

COVID-19 RELIEF FOR EMPLOYERS

WAGE SUBSIDY

Description:

For remuneration paid between March 18-June 20.

Maximum of \$1,375 per worker and a employer cap of \$25,000 (18 employees if each employee qualifies for the full \$1,375).

Associated CCPC's will not be required to share the maximum subsidy.

Who Qualifies?

- Small Businesses
- Non-profit organizations
- Registered charities
- CCPC with less than \$15 million in taxable capital

You must have an existing business number and payroll program with CRA as of March 18, 2020

You must pay salary, wages, bonuses or other remuneration to an employee

NOTE: If a business is eligible, but not paying employees during the applicable period because it is closed, it does not qualify.

How does this work?

You will see immediate relief, not in the form of a cheque from the government but reduced amounts for payroll deductions to CRA.

Employers can only reduce the remittance of federal and provincial tax. CPP and EI premiums must remain untouched.

Business must manually calculate the subsidy, based on CRA's guidelines. You MUST keep records of all information used to determine the subsidy, including total remuneration paid during the applicable period, the taxes that were deducted during that time, and the number of employees who were paid.

How do I calculate this?

It is manually calculated and is 10% of their monthly payroll.

For example, if you have 5 employees earning monthly salaries of \$4,100 for a total monthly payroll of \$20,500, the subsidy would be 10% of \$20,500, or \$2,050.

You will have to track, per employee, how much is being applied to not exceed \$1,375 per employee.

When can I start reducing remittances?

You can start in the first remittance period that includes remuneration paid between March 18 and June 20.

What if the subsidy exceeds the remittances?

If the income tax you deduct is not sufficient to offset the value of the subsidy in a specific period you can reduce the future remittances to benefit from the subsidy. This includes remittances that may fall outside of the application period.

For example: If you calculated a subsidy of \$2,050 on remuneration paid between March 18, 2020, and June 20, 2020, but only deducted \$1,050 of federal, provincial, or territorial income tax from your employees, you can reduce a future income tax remittance by \$1,000, even if that remittance is in respect to remuneration paid after June 20, 2020.

Will this affect deductions from my employees?

No, you will continue deducting income tax, CPP and EI from remuneration paid to your employees. The subsidy is only calculated when you remit these amounts to CRA.

What if you do not reduce remittances during the year?

If you are an eligible employer, but choose not to reduce your payroll remittances during the year, calculate the temporary wage subsidy on remuneration paid between March 18, 2020, and June 20, 2020. You can then ask for the subsidy to be paid to you at the end of the year, or transferred to the next year's remittance.

What records do you need to support this subsidy?

- the total remuneration paid between March 18, 2020, and June 20, 2020;
- the federal, provincial, or territorial income tax that was deducted from that remuneration; and
- the number of employees paid in that period.

The CRA is currently updating reporting requirements. More information on how to report this subsidy will be released in the near future.

Is this considered taxable income?

Yes, if you receive the subsidy you need to report the total amount as income in the year in which the subsidy is received.

CORPORATE INCOME TAX CHANGES

Tax balances and instalment payments will be deferred until August 31, 2020

UTILITY PAYMENT DEFERRAL

Residential, farm and small commercial customers can defer electricity and natural gas bill payments for the next 90 days to ensure no one will be cut off, regardless of the service provider.

Call your utility provider directly to arrange for a 90-day deferral on all payments.

LAYING OFF EMPLOYEES

Staff that will be laid off will require ROE's with the following codes:

CODE A – Shortage of Work / End of contract or season

- You've closed your business or adjusted your workforce as a precaution

CODE D – Illness or Injury

- Actual illness or an employee who has tested positive
- An employee who has traveled and is self-isolating

CODE N – Leave of absence

- The employee is making a personal choice to distance themselves out of an abundance of care

DO NOT put a note in Box 18, this will flat the ROE in the system and will delay processing.