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COVID – 19 UPDATE 12

Dear Brothers and Sisters,

Due to the rapidly changing circumstances surrounding COVID-19 and its impact on workers, program support criteria are subject to change. Be sure to visit www.unifor.org/covid19 to download updated versions of the fact sheets available to our members and their families.

<https://www.unifor.org/en/canada-emergency-wage-subsidy-cews-factsheet>

Canada Emergency Wage Subsidy (CEWS) Fact Sheet

Original April 15, 2020 - Updated July 28th, 2020

- *Last updated: July 28, 2020*
- The Canada Emergency Wage Subsidy (CEWS) was introduced by the federal government in April as a means of providing financial support to employers that had been significantly impacted by the COVID-19 crisis. Under the CEWS, eligible employers can receive up to 75% of eligible employees' earnings, amounting to a maximum benefit of \$847 a week over the first four qualifying periods. From Period 5 and onwards, the maximum benefit will be variable, declining from 60 % to 20 %. Those employers hardest hit by the COVID-19 crisis may also receive a top-up subsidy of as much as 25 %. Employers may receive a CEWS subsidy for the wages of eligible employees whether or not those employees are actively working.
- All employers are eligible to apply for the CEWS **except for public institutions**, i.e. municipal authorities, non-taxable corporations (not including Indigenous government-owned businesses), public schools, school boards, health authorities, and public universities and colleges.
- This fact sheet provides relevant information that Unifor local union representatives as well as national staff may find useful in determining whether employers are eligible for the CEWS and in advocating against unnecessary layoffs and wage cuts. The factsheet also provides some simple guidance on how the CEWS interacts with other federal emergency benefit measures, including the Canada Emergency Response Benefit (CERB).
- *Old CEWS Rules: March 15 – July 4 (Periods 1 to 4)*
- There are **four qualifying periods** for the first phase of the CEWS:
 - Period 1: March 15 – April 11
 - Period 2: April 12 – May 9
 - Period 3: May 10 – June 6
 - Period 4: June 7 – July 4
- For the first four qualifying periods, the eligible entity must show the following **revenue decline**:
 - 15% or more for Period 1
 - 30% or more for all subsequent periods

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- **Note:** If an employer qualifies for a period, they automatically qualify for the next period. For example, a 20% revenue decline in Period 1 qualifies the employer for Periods 1 and 2. A 35% revenue decline in Period 2 qualifies the employer for Periods 2 and 3.
- To calculate the decline in revenue, employers have **2 options**:
 - Compare the revenue in the qualifying period with the associated month from 2019, e.g. March 2019 for Period 1, April 2019 for Period 2, etc., **or**
 - Compare the revenue in the qualifying period with the average monthly revenue over January and February 2020.
- **Note:** The amount of CEWS benefits received by an employer in a qualifying period is ignored for the purpose of calculating the decline in revenue.

Qualifying period	Claiming period	Required revenue decline	Reference period for eligibility
Period 1	March 15 to April 11	15%	March 2020 over: <ul style="list-style-type: none"> ○ March 2019 or ○ Average of Jan and Feb 2020
Period 2	April 12 to May 9	30%	Eligible for Period 1 OR April 2020 over: <ul style="list-style-type: none"> ○ April 2019 or ○ Average of Jan and Feb 2020
Period 3	May 10 to June 6	30%	Eligible for Period 2 OR May 2020 over: <ul style="list-style-type: none"> ○ May 2019 or ○ Average of Jan and Feb 2020
Period 4	June 7 – July 4	30%	Eligible for Period 3 OR June 2020 over: <ul style="list-style-type: none"> ○ June 2019 or ○ Average of Jan and Feb 2020

- **Example:** XYZ Inc. reported revenues of \$120,000 in March 2019. In March 2020, its revenues dropped to \$90,000. Because its revenues in March 2020 are 25% lower than \$120,000 (i.e. greater than 15%), XYZ Inc. would be eligible for the CEWS for **Period 1 and Period 2**.
- To be eligible for Period 3, XYZ Inc. revenues would have to be \$84,000 or less (30% lower than \$120,000) for the month of April or May 2020 compared to April or May 2019.

