



Employers — Prepare Your COVID-19 Contingency Plan

March 18, 2020
No. 2020-16

Employers should be aware of new changes and considerations that they may face as a result of the COVID-19 outbreak. Recently, the Canadian government announced that it will provide a temporary wage subsidy to help small businesses and non-profit organizations and charities retain employees, as well as new measures related to Employment Insurance (EI) and its Work-Sharing program for affected employers and employees. In addition, employers may want to review their obligations and options to support workers who may have childcare issues following recent news of school and daycare closures.

Background

Canada launched a COVID-19 Response Fund on March 11, 2020 that, among other considerations, included changes to EI. For details, see *TaxNewsFlash-Canada* 2020-10, "[Tax Measures Included in Canada's COVID-19 Response](#)".

The government made a follow-up announcement on March 13, 2020 to introduce measures to support the Canadian economy, including making additional credit available to businesses struggling to deal with the effects of the virus. For details, see *TaxNewsFlash-Canada* 2020-11, "[Fiscal Relief on the Way Following COVID-19 Concerns](#)".

More recently, on March 18, 2020, Canada delayed tax filing and payment deadlines and announced additional fiscal measures including a temporary wage subsidy and an Emergency Care Benefit to offer financial support to affected businesses and individuals. For details, see *TaxNewsFlash-Canada* 2020-14, "[COVID-19 — Tax Deadline Delay and More Relief Announced](#)".

Temporary wage subsidy for small businesses

Many small employers may be eligible for a new temporary three-month wage subsidy that is intended to help prevent lay-offs. In particular, eligible small employers will receive a subsidy equal to 10% of remuneration paid during the three-month period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Businesses will be able to reduce their remittances of income tax withheld on their employees' remuneration. This measure applies to corporations eligible for the small business deduction, as well as non-profit organizations and charities.

EI sickness benefits

The government also recently announced new enhancements to the EI program for employees affected by COVID-19 and placed in quarantine. Generally, EI sickness benefits provide up to 15 weeks of income replacement, and is available to eligible claimants who are unable to work because of illness, injury or quarantine, to allow them time to restore their health and return to work. Canadians quarantined because of COVID-19 can apply for EI sickness benefits.

Due to the COVID-19 outbreak, the government has now announced that it will:

- Waive the one-week waiting period for EI sickness benefits for new claimants who are quarantined so they can be paid for the first week of their claim, effective March 15, 2020
- Waive the requirement to provide a medical certificate to access EI sickness benefits
- Establish a new dedicated toll-free phone number for enquiries related to waiving the EI sickness benefits waiting period
- Provide priority EI application processing for EI sickness claims for people under quarantine.

New Emergency Care Benefit

Workers who need to stay home because of COVID-19 but are not eligible for EI may qualify for a new Emergency Care Benefit. This new measure, which provides up to \$900 every two weeks, for up to 15 weeks, will be available to individuals, including the self-employed, who fall ill with COVID-19, are placed in quarantine or take care of family member who is ill. The benefit will also be provided to parents with children who require care or supervision due to school closures, and are unable to earn employment income. The CRA will administer the benefit and eligible individuals will be able to apply online or by phone for the benefit starting in April 2020. Applicants will not have to provide a medical certificate, but will have to re-attest that they meet the eligibility requirement every two

weeks to reconfirm eligibility. Please see *TaxNewsFlash-Canada* 2020-14, "[COVID-19 — Tax Deadline Delay and More Relief Announced](#)".

Work-Sharing program

Employers who are directly or indirectly affected by a downturn in business caused by COVID-19 may also benefit from new temporary changes to the Work-Sharing program. This program provides income support to employees eligible for EI benefits who work a temporarily reduced work week while their employer recovers. The new temporary special measures announced on March 11, 2020:

- Extend Work-Sharing agreements to 76 weeks (from 38 weeks)
- Wave the mandatory waiting period between agreements
- Ease the recovery plan requirements.

Supplemental Unemployment Benefits

Employers may also want to consider using the existing Supplemental Unemployment Benefit (SUB) plan. The SUB plan can increase an employees' weekly earnings when they are unemployed due to a temporary stoppage of work, training, illness, injury or quarantine.

Payments from SUB plans that are registered with Service Canada are not considered as earnings and are not deducted from EI benefits.

Accommodating childcare obligations — Employer obligations

Employers may also want to meet with their employees to discuss any issues in balancing childcare and work obligations in light of recent events. Many provinces have ordered that schools remain closed following March Break, creating uncertainty for employees who may now need a leave of absence from work to care for their children.

For example, Alberta has announced that schools would be closed for the remainder of the school year, while British Columbia announced that it will suspend schools indefinitely. Following news that Ontario schools will be closed until April 2020, the Ontario government announced that it would propose legislation to protect the jobs of parents that must take a leave of absence.

Employers may choose to have conversations with employees about possible solutions. For example, employees working from home may benefit from staggered workhours or an overall reduction in hours to accommodate a decline in business needs and at the same time address childcare demands. In general, any discussion should be collaborative and open-minded so that employees and employers can come up with the right solution.

Many employers may not have been previously involved in in-depth conversations about family status accommodation, since typically these conversations would have only involved

options for external daycare. As an employer, if you have questions about these conversations with your employees and are looking for guidance regarding your obligations, please contact a member of the KPMG Law team.

We can help

Your KPMG adviser can help you assess how COVID-19 may affect your tax obligations. We can also keep you abreast of any tax-related changes related to COVID-19 that you'll need to consider in the days and weeks ahead. For guidance on any of these employer considerations, contact a member of our team for assistance.

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