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Update on the Canada Emergency Wage Subsidy for Businesses

Today, on April 1, 2020, Finance Minister Bill Morneau announced additional details with respect to the wage subsidy relief for businesses. Although there are still many details forthcoming, we recognize that many of you will need this information to determine the best course of action for your businesses in the coming weeks.

What we know so far is that the Canadian Emergency Wage Subsidy (“CEWS”) will provide eligible businesses with a 75% subsidy of wages paid to employees. The CEWS will be available on the first \$58,700 of remuneration paid in the eligible period, retroactive to March 15. The CEWS will provide a maximum of \$847 per week per employee and will be available to both large and small businesses. Eligible businesses will include individuals, partnerships, corporations, non-profit and charitable organizations which are not publicly funded.

To qualify for the CEWS, businesses must demonstrate that their revenues have declined by 30% or more over this same time last year. Revenues in each of March, April and May 2020 will be compared to revenues of each of these months in 2019 to calculate the decline. Business owners will also need to attest that they are doing everything possible to pay the remaining 25% to their employees. We expect further information on the administration of the program to be forthcoming.

To access these benefits, businesses will use an online portal which will be provided through the Canada Revenue Agency’s website. The government anticipates that this portal will be up and running in approximately 3 weeks, and that business could expect to receive the CEWS in approximately 6 weeks. Businesses will need to apply for the CEWS each month through this online portal.

For those businesses that are not eligible for the CEWS, the previously announced temporary wage subsidy will still be available. To refresh your memory, the temporary wage subsidy provided eligible employers with a 10% wage subsidy in respect of remuneration paid to employees up to a maximum amount of \$1,375 per employee and \$25,000 per employer.

At Johnsen Archer, we are committed to keeping you informed to aid in your decision making during this challenging time. We will continue to provide you with the most up-to-date information as it becomes available. Please feel free to contact your advisor should you have any questions.

We appreciate your business!

Sincerely,

Your JA Team

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