

July 27, 2020 – Updates on Government Relief Initiatives

Changes to Canada Emergency Wage Subsidy (CEWS)

On July 17, 2020 Finance Minister Bill Morneau announced several changes to the CEWS program for claim periods 5 and beyond (i.e. for claim periods ending August 1 and future claim periods):

- The CEWS program will be extended to December 19, 2020.
- The maximum weekly eligible remuneration per employee remains capped at \$1,129.
- Businesses that experience a revenue decline of less than 30% can now be eligible for the CEWS but at lower rate (chart below).
- New rules apply to claim period 5 and beyond.
- CEWS will now be comprised of two parts: Base percentage and a top-up percentage.
- Businesses that experience a revenue decline of more than 50% will get a top-up of up to 25% in addition to their base subsidy. For example, if your base subsidy is 60% it would become an 85% subsidy.
- If you will have a higher subsidy claim under the old rules for claim period 5 and period 6, you can calculate your subsidy under the old rules. This is called the “Safe Harbour Rule”.
- The deadline to apply for any CEWS claim is January 31, 2021.
- Under the new rules, employees who have been without remuneration for 14 or more consecutive days in claim period 5 and beyond can now be eligible under the CEWS 2.0 regime.
- If you had elected to use the cash method in calculating revenue, that must continue to be your method for period 5 and beyond.
- Employers are able to change the reference period for determining the revenue decline for period 5 and beyond. For example, if you had previously elected to use the average of January and February, you may now use the previous year comparable month and vice versa.
- Employers may now elect to use a different period for calculating baseline remuneration:
 - begins on March 1, 2019 and ends on May 31, 2019, for claim periods 1 to 4
 - begins on March 1, 2019 and ends on June 30, 2019, for claim period 4 only
 - begins on July 1, 2019 and ends on December 31, 2019, for claim period 5 and beyond

New subsidy benefits:

Period	Dates	Subsidy
5	July 5 to August 1	1.2 x (revenue decline or current or prior period, whichever is higher), up to 60% subsidy
6	August 2 to August 29	1.2 x (revenue decline or current or prior period, whichever is higher), up to 60% subsidy
7	August 30 to September 26	1.0 x (revenue decline for the period), up to 50% subsidy
8	September 27 to October 24	0.8 x (revenue decline for the period), up to 40% subsidy
9	October 25 to November 21	0.4 x (revenue decline for the period), up to 20% subsidy
10	To be determined	To be determined

Top-up percentage: 1.25 x (3-month revenue decline % minus 50%)

Generally, the top-up CEWS would be determined based on the revenue drop experienced when comparing revenues in the preceding 3 months to the same months in the prior year.

These proposed changes are being introduced under Bill C-20, and we will provide more information as they become available after the Bill has been passed by the Government.

One-time Payment to Persons with Disabilities

The Government will be making a one-time tax-free payment of up to \$600 to eligible persons with disabilities. The payment will be automatic if you are eligible, no application is necessary. A payment date has not been set, it is pending legislative approval and we will provide more information as it becomes available.

Eligible persons include persons who have:

- a Disability Tax Credit certificate provided by the CRA, Canadians with disabilities who are eligible for the Disability Tax Credit but have not yet applied, would have 60 days to do so,
- Canada Pension Plan disability benefit or Quebec Pension Plan disability benefit, or
- disability supports provided by Veterans Affairs Canada

Interactions with seniors who are eligible for a one-time payment from OAS and the one-time payment to persons with disabilities would receive a total of \$600 in special payments:

- Those who are eligible for a one-time payment of \$300 from OAS will receive a top-up of \$300
- Those who are eligible for a one-time payment of \$500 from OAS will receive a top-up of \$100, this would be the case for seniors collecting OAS and GIS.

Changes to Canada Emergency Commercial Rent Assistance (CECRA)

The CECRA has been extended to cover the July period. Those who qualified for CECRA based on existing program parameters will be able to apply for the one-month extension based on having a 70% revenue decline for April, May and June (without assessing whether they continue to have a 70% revenue decline in July). Both existing applicants and new applicants can apply for the July rent reduction. It is not necessary for all tenants in the original application to be included in the request for the July extension. Property owners can only opt-in once and no new tenants can be added from the original application.