose GST/HST return or instalment are due in March, April or May 2020, have to remit amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

### **What about seasonal revenue, like summer season and winter season (for soccer)?**

If a seasonal business can demonstrate a 15% decline (March) and a 30% decline (April and May) in revenue compared to same corresponding periods from 2019 (March, April and May, as applicable), then it may be eligible.

**For CEWS, based on the dates, it is anticipated that we will need to submit something before April 11th based on March revenues.**

As applications are not yet open, Application deadlines have not been announced. The claiming periods listed refer to the remuneration paid that is eligible for the 75% wage subsidy.

Applications for CEWS can be found through the Canada Revenue Agency's My Business Account portal.

**To be clear, is the 30% decrease in revenue specific in each 30-day period or cumulative over the three 30-day periods?**

The 30% decrease in revenue is specific to each 30-day period. Therefore, a business will need to re-apply in each claiming period if its revenues for each month (March, April and May 2020) are consistently 30% below the corresponding month of the previous year.

**What is the frequency of the \$500 CERB?**

Those who are eligible for the Canada Emergency Relief Benefit may receive \$2,000 for a 4-week period, which means \$500 each week for four weeks.

**What is the "initial 4-week period"?**

The initial 4-week period begins on March 15, 2020. A recipient can apply for again for another 4-week period, for up to 16 weeks total.

**Does CERB include students (15+) who have now lost their summer employment (as long as they made \$5K+ last summer)?**

The eligibility requirements for CERB are as follows:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of COVID-19 and have not voluntarily quit their job or are eligible for EI regular or sickness benefits;
- Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and
- Who expect to earn no more than \$1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of the claim.

**Can someone who is on EI also receive CERB?**

No, someone who is currently being paid Employment Insurance benefits cannot receive CERB during the same period.

**Is CERB applied for by the independent contractor or the employer?**

CERB is applied for by the individual who meets the eligibility criteria.

There are two ways to apply – either online with CRA My Account or over the phone with an automated phone service.

**Is \$1M in payroll the upper limit for eligibility for the Canada Emergency Business Account (CEBA)?**

Yes, to qualify, an organization will need to demonstrate that they paid between \$20,000 to \$1.5 million in total payroll in 2019.

**Would banks offer these loans to Not-For-Profit organizations? Could these loans cover some wages (operational costs)?**

CEBA will provide 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. To qualify, these organizations will need to demonstrate they paid between \$20,000 to \$1.5 million in total payroll in 2019. This program will roll out in mid-April and interested businesses should work with their current financial institutions.

**Can a business apply for both CEWS and the Canada Emergency Business Loan? I read that if you apply for CEWS then you may not be eligible for the Canada Emergency Relief funds.**

We are not aware of anything that would prohibit applicants from applying to both programs.

**Can the force majeure clause be used for regular training fees at the club level or is this just for events and/or one-time events?**

Force majeure clauses in Ontario must be written into the contract; therefore, it is entirely dependent on what contract exists for those training fees. If this pertains to Quebec, it may be read in depending on the circumstances.

**Any information on how they plan to forgive the 25% of loan if paid before December 31, 2022?**

The loan is interest-free until December 31, 2022. If 75% of the loan (i.e. \$30,000) is paid before December 31, 2022, the remaining 25% of the loan (i.e. \$10,000) will be forgiven. We understand that financial institutions will be providing further context when they roll out applications.

**A lot of sport organizations access the Canada Summer Jobs program to be able to hire summer students. Have you seen any announcements about this program given that we are nearing the usual timeframe when they start to advise organizations of the status of their applications?**

Currently, the Government of Canada website states that Service Canada will inform applicants of its application status starting in May 2020.

We do not have further information about the program at this time. We note, as an aside that the Government of Canada has released additional information with respect to the funding of this program: <https://pm.gc.ca/en/news/news-releases/2020/04/08/changes-canada-summer-jobs-program-help-businesses-and-young>.

**Are there programs being set up for small, local NFP organizations that are purely volunteer based?**

Currently, we understand that NFPs are included in CEWs as a program. We cannot comment on further government programming which may be released.

**Do all employees in an organization need to participate in workshare? I have a few employees working alone in small locales that only work a few hours per week, so sharing isn't appropriate there.**

No, not all employees need to participate in the Work Sharing Program; however, all employees that make up a work sharing unit are required to reduce their hours by the same percentage and sign Attachment A of the application forms.