

Covid-19 Employer Support

With multiple support programs released by the government in light of the Covid-19 pandemic, it might be hard to understand all the options available and if they apply to your situation. The programs for employers vary and have different requirements for who is eligible. Here is the breakdown of the options available for employers.

There are currently 3 support options available for employers:

- 1) Temporary Wage Subsidy for Employers
- 2) Canada Emergency Wage Subsidy
- 3) Canada Emergency Business Account

Here are the details as we understand them (please keep in mind there may be changes made by the government in the future and that exact details in some cases are not clear)

Temporary Wage Subsidy for Employers

This subsidy is to help companies reduce the amount of their payroll remittances. If your company qualifies, the government will allow a reduction in the required remittance by 10% of gross payroll for the period. This calculation is to be done by the company and the payment should be adjusted by the payroll department. Here are the requirements to qualify:

- Canadian-controlled private corporation eligible for the small business deduction
- Company has an existing payroll business number
- Employees currently on salary, wages, or bonuses. (Dividends do not qualify)

The maximum per employee for this subsidy is \$1,375 over the period March 18, 2020 to June 19, 2020. The maximum subsidy for an employer is \$25,000 for the same period.

This subsidy will not work if your employees have not had a paycheque since March 18, 2020.

If you are the business owner and are only receiving dividends from your company, you will not qualify.

Example calculation for a company that qualifies:

April 1 – 30, 2020 company gross payroll is \$5,000

$\$5,000 \times 10\% = \500

Payroll remittance on \$5,000 gross = \$1,566

New payroll remittance when applying subsidy = \$1,066 (\$1,566 - \$500)

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Canada Emergency Wage Subsidy

This subsidy is to help companies with their payroll. If your company qualifies, the government will provide a 75% wage subsidy for up to 12 weeks retroactive to March 15, 2020. The government is still working out the fine details for this subsidy so there may be changes in the future and may not be available for a few weeks. The present requirements to qualify are as follows:

- 1) Must be a corporation, proprietorship, partnership, non-profit organization or charity
- 2) Employers must see a 15% decrease in gross revenue for March 2020 (details below)
- 3) Employers must see a 30% decrease in gross revenues for April & May 2020 (details below)
- 4) Applies to employees on salary, wages, or bonuses. (Dividends do not qualify)

The maximum payment to an employee from the government is \$847 per week

If you are the business owner and are only receiving dividends from your company, you will not qualify.

Periods for subsidy (4 week periods):

Company will qualify if:

March 15, 2020 to April 11, 2020

March 2020 revenue decreases 15% or more than March 2019
or decreases 15% or more of Jan & Feb 2020 revenue average

April 12, 2020 to May 9, 2020

April 2020 revenue decrease 30% or more than April 2019
or decreases 30% or more of Jan & Feb 2020 revenue average

May 10, 2020 to June 6, 2020

May 2020 revenue decreases 30% or more than May 2019
or decreases 30% or more of Jan & Feb 2020 revenue average

Example calculation:

Company revenues: April 2020 = \$30,000 April 2019 = \$45,000

30% decrease of April 2019 = \$31,500 ($\$45,000 \times 70\%$)

This company would qualify for subsidy for April 12, 2020 to May 9, 2020 because the revenue in April 2020 was under the 30% minimum of \$31,500 calculated above.

If this company had one employee earning \$1,000 per week, the government would cover 75%, which is \$750 per week.

If this company had another employee earning \$1,500 per week, 75% would work out to \$1,125 but the government would only pay up to the maximum of \$847 per week for this employee.

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How to apply?

To date, the government is saying this subsidy can be applied for online through your 'My Business Account' portal and also through a web-based application (more information coming).

Canada Emergency Business Account

This employer support program is a \$40,000 no interest line of credit offered from most Canadian financial institutions to help businesses who have a reduction of revenues due to Covid-19. The loan should be used to pay for operating expenses that cannot be deferred such as rent, utilities, payroll etc. The current requirements to qualify are as follows:

- 1) Your business is registered and operational on or before March 1, 2020
- 2) The company's payroll from 2019 was more than \$50,000 and less than \$1 million
- 3) You can only apply through one banking institution

Some of the benefits of this program are as follows:

- Interest free until Dec 31, 2022
- No minimum principal payments until Dec 31, 2022
- \$10,000 of the loan will be forgiven if \$30,000 is paid by Dec 31, 2022

It sounds like businesses can apply sometime in mid April 2020. You should contact your financial institution for more details.

Please contact our office at (780) 435-3121 if you have any questions.

Capital Accounting Services Ltd.