

## **Update on Economic Measures Announced by the Governments of Québec and Canada – COVID-19**

This document contains updates as of April 28, 2020 from the Department of Finance on the Canada Emergency Wage Subsidy.

### **CANADA EMERGENCY WAGE SUBSIDY**

#### **Applying for the Emergency Wage Subsidy**

Applications for the Emergency Wage Subsidy have been available through My Account on the Canada Revenue Agency (CRA) website since April 27, 2020. We wish to inform you that all applications completed the week of April 27 will be processed at the same time. As such, there is no need to rush your application; it is better to take the time to plan and document it before filing. The CRA has provided a worksheet that must be filled out before you can apply. You can access it via a link at the end of this bulletin. Most applications will be processed automatically and payments will be received by May 7, 2020; however, some businesses may have to wait until May 13, 2020 to receive payment if manual verification by CRA agents is required.

#### **Possibility to pay employees retroactively**

May we remind you that remuneration for an employee who was without pay for 14 consecutive days during a claim period cannot be considered when calculating the subsidy.

For example, an employee who was laid off in March and only re-hired the week of April 27 will have gone more than 14 days without remuneration from the employer. Keep in mind that period 2 runs from April 12 to May 9, and therefore any remuneration paid to this employee up to May 9 would not be eligible for the subsidy. Nevertheless, the CRA has agreed to take retroactive pay into consideration. As such, if you only re-hire your employees the week of April 27, it could be beneficial to pay them for the previous week so that they will not have been without remuneration from their employer for more than 14 days. It appears as though retroactive pay can go back as far as the layoff date. This means that you could make remuneration paid to all your employees qualify for all claim periods. Remember that employers remunerating an employee who is on leave with pay are eligible for a full refund of source deductions for that employee, meaning the cost of retroactive pay could be less than the benefits obtained from making workweeks qualify for the subsidy.

#### **Montréal**

217, rue Saint-Jacques  
Montréal  
H2Y 1M6

t. 514 360-2467

#### **Boucherville**

1190, Place Nobel  
Bureau 100  
Boucherville J4B 5L2

t. 450 449-3930

#### **Trois-Rivières**

3450, boul. Gene-H.-Kruger  
Bureau 230  
Trois-Rivières G9A 4M3

t. 819 378-4656

#### **Laval**

2745, rue Michelin  
Laval  
H7L 5X6

t. 450 688-2211

Retroactive pay could potentially disqualify an employee from the Canada Emergency Response Benefit. If this is the case, the employee must repay the benefit. Employees will be able to repay directly through My Account on the CRA website starting May 11, 2020. It is the responsibility of the employee to verify their eligibility for the Canada Emergency Response Benefit and to repay it if necessary. The employer will not be penalized if the employee does not repay any amounts owing.

### **10% Temporary Wage Subsidy**

Following legislative changes, eligible businesses are deemed to have applied for the 10% Temporary Wage Subsidy. This means that employers wishing to obtain the 75% Canada Emergency Wage Subsidy who would otherwise be eligible for the 10% Temporary Wage Subsidy must now begin claiming it. Note that there is no form or formal application to file for this subsidy. For more information on methods of calculation, we recommend you refer to the appendices to the overview table available on our website at the following link: [COVID summary](#).

The Emergency Wage Subsidy will be reduced by the amount you are eligible for under the Temporary Wage Subsidy. Eligible employers who have not claimed this subsidy or who do not wish to do so must fill out a CRA self-identification form—which will be published online in the coming months—in order for the CRA to credit their payroll program account.

It is crucial to note that if you are entitled to both subsidies, you must include in your Emergency Wage Subsidy application the amount that you are eligible for under the Temporary Wage Subsidy, whether or not you have reduced the amount of tax deductions remitted to the CRA.

### **Public information**

Please note that the list of businesses that have applied for the subsidy could be made public and accessible to all citizens. At this time we do not know whether it is only the name of the business that will be made public or if other information, such as the total subsidy amount, could be included as well.

### **Reminder regarding penalties**

Employers that do not comply with the criteria may be required to repay the full amount of the subsidy and would therefore be obligated to pay their employees.

We would like to issue a warning to those who may be tempted to engage in artificial transactions to reduce their gross revenue for the purpose of claiming the subsidy, as they risk severe penalties:

- 1) Requirement to repay the subsidy in full
- 2) A penalty equal to 25% of the value of the subsidy
- 3) Up to five years' imprisonment

## **Useful links**

Please contact us if you have any questions. May we remind you that professional representatives are authorized to fill out applications on behalf of clients. If you wish to fill them out yourself regardless but require assistance, do not hesitate to contact us. We would also like to offer the following web links that you may find very useful:

[Frequently asked questions - Canada Emergency Wage Subsidy](#)

[Links for applying for the subsidy](#)

[Guide to filling out a subsidy application](#)

[Worksheet provided by the Canada Revenue Agency to be completed before filling out your application](#)