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- From Period 1 to 4, the CEWS will cover up to 75% of an employee's **eligible remuneration for employees who are arm's length** (i.e. those who are employees, not owners, of a firm), capped at a maximum of \$847 a week in the claim period. Eligible remuneration includes fees, commissions or other amounts paid for services, as well as taxable benefits (such as employer-paid transportation allowances, fitness memberships, life insurance premiums among others), paid during the claim period.
- There are three situations that will determine how the subsidy is calculated for arm's length employees:
 - Employees earning \$1,129.33 or more in the claim period;
 - Employees earning \$1,129.32 or less in the claim period, who have **not** experienced a reduction in pay since before the crisis; or
 - Employees earning \$1,129.32 or less in the claim period, who have experienced a reduction in pay since before the crisis.
- For employees earning **\$1,129.33 or more** in gross pay per week in the claim period, the basic amount of subsidy that will be paid is \$847 per week (since 75% of any amount higher than \$1,129.33 is more than the maximum amount of \$847).
- For those earning **\$1,129.32 or less** in gross pay who have **not** experienced a reduction in pay, the CEWS basic amount will be 75% of their gross weekly pay.
- Example:

• Employee earning	• Weekly gross pay during claim period	• CEWS basic amount* per week	• CEWS basic amount* for claim period
• more than \$1,129.33/wk	• \$1,500 • (75 % = \$1,125)	• \$847	• \$3,388 (\$847 x 4)
• less than \$1,129.33/wk (no reduction)	• \$1,000 • (75 % = \$750)	• \$750	• \$3,000 (\$750 x 4)

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- For employees earning **\$1,129.32 or less who have experienced a reduction in pay**, their CEWS basic amount will be the lesser of:
 - 100% of their weekly gross pay during the claim period;
 - 75% of their average weekly pay during the period March 1 to May 31, 2019 or January 1 to March 15, 2020; or
 - The maximum subsidy of \$847 ($\$1,129.33 \times 75\% = \847)
- Example:

• Average weekly gross pay from Jan. 1 – Mar. 15, 2020	• Weekly gross pay during claim period	• CEWS basic amount* per week	• CEWS basic amount* for claim period
• \$1,500 • (75 % = \$1,125)	• \$1,000	• \$847 • (lesser of \$1,000, \$1,125, and \$847)	• \$3,388 (\$847 x 4)
• \$1,000 • (75 % = \$750)	• \$500	• \$500 • (lesser of \$500, \$750, and \$847)	• \$2,000 (\$500 x 4)

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- *The CEWS basic amount does not include deductions for any EI work-sharing or temporary wage subsidy amounts and/or refunds for employer-paid contributions for employees on paid leave (see *other considerations* below).
- *New CEWS rules: July 5 – December 19 (Periods 5 – 10)*
- On July 27, Bill C-20 was passed which brings into force important changes to the CEWS program. Following a consultation with stakeholders, the federal government announced in July that it would be making significant modifications to the revenue threshold requirements and the structure of the CEWS benefit.
- Under current CEWS rules, applicants must meet a 30% revenue decline threshold for Periods 2 to 4. This is a strict threshold, meaning that any applicant who cannot show a 30% revenue decline is automatically disqualified.
- Under the new rules, the revenue threshold has been turned into a **sliding scale** so that **any amount of revenue decline** will now qualify an entity for the CEWS.
- However, the maximum amount of the base subsidy has been **reduced to 60%** of an employee's wages (instead of 75% currently) and the level of revenue decline required to receive this maximum subsidy has **increased to 50%** (from 30%).
- Moreover, this maximum subsidy amount will start to incrementally decline, from 60% in Periods 5 and 6, to 50% in Period 7, 40% in Period 8, and just 20% in Period 9. The amount for Period 10 has yet to be determined.
- The new CEWS maximum subsidy is structured as follows (note that the maximum weekly benefit now applies to a revenue decline of 50% – not 30% – and over):

• Timing	• Period 5*: July 5-August 1	• Period 6*: August 2-August 29	• Period 7: August 30- September 26	• Period 8: September 27- October 24	• Period 9: October 25- November 21
• Maximum weekly benefit per employee	• Up to \$677	• Up to \$677	• Up to \$565	• Up to \$452	• Up to \$226
• Revenue drop:	•	•	•	•	•
• 50% and over	• 60%	• 60%	• 50%	• 40%	• 20%
• 0% to 49%	• 1.2 x revenue drop (e.g., 1.2 x 20% revenue drop = 24% base CEWS rate)	• 1.2 x revenue drop (e.g., 1.2 x 20% revenue drop = 24% base CEWS rate)	• 1.0 x revenue drop (e.g., 1.0 x 20% revenue drop = 20% base CEWS rate)	• 0.8 x revenue drop (e.g., 0.8 x 20% revenue drop = 16% base CEWS rate)	• 0.4 x revenue drop (e.g., 0.4 x 20% revenue drop = 8% base CEWS rate)
• * In Periods 5 and 6, employers who would have been better off in the CEWS design in Periods 1 to 4 would be eligible for a 75% wage subsidy if they have a revenue decline of 30% or more.					

