

a message from our CEO



THURSDAY, APRIL 9, 2020 | LANGLEY, BC

RE: CANADIAN EMERGENCY WAGE SUBSIDY (CEWS)

Yesterday the Prime Minister announced changes to the proposed Canadian Emergency Wage Subsidy (CEWS) that will assist in making it easier for business to qualify. We know that this is not going to assist some businesses but it is another step in the right direction.

The proposed CEWS would apply at a rate of 75% of the first \$58,700 of an employee's wage. The program would be in place for a 12-week period, from March 15 to June 6, 2020. Employers of all sizes and across all sectors of the economy would be eligible with certain exceptions including public sector entities.

An eligible employer's entitlement to this wage subsidy will be based entirely on the salary or wages actually paid to employees. All employers would be expected to make best efforts to bring employees' wages to their pre-crisis levels.

At this time this program still needs to be passed by Parliament and could take up to 6 weeks to roll out.

The Government is also proposing that employers eligible for the CEWS be entitled to receive a 100 % refund for certain employer-paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan and the Quebec Parental Insurance Plan.

This refund would apply to the entire amount of employer-paid contributions in respect of remuneration paid to furloughed employees in a period where the employer is eligible for the CEWS.

In order to address the realities faced by the not-for-profit sector, high growth companies and new businesses, the Government has proposed the following additional flexibility:

- To measure their revenue loss, it is proposed that all employers have the flexibility to compare their revenue of March, April and May 2020 to the same months in 2019, or to an average of their revenue earned in January and February 2020.
- For March, the Government proposes to make the CEWS more accessible than originally announced by reducing the 30% benchmark to 15%. This will enable many more businesses to qualify.
- Recognizing that the time between when revenue is earned and when it is paid could be highly variable in certain sectors of the economy, it is proposed that employers be allowed to measure revenues either on the basis of accrual accounting (as they are earned) or cash accounting (as they are received). Special rules would also be provided to address issues for corporate groups, non-arm's length entities and joint ventures.
- Registered charities and non-profit organizations would also be able to benefit from the additional flexibilities being provided to employers with respect to the revenue loss calculation. In addition, to recognize that different types of organizations are experiencing

different types of funding pressures, it is proposed that charities and non-profit organizations be allowed to choose to include or exclude government funding in their revenue calculations for the purpose of applying the revenue reduction test.

We understand that this is not a fix for many companies and that commercial cease and rent payments are a huge issue for most businesses. Please know that we as a network are lobbying on your behalf to find a solution to the lease/rent issue. There are several examples available from various governments and we are hopeful that governments, at all levels, will listen to the growing voices on this issue.

For further info on various Covid-19 related issues please check our website at <https://www.langleychamber.com/covid-19-updates-resources> as we are constantly updating and adding current information and links as they are available.

Stay safe,

COLLEEN CLARK, CEO

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