

COVID-19 Economic Response Plan



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Support for Businesses



1. AVOIDING LAYOFFS & REHIRING EMPLOYEES

- Canada Emergency Wage Subsidy
- Temporary 10% Wage Subsidy
- Extending the Work-Sharing Program
- Temporary Changes to Canada Summer Jobs

2. ACCESS TO CREDIT

- Canada Emergency Business Account
- Establishing a Business Credit Availability Program

More info at

<https://www.canada.ca/en/department-finance/economic-response-plan.html>

1. Avoiding Layoffs & Rehiring Employees

Canada Emergency Wage Subsidy - 1



- To support employers that are hardest hit by the pandemic, and protect the jobs Canadians depend on
- To cover 75% of an employee's wages – up to \$847 per week - for employers of all sizes and across all sectors
- Employers have suffered a drop in gross revenues of at least 15% in March, and 30% in April and May
- Employers are allowed to compare their revenue using an average of their revenue earned in January and February 2020 or employers can select the general year-over-year approach
- To be in place for a 12-week period, from March 15 to June 6, 2020
- There is no overall limit on the subsidy amount that an eligible employer may claim

Canada Emergency Wage Subsidy - 2



- Employers may be eligible for a subsidy of up to 100% of the first 75% of pre-crisis wages or salaries of existing employees
- To ensure that the CERB applies as intended, the government is considering implementing an approach to limit duplication
- Employer is required to repay amounts paid under the CEWS if they do not meet the eligibility requirements. Penalties may apply in cases of fraudulent claims. The penalties may include fines or even imprisonment
- To apply for the CEWS through the **Canada Revenue Agency's My Business Account portal**

<https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

Temporary 10% Wage Subsidy



- Employers is a three-month measure that will reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA)
- Existing business number and payroll program account with the CRA on March 18, 2020
- Pay salary, wages, bonuses, or other remuneration to an eligible employee
- 10% of the remuneration you pay from March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible employee to a maximum of \$25,000 total per employer
- The subsidy must be calculated manually, either by you or whoever is responsible for making your payroll remittances. (The CRA will not automatically calculate)
- You do not need to apply for the subsidy (Calculated your subsidy, you can reduce your current payroll remittance of federal or provincial income tax that you send to the CRA)

Extending the Work-Sharing Program



- Extending the maximum duration of the Work-Sharing program from 38 weeks to 76 weeks
- Employers are now requested to submit their applications 10 calendar days prior to the requested start date
- Applications for a Work-Sharing Agreement form (EMP5100)
- Attachment A: Work-Sharing Unit form (EMP5101)
- **Email (Ontario):** ESDC.ON.WS-TP.ON.EDSC@servicecanada.gc.ca

<https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html#h4.04>

Temporary Changes to Canada Summer Jobs



- Employers will receive an increased wage subsidy, so that private and public sector employers can also receive up to 100 per cent of the provincial or territorial minimum hourly wage for each employee
- Extend the end date for employment to February 28, 2021
- Adapt their projects and job activities
- Hire staff on a part-time basis

<https://www.canada.ca/en/employment-social-development/services/funding/canada-summer-jobs.html>

2. Access to Credit

Canada Emergency Business Account (CEBA)



- To provide interest-free loans of up to \$40,000 to small businesses and not-for-profits
- To help cover their operating costs
- Business owners need to demonstrate they paid between **\$20,000 to \$1.5million** in total payroll in 2019
- If the loan is repaid by December 31, 2022, 25 per cent (up to \$10,000) will be forgiven
- If the loan is not repaid by December 31, 2022, the remaining balance will be converted to a three-year term loan at 5 per cent interest
- This program is now available at various financial institutions and credit unions

Thanks!

Any Questions?

Call us at 416-340-1234 or
Email to kcwa@kcwa.net