

# Canada Emergency Wage Subsidy (CEWS)

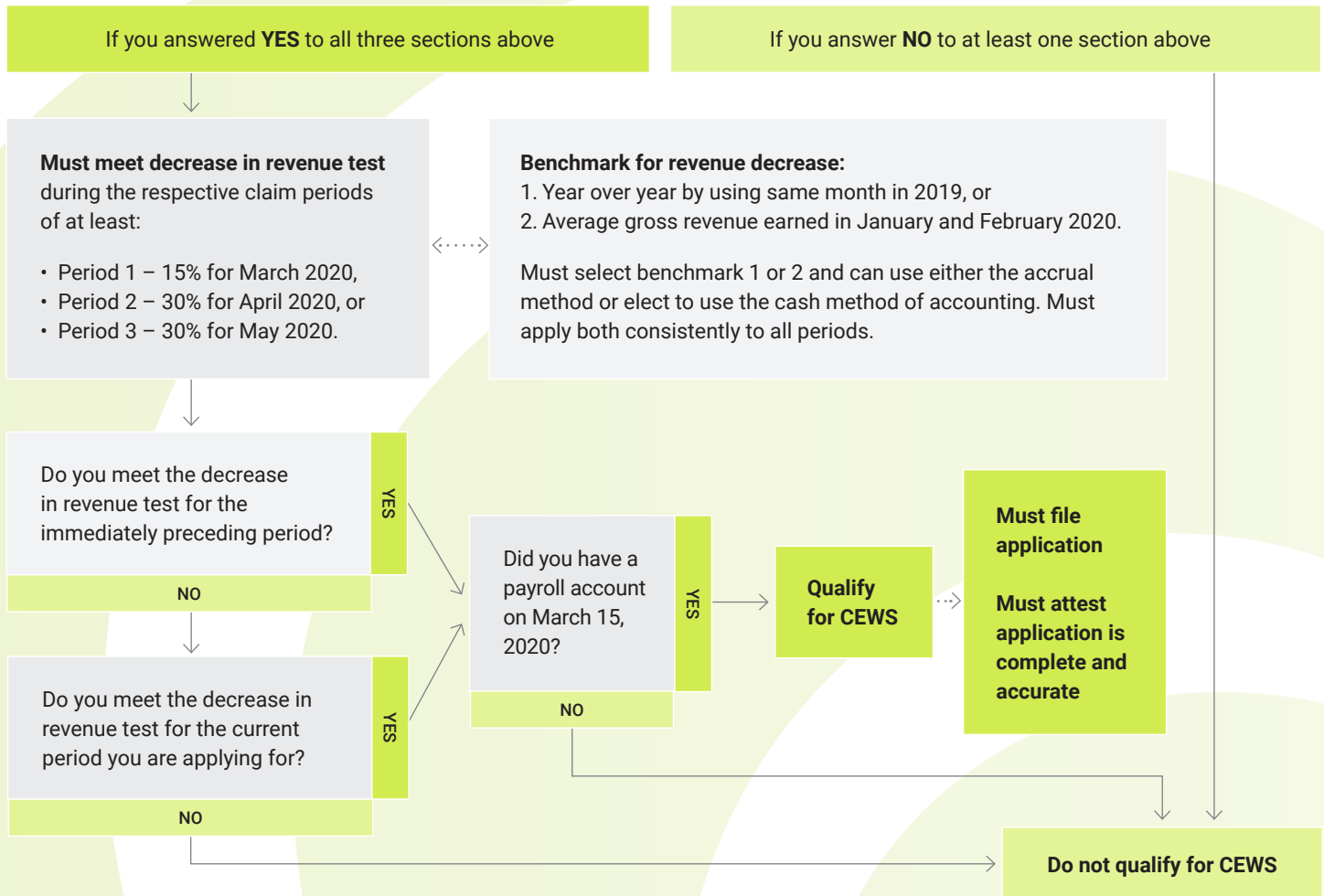
## General eligibility test



The Canada Emergency Wage Subsidy (CEWS) provides a 75% wage subsidy to employers who qualify for up to 12 weeks between March 15 to June 6, 2020 for the respective claim periods:

**Period 1** covers March 15 to April 11 | **Period 2** covers April 12 to May 9 | **Period 3** covers May 10 to June 6

<b>Eligible entity:</b> <ul style="list-style-type: none"> <li>Individuals (including trusts)</li> <li>Taxable corporations</li> <li>Partnerships consisting of eligible employers</li> <li>Specific tax-exempt entities (see following page)</li> </ul> Public bodies are not eligible for this subsidy.		<b>Eligible employee:</b> An individual employed in Canada by the eligible entity in the qualifying period, other than an individual who is without remuneration by the eligible entity in respect of 14 or more consecutive days in the qualifying period.		<b>Eligible remuneration:</b> Includes: <ul style="list-style-type: none"> <li>Salary</li> <li>Wages</li> <li>Other remuneration</li> </ul> Excludes: <ul style="list-style-type: none"> <li>Severance pay</li> <li>Stock option benefits</li> <li>Personal use of a corporate vehicle</li> </ul>	
YES	NO	YES	NO	YES	NO



To assist with navigating the complexities of this program, refer to our [Federal relief measures guide](#) or consult your Baker Tilly advisor.

# Canada Emergency Wage Subsidy (CEWS)

## More on the eligibility:

Eligible entities – tax exempt entities are agricultural organizations, board of trade, chamber of commerce, non-profit corporation for SR&ED, labour organizations, non-profit organizations and registered charities.

Public bodies are ineligible and include municipalities and local governments, crown corporations, public universities, colleges, schools and hospitals.

Eligible entities may be required to repay amounts paid under the CEWS if they do not meet eligibility requirements. Penalties, fines or even imprisonment may apply in cases of fraudulent claims.

## Revenue test:

An eligible entity's revenue would be considered revenue arising in the course of ordinary activities from arm's length sources in Canada calculated using either the accrual or cash method of accounting.

The cash method of accounting requires an election to be made and must be used consistently throughout all periods.

Tax-exempt entities will be allowed to choose whether or not to include revenue from government sources. Method chosen must be consistently applied for each period of a claim.

There are additional rules for calculating decrease in revenue related to consolidated statements, affiliated groups, joint ventures, and non-arm's length groups.

The preceding information is for educational purposes only and is subject to change without notice. As it is impossible to include all situations, circumstances and exceptions, a further review should be done by a qualified professional.

No individual or organization involved in either the preparation or distribution of this content accepts any contractual, tortious, or any other form of liability for its contents or for any consequences arising from its use.

## More on the benefit:

The subsidy is generally equal to 75 per cent of an eligible employee's eligible remuneration per week in each qualifying period to a maximum of \$847/week per employee. A special rule will apply to employees that do not deal at arm's length with the employer to restrict the amount of the subsidy to 75 per cent of the average weekly remuneration paid between January 1 and March 15, 2020. The CEWS benefit is reduced by any benefit received under either the business wage subsidy or the EI work-share program.

To help Canadian businesses and their advisors calculate CEWS (75%), Tax Templates Inc. has created a free worksheet: <https://www.taxtemplates.ca/wage-subsidy>

## More on the application process:

Application to the CEWS will begin on Monday, April 27, 2020. Apply using one of three methods:

1. Using [CRA's My Business Account](#)
2. Using the online application form (tbd)
3. [Represent a client](#), if you represent a business

As the subsidy is a direct payment from CRA and to speed up the receipts of funds, it is recommended to set up direct deposit.