

December 1, 2020

The Federal Government released its Fall Economic Statement on November 30, 2020. Included in the release was information related to the **CANADA EMERGENCY WAGE SUBSIDY (“CEWS”)**, **CANADA EMERGENCY RENT SUBSIDY (“CERS”)** and **CANADA EMERGENCY BUSINESS ACCOUNT (“CEBA”)** programs.

CEWS

SUPPORT FOR ACTIVE EMPLOYEES

The Government proposes to increase the maximum wage subsidy to 75 % for the eleventh to thirteenth qualifying periods, which run from December 20, 2020 to January 16, 2021, from January 17, 2021 to February 13, 2021 and from February 14, 2021 to March 13, 2021, respectively. The maximum base subsidy would remain at 40% and the maximum top-up wage subsidy rate would increase to 35%. The maximum combined base subsidy and top-up wage subsidy rate is current 65%, which ends on December 19, 2020.

Canada Emergency Wage Subsidy Rate Structure, Periods 11 to 13 (December 20, 2020 to March 13, 2021)

Revenue decline	Base subsidy	Top-up wage subsidy
70% and over	40%	35%
50-69%	40%	(Revenue decline – 50%) x 1.75
1-49%	Revenue decline x 0.8	0%

FURLOUGHED CEWS

A separate wage subsidy rate structure applies for furloughed employees, to align with the benefits provided through the Employment Insurance (“EI”) program. The Government proposes that the weekly wage subsidy for a furloughed employee from December 20, 2020 to March 13, 2021 be the lesser of:

- the amount of eligible remuneration paid in respect of the week; and
- the greater of:
 - \$500, and
 - 55% of pre-crisis remuneration for the employee, up to a maximum subsidy amount of \$595.

Employers will also continue to be entitled to claim under the wage subsidy their portion of contributions in respect of the Canada Pension Plan, EI, the Quebec Pension Plan and the Quebec Parental Insurance Plan in respect of furloughed employees.

REFERENCE PERIODS

For the purposes of the wage subsidy (and the CERS, as discussed below), an employer’s decline in revenues is generally determined by comparing the change in the employer’s monthly revenues, year-over-year. An employer may also elect to use an alternative approach, which compares the change in the employer’s monthly revenues relative to the average of its January 2020 and February 2020 revenues. A deeming rule provides that an employer’s decline in revenues for any particular qualifying period is the greater of its decline in revenues for the particular qualifying period and the immediately preceding qualifying period.

The table below outlines the proposed reference periods for determining an eligible employer’s decline in revenues from December 20, 2020 to March 13, 2021.

Canada Emergency Wage Subsidy Reference Periods, Periods 11 to 13 (December 20, 2020 to March 13, 2021)

Timing	Period 11 December 20, 2020 – January 16, 2021	Period 12 January 17, 2021 – February 13, 2021	Period 13 February 14, 2021 – March 13, 2021
General approach	December 2020 over December 2019 or November 2020 over November 2019	January 2021 over January 2020 or December 2020 over December 2019	February 2021 over February 2020 or January 2021 over January 2020
Alternative approach	December 2020 or November 2020	January 2021 or December 2020	February 2021 or January 2021 over average of

Canada Emergency Wage Subsidy Reference Periods, Periods 11 to 13
(December 20, 2020 to March 13, 2021)

Timing	Period 11 December 20, 2020 – January 16, 2021	Period 12 January 17, 2021 – February 13, 2021	Period 13 February 14, 2021 – March 13, 2021
	over average of January and February 2020	over average of January and February 2020	January and February 2020

Employers that had chosen to use the general approach for prior periods would continue to use that approach. Similarly, employers that had chosen to use the alternative approach would continue to use the alternative approach. All the other parameters of the program would remain unchanged. Details for the wage subsidy for any periods beyond March 13, 2021 will be proposed at a later date.

CERS

The government is proposing to extend the current subsidy rates of the Canada Emergency Rent Subsidy for an additional three periods. This means a base subsidy rate of up to 65% will be available on eligible expenses until March 13, 2021.

RATE STRUCTURE

The Government proposes to extend, until March 13, 2021, the current rate structure for the base rent subsidy (which applies until December 19, 2020), as shown in the table below.

Canada Emergency Rent Subsidy Rate Structure, Periods 11 to 13
(December 20, 2020 to March 13, 2021)

Revenue decline	Base subsidy
70% and over	65%
50-69%	$40\% + (\text{revenue decline} - 50\%) \times 1.25$
1-49%	$\text{Revenue decline} \times 0.8$

REVENUE DECLINE CALCULATION

Both the rent subsidy and the wage subsidy use the same calculation to determine an organization's revenue decline. As a result, the same reference periods are used to calculate an organization's decline in revenues for the wage subsidy and the rent subsidy. Likewise, if an entity elects to use an alternative method for computing its revenue decline under the wage subsidy, it must use that alternate method for the rent subsidy.

The Government also confirms its intention to proceed with the proposed change to the rent subsidy, details of which were announced on November 19, 2020, that would allow amounts to be considered to have been paid when they become due, provided certain conditions are met. Amounts that are not paid at the time of the application will have to be paid no later than 60 days after payment of the subsidy.

Details for the rent subsidy for any period beyond March 13, 2021 will be proposed at a later date.

LOCKDOWN SUPPORT

Lockdown Support specifically benefits entities that must cease operations or significantly limit their activities under a public health order issued under the laws of Canada, a province or territory. This program provides eligible entities with an additional 25 % top-up, in addition to the CERS base subsidy, until December 19, 2020. The Government proposes to extend, until March 13, 2021, the current 25-per-cent rate for the Lockdown Support. Details for the Lockdown Support for any period beyond March 13, 2021 will be proposed at a later date.

CANADA EMERGENCY BUSINESS ACCOUNT

The deadline to apply for a CEBA loan has been extended to March 31, 2021. Initially providing loans of up to \$40,000, with up to \$10,000 forgivable, the CEBA program will soon be expanded, allowing qualifying businesses to access an additional interest-free \$20,000 loan, in situations where there is need. Half of this additional amount, up to \$10,000, would be forgivable if the loan is repaid by December 31, 2022.