

Federal government announces significant change to Emergency Wage Subsidy

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On 8 April 2020, the federal government announced that it was making a significant change to the Canada Emergency Wage Subsidy program that it had previously announced on 30 March 2020.

While the program would still provide a 75% wage subsidy to eligible employers, up to a maximum benefit of \$847 per employee per week for the period March 15 to 6 June 2020, the eligibility criteria for employers has been reduced for the month of March. The previous announcement required a 30% drop in revenues. Changes have also been announced to the benchmark comparison.

More specifically, the new details are as follows:

- For the month of March, the revenue test is 15%
For the month of April the revenue test is 30%
For the month of May the revenue test is 30%
Employers will be required to apply every month.
- The benchmark comparison test can either be to the year's month to the same month last year or to the average revenue from the months of January and February 2020.
- The calculations made by businesses must be under either the accrual method or cash method.

Charities and not-for-profits too will benefit from the new announcement. In calculating lost revenues, charities and not-for-profits have been given the option to choose whether or not to include government revenues in their calculations.

The government is also proposing severe penalties under the program and will require that businesses designate someone who has control over finances when applying.

At this time, the government has yet to pass legislation to formally implement the wage subsidy program. Accordingly, the government will need to be recalled to pass the new announcement. Details of the government's legislation are not yet available.

For more information please contact: **Soma Ray-Ellis** at **416.865.6709** or srayellis@grllp.com

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Author



Soma Ray-Ellis

Chair – Employment & Labour Group

416.865.6709

srayellis@grllp.com



Bay Adelaide Centre — East Tower
22 Adelaide Street West, Suite 3600
Toronto, ON M5H 4E3

Phone: 416.865.6600
Fax: 416.865.6636
contactGR@grllp.com