

Federal Government Extends the Canada Emergency Wage Subsidy Program: What Employers Need to Know

August 13, 2020

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The Canada Emergency Wage Subsidy (“CEWS”) program was launched in April of 2020 to help mitigate the impact of the COVID-19 pandemic to Canadian employers. Originally intended to run for a 24-week period from April to July, ([see previous article here](#)) the CEWS program has now been extended through to December 19, 2020.

This second wave of the program also differs from the first wave in some significant respects.

1. As of July 5, 2020, CEWS claims are subject to modified eligibility criteria. Employers can claim a wage subsidy in respect of eligible remuneration^[1] paid to employees in a given month, provided that the employer has experienced *any* drop in revenue as compared to either that same month in 2019, or an average of January and February 2020 revenues. However, the amount of the subsidy will vary depending on the severity of the revenue decline and the month in respect of which the subsidy is sought. Employers that have experienced a revenue drop of 50% or more will also be eligible for a top-up subsidy of up to 25% of eligible remuneration paid. Fortunately, the Government of Canada has launched a wage subsidy calculator to assist employers with determining the amount of subsidy they can expect to receive.^[2]
2. Employers who have already made business decisions for July and August based on their expected subsidy amounts under the old CEWS program can take advantage of the new “safe harbour” rule, which allows employers to claim the full 75% subsidy (capped at \$847 per week per employee) in July and August, provided that they have experienced a revenue drop of at least 30% in those months.
3. Effective August 30, 2020, CEWS support for furloughed employees will be adjusted to align with the benefits provided through the Canada Emergency Response Benefit (CERB) and/or Employment Insurance (EI) programs.

In an effort to provide continued support to Canadian employers impacted by COVID-19, the Canadian Government has simultaneously extended and added complexity to the CEWS program. As businesses re-open and move towards the “new normal”, employers should consider consulting with counsel to ensure that they are getting the most out of the CEWS and other government programs.

WeirFoulds’ employment law group is monitoring these developments and will be providing updates as the COVID-19 situation progresses. For more information on how to respond to COVID-19 in your workplace or organization, please contact [Daniel](#), [Sean](#), [Megan](#) or Max.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

[1] Eligible remuneration includes amounts an employer pay an employee as salary, wages and other taxable benefits, fees, and commissions. These are amounts employers would be required to make payroll deductions on to be remitted to the CRA.

[2] <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-calculate-subsidy-amount.html>

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