

CLIENT ALERT

April 8, 2020

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NEW ADDITIONS FOR THE CANADA EMERGENCY WAGE SUBSIDY (CEWS) ASSISTS TECH AND START-UP COMPANIES

by Wendy G. Hulton and Daniel D. Ujcz

Today, the Government of Canada proposed further expansions regarding the scope and criteria for employers seeking relief utilizing the Canada Emergency Wage Subsidy (CEWS). Dickinson Wright previously issued a Client Alert which discussed the scope of these programs.

<https://www.dickinson-wright.com/news-alerts/ca-provides-expanded-relief-to-covid19-pandemic>

To address concerns expressed by the tech sector and not-for-profits, the proposed changes include:

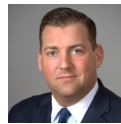
- The 30% revenue loss threshold for triggering CEWS benefits would be reduced to 15% for the month of March only. This attempts to address the issue that many companies did not see negative impacts from COVID-19 until late-March and April.
- To measure their revenue loss, it is proposed that all employers have the flexibility to compare their revenue of March, April and May 2020 to that of the same month in 2019 (as previously advised), or to an average of their revenue earned in January and February 2020. The new 2020 comparison period is designed to assist start-ups that may not have comparable data from 2019.
- Employers eligible for the CEWS would be entitled to receive a 100% refund for certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan. This refund would apply to the entire amount of employer-paid contributions in respect to remuneration paid to furloughed employees in a period where the employer is eligible for the CEWS.
- Employers would be allowed to measure revenues either on the basis of accrual accounting (as they are earned) or cash accounting (as they are received).
- Companies are not required to pay the remaining 25% of the employee's wages but are strongly encouraged to do so.
- Businesses would be required to designate someone responsible for the accuracy of their financial information.
- Anyone caught abusing the program would be subject to fines up to 225% of what they received and up to five years in prison.

The Government is still waiting for Parliament to approve the program. There is no firm date yet for payments, but it will likely be late-April to May.

For official Government of Canada updates and information about Canada's response to COVID-19, visit: <http://canada.ca/coronavirus/>.

Dickinson Wright's teams in Canada and the U.S. are available to assist with navigating these programs.

ABOUT THE AUTHORS



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