- Under the new rules, organizations that have experienced an average 3-month revenue decline of over 50% will be eligible for a **top-up** of up to 25%. The top-up is structured as follows and remains the same from Periods 5 to 10 (i.e. it does not decrease incrementally over time):

• 3-month average revenue drop	• Top-up CEWS rate	• Top-up calculation = 1.25 x (3 month revenue drop - 50%)
• 70% and over	• 25%	• 1.25 x (70% - 50%) = 25%

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• 65%	• 18.75%	• $1.25 \times (65\% - 50\%) = 18.75\%$
• 60%	• 12.5%	• $1.25 \times (60\% - 50\%) = 12.5\%$
• 55%	• 6.25%	• $1.25 \times (55\% - 50\%) = 6.25\%$
• 50% and under	• 0.0%	• $1.25 \times (50\% - 50\%) = 0.0\%$

• Combining the top-up and the base maximum subsidy, an organization with a 3-month average revenue decline of more than 70% will be eligible to receive a maximum wage subsidy of **85%** (up to \$960/wk per employee) in Periods 5 and 6, i.e. a base subsidy of 60% plus a top-up of 25%. This is 10% or \$113/wk greater than under the current rules.

• However, in Period 7, this amount will fall to **75%** or \$847/wk (50% base + 25% top-up), which is identical to what the organization would receive under the current rules. In Period 8, the maximum subsidy received per employee would fall further to **65%** (\$734/wk), and subsequently to **45%** in Period 9 (\$508/wk):

	• Period 5*: July 5- August 1	• Period 6*: August 2- August 29	• Period 7: August 30- September 26	• Period 8: September 27- October 24	• Period 9: October 25- November 21
• Timing					
• Maximum weekly benefit per employee	• Up to \$960	• Up to \$960	• Up to \$847	• Up to \$734	• Up to \$508
• <i>*Safe harbour periods</i>					

• It is important to note that the top-up and new rules are **not retroactively applied**. This means that any organization that has experienced a revenue decline greater than 70% during Periods 1 through 4 will not be able to retroactively claim the 25% top-up.

• *Other considerations*

• Employees **do not need to be actively working** in order to be eligible for the benefit. As long as they are employed and on payroll, they will be eligible for the CEWS. However, the maximum benefit they are eligible to receive will change under the new rules.

• **Employees that are on paid leave** will benefit from the safe harbour stage in Periods 5 and 6. Starting in Period 7, however, the CEWS benefit will be adjusted to align with what the employee would otherwise receive through CERB and/or Employment Insurance (depending on whether CERB is extended or not). Assuming that CERB is extended past Period 6 (i.e. beyond August 29), employees on paid leave will receive a flat benefit of \$500/week starting in Period 7 – equivalent to the CERB.

• Employers are only eligible to subsidize the wages of employees if those employees have **not** had 14 consecutive days or more **without pay** from the employer **in each qualifying period**. This suggests, for example, that an employer who stopped paying all of their employees from March 15 until March 28 would be ineligible for the CEWS for Period 1 but would be eligible for Period 2 if those employees received pay on or after April 12.

• Employees who are currently receiving the **Canada Emergency Response Benefit (CERB)** and are subsequently rehired (whether retroactively or on a go-forward basis) will have to pay some or all of their CERB benefits back. This applies in situations where the employer's CEWS claim period overlaps with an employee's CERB benefit period, retroactive to March 15. The Canada Revenue Agency has

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stated that it will be using employers' payroll records to determine whether overpayment has occurred and contact CERB claimants if any amounts are owing.

