

TAX UPDATE

Response to COVID-19

May 15, 2020

Canada Emergency Wage Subsidy

Today Finance Minister Bill Morneau announced the extension and the expanded eligibility of the Canada Emergency Wage Subsidy (CEWS) program. These changes, along with additional proposed legislative changes, are to close some gaps identified through consultation with various stakeholders, including MNP along with others in the professional services industry.

Program Extension

The CEWS program has been extended to August 29, 2020. The program was originally scheduled to expire on June 6, 2020. The extension provides an additional 12 weeks of support to employers and workers. The Federal Government intends to consult with key business and labour representatives over the next month on potential adjustments to the program, including the 30 percent revenue decline threshold.

Expanded Eligibility

Minister Morneau also announced the approval of regulations to expand eligibility for the CEWS to the following groups:

- Partnerships that are up to 50-percent owned by non-eligible members (generally, individuals, taxable corporations, non-profit corporations or registered charities);
- Indigenous government-owned corporations that are carrying on a business, as well as partnerships where the partners are Indigenous governments and eligible employers;
- Registered Canadian Amateur Athletic Associations;
- Registered Journalism Organizations; and
- Private colleges and schools, including institutions that offer specialized services, such as art schools, driving schools, language schools or flight schools.

Proposed Legislative Changes

The Government also intends to propose legislative amendments to ensure the CEWS program continues to meet its objectives:

- The subsidy can be claimed for employees who were on parental, disability or unpaid leave from January 1 to March 15, 2020, or individuals working on a seasonal basis, employers can choose one of two periods when calculating the baseline remuneration. The first being average weekly remuneration paid to the employee from January 1 to March 15, 2020 or alternatively, the average weekly remuneration paid to the employee from March 1 to May 31, 2020. In both cases any period of 7 or more consecutive days without remuneration would be excluded; and
- A corporation formed on an amalgamation of two or more corporations is eligible for the subsidy, the revenue for the CEWS revenue-decline test can be calculated by combining the revenue of each predecessor corporation.

What Does This Mean?

Governments continue to support Canadian businesses and workers through the COVID-19 pandemic. As the over 300 provincial and federal programs continue to evolve, so does their complexity. MNP continues to work with Government to ensure the needs of Canadians and Canadian businesses are met. Please contact your MNP Advisor to discuss how we can help you and your business access these programs.

This situation is dynamic and government programs can change. To stay up to date and receive insights from our team, visit our [COVID-19 Business Advice Centre at MNP.ca/COVID-19](https://www.mnp.ca/COVID-19). We're dedicated to supporting Canada's business leaders by providing timely information and practical solutions for navigating through the uncertainty of COVID-19.

