



Dear Valued Clients,

The CRA has further updated their website on April 21, 2020 with respect to the Canada Emergency Wage Subsidy (CEWS).

APPLICATION PROCESS

Beginning April 27, 2020, you can start submitting your applications via “My Business Account” or via a separate Online Application which will be available on the CRA website on Monday as well.

The CEWS will be processed at the payroll program (RP) account level, so you will have to file a separate application for each RP account. You must make sure your business details and direct deposit information for your payroll accounts (RP) are up to date. This will ensure that any payments to you will be processed quickly and easily.

If you have not already registered for your “My Business Account” or you need to update your information, please visit:

<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>

REMINDERS FOR ELIGIBLE EMPLOYERS

This temporary wage subsidy amount for a given employee on eligible remuneration paid for the period between March 15, 2020 and June 6, 2020 would be the greater of either:

- 75% of the amount of remuneration paid, up to a maximum benefit of \$847 per week;
- the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75% of the employee’s pre-crisis weekly remuneration (whichever is less).

If employers are eligible for both the CEWS and the 10% wage subsidy for a period, any benefit from the 10% wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the CEWS in that same period.

If employers and employees 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.

If employers are claiming the 10% Wage Subsidy or utilizing the Work-Sharing Program, any amount received by the government as income must be added when preparing your revenue reports for their CEWS application.

ELIGIBLE REVENUE REDUCTION

Be prepared by determining if your reduced revenue makes you eligible to apply for the wage subsidy in a particular period. If you determine that you qualify for the CEWS for one claim period, you will automatically qualify for the following claim period. Calculate your reduction by comparing your eligible revenue for the starting month of the claim period with your baseline revenue.

Claiming Period 1: March 15 to April 11, 2020 (required to prove a reduction in revenue of 15%)

- Businesses will need to compare their revenue for the month of March 2020 with their revenue from March 2019 or with an average of revenue generated from January and February 2020.

Claiming Period 2: April 12 to May 9, 2020 (required to prove a reduction in revenue of 30%)

- Businesses will need to compare their revenue for the month of April 2020 with their revenue from April 2019 or with an average of revenue generated from January and February 2020.

Claiming Period 3: May 10 to June 6, 2020 (required to prove a reduction in revenue of 30%)

- Businesses will need to compare their revenue for the month of May 2020 with their revenue from May 2019 or with an average of revenue generated from January and February 2020.

Important Note: If you decide to use one method of comparing your decrease in revenues for the first claim period over the other, then you must use the same comparison model to prepare each revenue report used to calculate your business's decrease in revenue for each subsequent claim period. You will not be able to change it for your subsequent calculations for other periods.

REMINDERS FOR ELIGIBLE EMPLOYEES

An eligible employee is an individual employed in Canada by you (the eligible employer) during the claim period, except if there was a period of 14 or more consecutive days in that period where they did not receive any pay (eligible remuneration) by you.

Employees who have been laid off, temporarily or otherwise, can become eligible retroactively, as long as you rehire them, and their retroactive pay and status meet the eligibility criteria for the claim period. You must rehire and pay such employees before you include them in your calculation for the subsidy.

ELIGIBLE REMUNERATION

Eligible remuneration includes the amounts you paid an employee as salary, wages, and other taxable benefits, fees, and commissions. These are amounts employers would be required to make payroll deductions on for remittance to the CRA. Severance pay and items such as stock option benefits or the personal use of a corporate vehicle are not part of eligible remuneration.

When calculating the wage subsidy, you will need to determine an employee's baseline remuneration. Baseline remuneration is considered to be the average weekly eligible remuneration paid to an employee during the period of January 1, 2020, to March 15, 2020. However, you may exclude from your calculation any period of seven or more consecutive days for which the employee was not paid.

REMINDERS REGARDING INCORRECT OR FRAUDULENT CLAIMS

If you do not meet the Canada Emergency Wage Subsidy eligibility requirements for a period, you will be required to repay any amounts you received for that period.

If you artificially reduce your revenue for the purpose of claiming the wage subsidy, you will be required to repay any subsidy amounts you received, plus a penalty equal to 25% of the total value.

If you produce and submit a fraudulent claim, penalties of 225% may apply, including fines or even imprisonment.

SUBSIDY CALCULATIONS

The CEWS amount is based on the number and type of eligible employees you have, and the amount and type of pay they received before and during the crisis. There is no limit on the total subsidy amount that an eligible employer may claim. Before you calculate your subsidy, make sure you are eligible to apply.

When you apply for the Canada Employment Wage Subsidy (CEWS), you will be asked to enter amounts such as the number of eligible employees and gross payroll. To get ready, you can determine these amounts and preview your subsidy claim now, based on the information you enter. After you apply for the wage subsidy, your claim will be subject to verification.

The CRA's Wage Subsidy Calculator can be found here:

<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-calculate-subsidy-amount.html>

Important Note: You may be required to provide a full list of your employees and their Social

Insurance Numbers (SIN) for verification after you apply. The CRA is not collecting or retaining any of the information you enter on their website or on their spreadsheet. These amounts are only used to help you determine the amount of CEWS you may be eligible to claim.

For more detailed information, please visit:

<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>

The rules surrounding this wage subsidy are very complex. For clients who have more than one company with payroll, multiple means will be required to accurately calculate revenue for the respective employer.

Remember, we are here to help you. Please do not hesitate to reach out to your manager if you need assistance with Revenue Calculations, Subsidy Calculations, or with your CEWS Application.

This newsletter and the details provided are solely shared for informational purposes and does not constitute legal, tax, or financial advice or opinions.

Sincerely,

Pramen Prasad CPA, CA, CMA
Managing Partner
Prasad & Company LLP

If you have any questions, you can reach us at:

(416) 226-9840
or
1 (888) 550-8227