- If CEWS-eligible employees are not actively working – i.e. they are on **paid leave** – the employer's contributions to Employment Insurance (EI), Canada Pension Plan (CPP), Quebec Pension Plan (QPP) and Quebec Parental Insurance Plan (QPIP) will be refunded.
- *Interaction with other benefits*
- EI benefits received under the Work-Sharing program and benefits received under the 10% Temporary Wage Subsidy for small businesses will reduce the benefit that employers are entitled to receive under the CEWS for a particular qualifying period.
- As stated above, CEWS-eligible employees who have been rehired and are currently receiving the CERB through EI or the Canada Revenue Agency (CRA) may have to pay back some of their CERB claim.
- In some cases, employers may offer employees a choice between being employed (or rehired) so that they can be paid under the CEWS or being laid off so that they can receive the CERB, depending on which benefit pays more. Workers given this choice should be made aware of how the CERB works, including, for example, the fact that taxes are not deducted at the source and may lead to a tax liability next year. For more information, please consult our [CERB FAQ](#).
- *Application process*
- Employers can apply for the CEWS through the CRA's [My Business Account](#) portal. Applications for each claim period can only be submitted once the claim period is over.
- The government has developed an [online CEWS calculator](#) that allows employers to determine the amount of subsidy they will receive for each claim period. This calculation must be included with their CEWS application.
- Employers will also need to sign an [attestation form](#) that confirms their eligibility for the CEWS, including the fact that their qualifying revenue has declined by the required amount(s). The form also requires the employer to maintain records demonstrating revenue reduction, employee remuneration and any other information required to verify the amount of the CEWS claim are kept. These must be made available to the CRA upon request.
- Employers will need to make sure that their business details and direct deposit information for their payroll accounts are up to date in [My Business Account](#). Those expecting to receive payments of \$25 million or more will need to register for the [large value transfer system \(LVTS\)](#).
- *Frequently Asked Questions (FAQ)*
- Q: Does the employer have to top wages up to 100%?
- A: While employers are not legally required to top up wages as part of the CEWS, they must continue to abide by collective agreement clauses, including wage provisions. Unless workers enter into an agreement to temporarily reduce their wages, employers must pay full wages as stipulated by the collective agreement and/or employment contract.
- Q: Can the employer force employees to take vacation while on paid leave?
- A: This depends on the collective agreement. If the CA requires vacation time to be mutually agreed upon, the employer must negotiate with the employee to take vacation time while they are on paid leave. However, if the collective agreement is silent on vacation scheduling or it allows the employer to determine vacation scheduling according to operational requirements, the employer may be able to force vacation time. In most jurisdictions, this would require two weeks' notice.
- Q: If an employer is receiving the CEWS, are they allowed to stop paying pension contributions, health insurance premiums, or other benefit obligations defined in the collective agreement?
- A: No. The CEWS does not permit the employer to suspend any part of the collective agreement, including benefit and pensions provisions. However, there may be circumstances where union members are willing to suspend such benefits temporarily. Such agreements must be negotiated between the local and the employer.

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- Q: Can the employer force an employee to return to work under the CEWS, even if they would make less than they receive through CERB?
- A: If the employers plans to reduce wages, no. The employee must be paid in accordance with the collective agreement and/or employment contract.
- If wages are not reduced, yes. In such a circumstance, a refusal to return to work could result in the termination of the employee. However, there are various COVID-19 related circumstances in which an employee could insist on a leave of absence and the employer could not reasonably refuse, e.g. child care needs, illness, self isolation, etc.

Unifor's website is constantly being updated as new information is provided. Unifor has many websites to direct you to for assistance.

Resources:

Unifor COVID-19 Information and Resources: <https://www.unifor.org/covid19>

Government of Canada Outbreak Update: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>

Government of Canada Income Supports for Workers/Individuals: <https://www.canada.ca/en/departement-finance/economic-response-plan.html>

Please also check the websites of your respective provinces for any additional provincial supports or resources that may be available to you.

BCCDC website for Health info about COVID-19: www.bccdc.ca

British Columbia Centre for Disease Control (BCCDC) website: <http://covid-19.bccdc.ca/>

Health Issues: Dial 811 and follow your Provincial Protocols

Mental Health Issues: Dial 211 or access your EAP benefits:

Other useful websites with information

Federal Government Financial Support Resources:

Government of Canada COVID-19 Financial Assistance for Canadians Outside of Canada: <https://travel.gc.ca/assistance/emergency-info/financial-assistance/covid-19-financial-help>

Government of Canada Economic Plan & How to Apply for Support: <https://www.canada.ca/en/departement-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>

COVID - 19 Employment and Social Development Canada Information Guide: <https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>

Canada Revenue Agency COVID-19: <https://www.canada.ca/en/revenue-agency/services/covid-19-employee-info.html>

Provincial Government Financial Support Resources:

BC Preparedness Response: <https://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/covid-19-provincial-support>

Income Assistance: <https://www2.gov.bc.ca/gov/content/family-social-supports/income-assistance>

Income Assistance Offices in the Lower Mainland: <https://www2.gov.bc.ca/gov/content/family-social-supports/income-assistance/access-services#lowermainland>

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Health & Preparation Resources:

COVID-19: Being prepared: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/being-prepared.html>

Government of Canada Symptoms & Treatments: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/symptoms.html>

BC COVID-19 Symptom Self-Assessment

Tool: <https://covid19.thrive.health/?fbclid=IwAR1NzQXV3eUgFa5bSimQ2wiRpXVRMZc1LPbqp5fUNIDFIK1Sc7yjhcc4aB>

Health Link BC & 811: <https://www.healthlinkbc.ca/services-and-resources/about-8-1-1>

Other Useful Links:

World Health Organization Myth Busters: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/myth-busters>

World Health Organization Public Advice: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public>

Government of Canada, Community-based Measures: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/health-professionals/public-health-measures-mitigate-covid-19.html>

If you have any questions please contact your Local Union Representative.

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Follow phone directory to get to your Local Rep and if not available leave a message you will get a call back.

Employment Insurance questions or EFAP: Barbie Zipp Cell # 1.250.881.3515

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