



TaxNewsFlash Canada

Extended 75% Wage Subsidy — 30% Revenue Decline for June

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Employers that experience a 30% decline in revenue in June 2020 will be eligible for the 75% Canada Emergency Wage Subsidy during the related claim period. Following the government's announcement that the subsidy would be extended to August 29, 2020, the CRA has now confirmed that the subsidy will maintain the 30% revenue drop threshold for the current June 2020 period, which relates to the period from June 7 to July 4, 2020. The CRA notes that further changes to the subsidy, including changes to this threshold, would only commence for later claim periods. Finance recently completed a public consultation on the 75% Canada Emergency Wage Subsidy and is expected to introduce changes to the revenue decline threshold for the remaining claim periods soon.

Eligible employers can claim the subsidy online through the CRA, through either My Business Account or a separate online application form. Among other requirements, employers will need to calculate their estimated subsidy as part of the application process, and keep records that document their decrease in revenues and remuneration paid to employees. The CRA previously noted that certain employers may be required to provide a full list of employees and their Social Insurance Numbers (SIN) for verification after applying.

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 is a temporary 24-week subsidy that generally provides an amount to employers equal to 75% of employees' remuneration paid, up to a maximum of \$847 per week per employee. The

subsidy is available for eligible employers that have lost revenue during the COVID-19 period, and applies retroactively from March 15, 2020 to August 29, 2020.

In addition, eligible employers who do not qualify for the Canada Emergency Wage Subsidy may be able to claim the 10% temporary wage subsidy to help certain small businesses. This temporary three-month taxable subsidy is available on up to 10% of eligible employee salaries and is restricted to individuals, eligible Canadian-controlled private corporations, certain partnerships, registered charities and not-for-profits. This subsidy provides 10% of remuneration paid from March 18 to before June 20, 2020, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. The subsidy was included with other COVID-19 emergency measures passed into law on March 25, 2020.

The 75% Canada Emergency Wage Subsidy was passed into law on April 11, 2020, and the application period opened on April 27, 2020. The government indicated that it intends to consult with Canadian businesses to consider further adjustments to eligibility for the subsidy, including possible changes to the 30% revenue decline threshold. For details, *TaxNewsFlash-Canada* 2020-39, "[Employers — Canada's 75% Wage Subsidy Now Enacted](#)" and *TaxNewsFlash-Canada* 2020-41, "[Employers — Prepare to Apply for 75% Wage Subsidy](#)".

The government recently proposed changes to its COVID-19 relief measures, including to allow employers with paymaster arrangements to qualify for the 75% Canada Emergency Wage Subsidy. However, this legislation has only received first reading as a legislative bill and may be revised before it is passed. See *TaxNewsFlash-Canada* 2020-54, "[COVID-19 — Canada Seeks Changes to Relief Measures](#)".

Revenue threshold stays at 30% for June

To claim the subsidy for June 2020, eligible employers will have to show a 30% reduction in revenue, as was previously required for April and May 2020 (employers were only required to show a 15% decrease for March 2020). Eligible employers can claim the June 2020 subsidy for the period from June 7 to July 4, 2020

The government allows businesses to choose between two different methods to calculate the decline in revenue. Businesses can compare their revenue to the same monthly period in 2019, as previously announced, but can also choose to instead use an average of revenue for January and February 2020 to show the reduction. Once employers decide how to show their revenue decline, they must use the same method throughout the program, including for the current claim period.

For each claiming period, the revenue drop is calculated based on the drop in revenue in the following reference periods:

Claiming period	Reference period for eligibility
March 15 to April 11, 2020 (15% required reduction in revenue)	March 2020 over either March 2019 or average of January and February 2020
April 12 to May 9, 2020 (30% required reduction in revenue)	April 2020 over either April 2019; or average of January and February 2020
May 10 to June 6, 2020 (30% required reduction in revenue)	May 2020 over either May 2019; or average of January and February 2020
June 7 to July 4, 2020 (30% required reduction in revenue)	June 2020 over either June 2019; or average of January and February 2020

The remaining subsidy claim periods are from July 5 to August 1, 2020 (in reference to July 2020) and from August 2 to August 29, 2020 (in reference to August 2020).

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](#).

An action plan for your business — We can help

While businesses may qualify for benefits under both 75% Canada Emergency Wage Subsidy, as well as the 10% Temporary Wage Subsidy, it is important to understand the nuances of each program and determine eligibility.

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.

These subsidies 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.

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