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April 2, 2020

TRANSIT LAW UPDATE – THE CANADA EMERGENCY WAGE SUBSIDY (COVID-19)

THE CANADA EMERGENCY WAGE SUBSIDY– WHAT DO I NEED TO KNOW?

SUMMARY OF KEY PROVISIONS:

Eligible employers, who experience a drop of at least 30% of their revenue, will soon be able to apply for a 75% wage subsidy for up to 12 weeks, retroactive to March 15, 2020.

The subsidy provides a maximum of up to \$847 per week per employee.

Public bodies / entities are not eligible for this subsidy. The government has indicated that public bodies include:

- municipalities and local governments;
- crown corporations;
- public universities;
- colleges;
- schools; and
- hospitals.

As such it is very likely that most transit employers, in so far as they are municipalities or crown corporations, will be not be eligible for the subsidy. However, **private firms providing transit services, under contract to a municipality, should qualify.**

DETAILS

Eligibility

Employers eligible for the subsidy include:

- individuals;
- taxable corporations;
- partnerships consisting of eligible employers;
- non-profit organizations; and
- registered charities.



The subsidiary is no longer targeted at small and medium sized businesses only. Eligible employers who suffer a drop in gross revenues of at least 30% in March, April or May, 2020 when compared to the same month in 2019, would be able to access the subsidy.

- Revenue is calculated using the employer’s normal accounting method, and would exclude revenues from extraordinary items and amounts on account of capital.

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Eligible Period		
	Claiming period	Reference period for eligibility
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

employer is not eligible to claim a subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.

Amount of Subsidy

The subsidy applies at rate of 75 per cent of the first \$58,700 normally earned by employees – representing a **maximum benefit of up to \$847 per week per employee.**

- Eligible remuneration may include salary, wages, and other remuneration but does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle.
- Employers must make their best effort to top-up employees’ salaries to bring them to pre-crisis levels.

Enforcement

Employers will required to repay amounts paid under the Subsidy if they do not meet the eligibility requirements and pay their employees accordingly.



The government is considering the creation of new offences that will apply to individuals, employers or business administrators who provide false or misleading information to obtain access to this benefit or who misuse any funds obtained under the program. The penalties may include fines or even imprisonment.

How to Apply

Eligible employers can apply through Canada Revenue Agency's My Business Account portal as well as a web-based application. The government has indicated that more details regarding application process will be made available shortly.

Where to Find Details

The Federal government have provided a background that can be found here:

<https://www.canada.ca/en/departement-finance/news/2020/04/the-canada-emergency-wage-subsidy.html>

A copy of the proposed legislation is not yet available. Parliament is attempting to recall the legislature and media reports indicate it could be recalled "early next week". The above information is subject to potential change through the legislative process.

More Questions?

As always, information sheets like this do not constitute legal advice. If you need more information, call your regular legal counsel.

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