

A background image showing a close-up of a person's hand being washed under running water from a chrome faucet in a kitchen sink. The background is slightly blurred, showing a kitchen setting with a window and some items on the counter.

# TAX UPDATE

## Response to COVID-19

March 31, 2020

On Monday, March 30, 2020, Prime Minister Justin Trudeau addressed Canadians to announce further adjustments to the wage subsidy program. The announcement was only a high-level description of the subsidy; Finance Minister Bill Morneau was expected to deliver the details today, however this was delayed. Based on our ongoing communications with government, they intend to provide further information as soon as possible.

What we currently know about the wage subsidy:

1. The government will subsidize up to 75 percent of employee wages for eligible employers, backdated to March 15, 2020.
2. An eligible employer is any business whose revenue has decreased by 30 percent or more due to the pandemic. This definition includes businesses of all sizes, as well as non-profit organizations and charities.
3. The 75 percent subsidy will apply to the first \$58,700 of salary per employee, resulting in a maximum subsidy of \$847 per employee per week.

What we still need to know about the wage subsidy:

1. Which types of employers qualify for the subsidy (i.e. corporations, individuals and partnerships)?
2. How will the 30 percent decline in revenue be measured?
3. Does the subsidy apply to employees who are also shareholders of a company in the case of a family business?
4. How do the existing programs (including the Work-Sharing Program and the Canadian Emergency Relief Benefit (CERB)) interface with the wage subsidy program to provide benefits and support to employees, including seasonal, contract and commission-based workers?
5. How will the subsidy be distributed to recipients?

### What Does This Mean?

We appreciate that our government is responding to what is a very fluid and evolving situation. We will be able to provide insight as to how these announcements will impact you and your business when further details are released.

**MNP is committed to sending regular email updates on government programs to address the pandemic. For more insights, visit [MNP COVID-19 Business Advice Centre](#) – a dedicated microsite to providing information and practical solutions on how to manage through the impact of COVID-19.**

**For more information, contact your local MNP Advisor or visit [MNP.ca](#).**