Canada Enacts Wage Subsidy Extension and Enhancements

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Employers should be aware of new changes to the Canada Emergency Wage Subsidy. Canada’s government has now enacted legislation to extend and enhance this temporary subsidy, which is available to qualifying employers that have lost revenue due to COVID-19. The legislation, which was passed into law on July 27, 2020, extends the subsidy to November 21, 2020 (although the government has said the subsidy will continue until December 19, 2020), changes the subsidy to expand the eligibility to employers who do not meet the previous 30% revenue threshold and modifies the calculation so that the subsidy now consists of a “base” and “top-up” amount. Among other measures, the new changes also include new continuity rules for employers that have recently purchased assets of a business, and certain outstanding subsidy proposals. Full details of these measures are available in TaxNewsFlash-Canada 2020-62, "Canada Further Extends and Expands Wage Subsidy".

Now that these new rules have been passed into law, employers can complete their subsidy claims in accordance with these changes. In particular, eligible amalgamated corporations and employers with paymaster arrangements, among others, will be able to submit subsidy claims. Previously, the CRA indicated it would not administer these changes until they were passed into legislation.

Background
In response to COVID-19, Canada enacted fiscal and tax relief intended to support individuals and businesses. Among other measures, Canada introduced temporary wage subsidies for businesses. The Canada Emergency Wage Subsidy was previously a temporary 24-week subsidy that generally provided an amount to eligible employers equal to 75% of employees’ remuneration paid, up to a maximum of $847 per week per
An action plan for your business — We can help

It is important for businesses to understand the complexities of the Canada Emergency Wage Subsidy.

As your trusted advisors, we’re here to help. Because every business is unique, our experienced professionals may be able to assist you with establishing that the methodology you use to determine eligibility is consistent with similar organizations in your sector and across Canada. We can provide various levels of assistance to help you determine that you’ve assembled the appropriate documentation to support your claims, ranging from accounting advice and assistance, a specific procedures report or an audit report on financial information.

The subsidy may play a critical role in your imminent staffing decisions, so do not hesitate to reach out to us to discuss an action plan for your organization. Together, we can help your organization navigate these unprecedented times.
Stay connected on the latest COVID-19 developments
We continue to watch tax and legal issues related to the evolving COVID-19 situation and will provide further information as it becomes available. For the latest developments, see our dedicated COVID-19 site, The Business Implications of Coronavirus.