

# Canada Emergency Wage Subsidy Consultation and Changes

**Date :** May 29, 2020

The Federal government launched a Canada Emergency Wage Subsidy (the “CEWS”) Consultation on May 25, 2020, asking for input from businesses, labour representatives, not-for-profits, and charities on potential changes to the CEWS program. The consultation, which is open until June 5, 2020, seeks input on eight key questions.

Those interested in participating in the consultation can do so by e-mail or by completing a survey. More information on the consultation, including a link to the survey, can be found at: [Canada Emergency Wage Subsidy Consultation](#).

## Other CEWS Changes

On May 15, 2020, the Federal government released the [Extending eligibility for the Canada Emergency Wage Subsidy](#) Backgrounder, in which it confirmed that the Canada Emergency Wage Subsidy (the “CEWS”) program is being extended for an additional 12 weeks to August 29, 2020 (from June 6, 2020). The details of the extension have not yet been released.

Bill C-14, the [COVID-19 Emergency Response Act, No. 2](#) (“Bill C-14”) introduced the CEWS on April 11, 2020. Among other things, the Bill provides the statutory authority to extend the CEWS program until no later than September 30, 2020.

## List of Eligible Entities Expanded

As well as extending the program through the summer, the government announced in its Backgrounder that certain types of organizations not previously captured by Bill C-14 have been deemed eligible for the CEWS. The [Regulations Amending the Income Tax Regulations \(COVID-19 – Eligible Entities\)](#) were recently published. The prescribed organizations can begin applying for the CEWS immediately, assuming they meet the other eligibility criteria. A review of the eligibility criteria can be found in our previous Focus Alert on the CEWS [here](#).

The prescribed groups are:

- partnerships with one or more non-eligible members;
- Indigenous government-owned businesses;
- Registered Canadian Amateur Athletic Associations;
- registered journalism organizations; and
- non-public educational and training institutions (including those that provide specialized services).

The addition of these groups is retroactive to April 11, 2020, meaning that the change applies to the first qualifying period, beginning on March 15, 2020 and subsequent qualifying periods.

### **Additional Proposed Changes**

The Backgrounder also proposes other legislative amendments to ensure that the CEWS continues to meet its objectives. These changes have not yet been enacted. They include:

- support for seasonal employees and employees returning from extended leave to allow employers to choose one of two periods when calculating an employee's baseline remuneration. Employers would be allowed to calculate baseline remuneration for an employee under the existing model, that looks at the average weekly remuneration paid to the employee from January 1 to March 15, 2020 or, alternatively, employers would be able to look at an employee's average weekly remuneration from March 1 to May 31, 2019, in both cases excluding any period of seven or more consecutive days without remuneration. Employers would be permitted to choose which period to use on an employee-by-employee basis;
- amendments to allow corporations formed on an amalgamation of two or more predecessor corporations to calculate their benchmark revenue using their combined revenues; and
- amendments to align the tax treatment of trusts and corporations for purposes of the CEWS.

All but the change respecting taxes would be retroactive to April 11, 2020. The change regarding the treatment of tax-exempt trusts is proposed to apply to the third qualifying period (May 10 to June 6) and any subsequent qualifying period.

Emond Harnden LLP will continue to monitor relevant information on the CEWS as it becomes available to assist employers in navigating the ongoing pandemic.

For further information or advice on your rights and obligations as an employer when dealing with COVID-19 and similar issues, please contact [Kecia Podetz](#) at [613-940-2752](tel:613-940-2752), [Lauren Jamieson](#) at [613-563-7660](tel:613-563-7660) ext. 236 or [Erica Bennett](#) at [613-940-2748](tel:613-940-2748).