

CME GUIDE

WAGE SUBSIDIES, EMPLOYMENT INSURANCE, AND OTHER COVID-19 EMERGENCY BENEFITS

Guidance for manufacturing companies on wage subsidies, the Employment Insurance (EI) system, and other new measures announced, to date, to provide relief during the COVID-19 crisis.

CANADA EMERGENCY WAGE SUBSIDY

To help businesses keep and return workers to their payroll through the challenges posed by the COVID-19 pandemic, the federal government has announced the Canada Emergency Wage Subsidy (CEWS).

PROGRAM DETAILS

- Applies to any business with at least a 30 per cent decline in gross revenues because of COVID-19
- Covers 75 per cent of an employee's wages on the first \$58,700 earned (up to \$847/week), backdated to March 15 until June 6, 2020
- Applies to any company, big or small. Size, and number of employees does not matter
- Strict penalties for fraudulent applications.

WHO QUALIFIES AND HOW TO APPLY

- For the calculation of the 30 per cent revenue decrease, a company must:
 - Be able to show a 30 per cent decline compared to revenues in the same month last year for March, April, and May

- Companies would need to re-apply for the wage subsidy each month
- Special consideration will be given to companies experiencing a 30 per cent decline but were not in business last year and therefore cannot show a year-over-year loss.
- Applies to all companies (even foreign-owned) including non-profit organizations. It will not apply to public sector entities (like hospitals, municipalities, etc.)
- An eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees.
- Employers will need to attest that they are doing everything they can to pay the remaining 25 per cent of employees' wages, though they will not be required to do so
- Employers will be able to apply through the Canada Revenue Agency's My Business Account portal as well as a web-based application.
- Funds will be available and paid out in about 6 weeks. Direct deposit accounts should be set up now to expedite payments to companies.

Companies that do not qualify for the CEWS can still apply to the previously announced 10 per cent wage subsidy, which covers the period from March 18 to before June 20, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.

For employers that are eligible for both the CEWS and the 10 per cent wage subsidy for a period, any benefit from the 10 per cent wage subsidy for remuneration paid would generally reduce the amount available to be claimed under the CEWS in that same period.

More information can be found [here](#).

EI SICKNESS BENEFITS

The Government of Canada has also enhanced eligibility for Employment Insurance (EI). With this temporary measure, which came into effect on March 15, 2020, EI sickness benefits are now available to eligible claimants who are unable to work because they have been affected by COVID-19 and forced to quarantine. In addition to this enhancement, the government is also:

- Waiving the one-week waiting period for those individuals in imposed quarantine that claim EI sickness benefits.
- Waiving the requirement to provide a medical certificate to access EI sickness benefits.
- Allowing people that cannot complete their claim for EI sickness benefits due to quarantine to apply later and have their EI claim backdated to cover the period of delay.

These benefits will provide up to 15 weeks of income replacement to eligible claimants.

Besides these temporary changes, all the other regular criteria still apply—whether an employee qualifies for EI depends upon regional unemployment rates and the number of hours worked in the last 52 weeks.

The government recommends that workers apply as soon as possible to find out if they qualify. Waiting more than four weeks after the last day of work could result in being denied access to these benefits.

WHAT EMPLOYERS NEED TO KNOW

- To facilitate an employee's access to EI benefits, an employer should promptly complete a Record of Employment (ROE). The "Reason for Issuing" the ROE (Block 16) should be marked as "D" (illness or injury)

WHAT EMPLOYEES NEED TO KNOW

1. Employees should submit their application before contacting Employment and Social Development Canada (ESDC). Applications can be [filled out online](#).
2. Once they have completed their application, employees should call 1-833-381-2725 to have the one-week waiting period waived.
3. Applicants can also apply in person at a Service Canada office, though those who are experiencing symptoms, or are in self-isolation or quarantine are instructed not to visit.

OTHER RELATED MEASURES

CANADA EMERGENCY RESPONSE BENEFIT

In addition to the EI enhancements, the aid package also includes the Canada Emergency Response Benefit (CERB), a temporary income support program. This program will provide up to \$500 per week, for up to 16 weeks, and will be administered through the Canada Revenue Agency (CRA). The benefit will be available to workers:

- Residing in Canada, who are at least 15 years old
- Who have stopped working because of COVID-19 or are eligible for Employment Insurance regular or sickness benefits
- Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application
- Who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period. For subsequent benefit periods, they expect to have no employment income.

Workers that have stopped working because of COVID-19 should apply for the CERB, whether or not they are eligible for EI.

The benefit is available for the period from March 15, 2020 to October 3, 2020.

Starting April 6, 2020, there will be a single portal to assist you with the application process.

Until then, Canadians who are eligible for EI and who have lost their job can continue to apply for EI. If a person's application for EI is pending, they do not need to reapply: their application will be transferred to the new system and they will receive the CERB.

More information can be found [here](#).

EI WORK SHARING PROGRAM

The EI Work Sharing Program provides EI benefits to workers who agree to reduce their normal working hours as a result of developments beyond the control of their employers, by extending the eligibility of such agreements to 76 weeks, easing eligibility requirements, and streamlining the application process.

Program details:

- 10 per cent-60 per cent reduction range in time
- 6 weeks – 26 weeks program
- Temporary, not cyclical change in demand
- Year-round business in Canada for at least two years.
- Need at least 2 employees; full-time
- Eligible for EI
- Employees must agree to join program

ADDITIONAL RESOURCES

For additional information, review Sherrard Kuzz's [COVID-19 FAQ for Employers](#)

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