

# Canadian Emergency Response Benefit

The CERB is a taxable benefit that will provide \$2,000 a month for up to four months to workers who lose their income as a result of the COVID-19 pandemic. The CERB will cover:

- Canadians who have lost their jobs, are sick, quarantined, or taking care of someone who is sick with COVID-19
- Working parents staying at home without pay to care for children who are sick or who are at home because of school and daycare closures
- Wage earners, contract workers and self-employed individuals who are ineligible for Employment Insurance (EI).

## Who qualifies?

A Worker under the Act means a person who is at least 15 years of age, who is resident in Canada and who, for 2019 or in the 12-month period preceding the day on which they make an application under section 5, has a total income of at least \$5,000 or, if another amount is fixed by regulation, of at least that amount from one of the following sources:

- a) Employment
- b) Self-employment
- c) Benefits paid to the person under any of subsections 22(1), 23(1), 152. (1) and 152. (1) of the Employment Insurance Act; and
- d) Allowances, money or other benefits paid to the person under a provincial plan because of pregnancy or in respect to the care by the person of one or more of their new-born children or one or more children placed with them for the purpose of adoption.



## I am an employee who stopped working because of COVID-19. What do I do?



- Apply for the Canada Emergency Response Benefit regardless of your eligibility for Employment Insurance.
- If employees applied for EI regular or sickness benefits on March 15, 2020 or later, their claim will be automatically processed through the CERB.
- For other EI benefits, including maternity, parental, caregiving, fishing and work sharing, employees should also continue to apply.

## Canada Emergency Wage Subsidy

To help businesses keep and return workers to their payroll through the challenges posed by the COVID-19 pandemic, the Prime Minister, Justin Trudeau, proposed the new Canada Emergency Wage Subsidy to provide a 75% wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

### Eligibility

Eligible employers include individuals, taxable corporations, and partnerships consisting of eligible employers as well as non-profit organizations and registered charities.

Public bodies are not eligible for this subsidy. Public bodies include municipalities and local governments, Crown corporations, public universities, colleges, schools and hospitals.

This subsidy is available to eligible employers that see a drop of **at least 30% of their revenue** (see Eligible Periods). In applying for the subsidy, employers would be required to attest to the decline in revenue.



### Calculating revenue



An employer's revenue for this purpose would be its revenue from its business carried on in Canada earned from arm's-length sources. Revenue would be calculated using the employer's normal accounting method, and would exclude revenues from extraordinary items and amounts on account of capital.

The government will continue to work with the non-profit and charity sectors to ensure the definition of revenue is appropriate to their specific circumstances.

### Amount of subsidy

The subsidy amount for a given employee on eligible remuneration paid between **March 15 and June 6, 2020** would be the greater of:

- 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
- The amount of remuneration paid, up to a maximum benefit of \$847 per week
- Employers would be expected, where possible, to maintain existing employees' pre-crisis employment earnings
- There is no overall limit on the subsidy amount that an eligible employer may claim

### Eligible periods

Eligibility will generally be determined by the change in an eligible employer's monthly revenues, year-over-year, for the calendar month in which the period began. The amount of wage subsidy (provided under the COVID-19 Economic Response Plan) received by the employer in a given month will be ignored for the purpose of measuring year-over-year changes in monthly revenues.

For example, if revenues in March 2020 were down 50% compared to March 2019, the employer would be allowed to claim the Canadian Emergency Wage Subsidy (as calculated above) on remuneration paid between March 15 and April 11, 2020.

The table below outlines each claiming period and the period in which it has a decline in revenue of 30% or more.

Eligible Period		
	Claiming period	Reference period for eligibility
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019



### How do I apply?

Eligible employers will be able to apply for the Canada Emergency Wage Subsidy through the Canada Revenue Agency's My Business Account portal as well as a web-based application.

Employers will have to keep records demonstrating their reduction in arm's-length revenues and remuneration paid to employees.

*Penalties may apply in cases of fraudulent claims. The penalties may include fines or even imprisonment.*

### Interactions

On March 18, 2020, Prime Minister Trudeau announced a temporary 10% wage subsidy. For employers that are eligible for both the Canada Emergency Wage Subsidy and the 10% wage subsidy for a period, any benefit from the 10% wage subsidy for remuneration paid in a specific period will generally reduce the amount available to be claimed under the Canada Emergency Wage Subsidy in the same period.

An employer will not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within the 4-week period during which the employee is eligible for the Canadian Emergency Response Benefit. Employers who are not eligible for the Canada Emergency Wage Subsidy will still be able to furlough employees who will receive up to \$2,000 a month.



### Government assistance

The usual treatment of tax credits and other benefits provided by the government will apply. As a consequence, the wage subsidy received by an employer would be considered government assistance and be included in the employer's taxable income.

Assistance received under either wage subsidy would reduce the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration.



### References



- <https://payroll.ca/Late-Breaking-Payroll-News>
- <https://www.canada.ca/en/departement-finance/economic-response-plan>
- <https://www.parl.ca/LegisInfo/BillDetails.aspx?Language=E&billId=10710867>