

To our Clients:

As a firm we are trying our best to stay updated with the government programs that are changing daily. This is our understanding of the current programs that are available:

Temporary Wage Subsidy for Employers (The 10% payroll option)

Proprietors, Partnerships and small business corporations (some restrictions apply) can withhold income tax deductions from their remittance to CRA.

How much is the subsidy?

- The subsidy is equal to 10% of the remuneration you pay from March 18, 2020 to June 19, 2020, up to \$1,375 for each eligible employee and to a maximum of \$25,000 total per employer.

How do I calculate the subsidy?

- Your subsidy calculation is based on the total number of eligible employees employed at any time during the three-month period. See the example below for more information.

Example:

You have 5 eligible employees earning monthly salaries of \$4,100 for a total monthly payroll of \$20,500. Your wage subsidy for the month will be 10% of \$20,500, which equates to \$2,050. For the three-month period, if all your payroll information remains the same in each month, you will pay \$61,500 of remuneration. Therefore, 10% of the remuneration you pay in the three-month period is \$6,150. Since this amount is below the maximum allowable amount of \$6,875 (\$1,375 x 5 employees), your total wage subsidy for the three-month period will be \$6,150.

How will I receive the subsidy?

- You do not need to apply for the subsidy.
- You will continue deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do.
- The subsidy is calculated when you remit these amounts to the CRA.
- Once you have calculated your subsidy, you can reduce your current payroll remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy.

The Canada Emergency Wage Subsidy (The 75% payroll option) - Not passed into law yet so subject to change

All entities qualify as they do above with slightly different corporation restrictions. However, the most important qualification is the business must have a 30% (15% for March) decline in gross revenue when comparing the months of March 2019 to March 2020, April 2019 to April 2020, May 2019 to May 2020 and June 2019 to June 2020.

The average of January and February 2020 may be used for comparative purposes to March of 2020. (Legislation to be enacted)

How to calculate the Subsidy:

- The maximum subsidy per employee is based on a maximum salary of \$58,700 annually or \$1,128.85/week.
The maximum subsidy is 75% of \$1,128.85 which equates to \$846.63/week.
- If employees are paid more than \$58,700 annually, the maximum subsidy is \$846.63/week.
- If you qualify under the 30% drop in revenue, then your business qualifies to claim 75% of the wages paid in the months mentioned above and specifically, March 18 to June 15, 2020.
- The other provision is this subsidy is for normal wages of the business. It does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle.
- Wage increases of owners also appear to be excluded.

How will I receive the Subsidy:

- The application and the system to apply through is not yet available, but once up and running will be done through CRA's MyBusiness account. CRA recommends businesses to set up a MyBusiness account if they haven't already done so.

Please Note: A business may qualify for both the 75% and the 10% programs, but any subsidy received under the 10% program will be deducted from the claim on the 75% program.

The New Canada Emergency Business Account

- This will provide interest-free loans of up to \$40,000 to small businesses and not-for-profit organizations to help cover their operating costs during a period where their revenues have been temporarily reduced.
- To qualify, these organizations will need to demonstrate they paid between \$50,000 to \$1 million in total payroll in 2019.
- This program will roll out in **mid-April** and interested businesses **should work with their current financial institutions.**

The Canada Emergency Response Benefit (CERB)

Who qualifies for the Benefit:

This benefit will be available to workers:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of COVID-19 and have not voluntarily quit their job;
- Who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application;
- Who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period (March 15th to April 11th) or the first four-week period they are eligible to apply for.
- For subsequent benefit periods, they expect to have no employment or self-employment income.

The income of at least \$5,000 may be from any or a combination of employment and self-employment. For those who are not eligible for Employment Insurance you may also include maternity and parental benefits under the Employment Insurance program.

This program continues to evolve to be more inclusive and not leave out individuals that have the need but presently don't qualify. (Legislation to be enacted)

How to Apply:

- Applications can be submitted through your personal CRA MyAccount if you have one set up otherwise it can be done over the phone at either 1-800-959-2019 or 1-800-959-2041.
- Applications can start now if you are eligible for the initial March 15th to April 11th four-week period as indicated above.

If you require any assistance with any of the above government programs, please do not hesitate to call our offices. We are here to help you, your family and your business.

We have had several clients pass the information on to friends and relatives and we would be pleased to provide assistance to anyone we can in this time of need. Our staff are working diligently to help.

We have tried to summarize the information in the most understandable way. If you are uncertain as to whether you qualify for any of these programs, please call our office as listed below.

We will be updating this information and providing it to you as it becomes available.

For additional information, please contact us at the following locations:

Brandon:	204-727-5577	1-877-866-6444	brandon@sensuscpa.ca
Russell:	204 773-2106	1-866-444-5551	russell@sensuscpa.ca
Shoal Lake:	204-759-2240	1-866-444-4999	shoallake@sensuscpa.ca
Yorkton:	306-782-4320	1-877-782-5110	yorkton@sensuscpa.ca
Virden:	204-748-3135	1-877-866-6444	brandon@sensuscpa.ca

Or feel free to visit the government of Canada's COVID-19 benefit website at:

<https://www.canada.ca/en/department-finance/economic-response-plan.html>