

Canada Emergency Wage Subsidy

Finance Minister Bill Morneau announced details with respect to both an extension and expansion of the Canada Emergency Wage Subsidy (CEWS) program on July 17, 2020. The CEWS program was scheduled to end on August 29 and provided a 75% wage subsidy on eligible remuneration for qualifying businesses. The announcement on July 17 indicated the following extension and expansion of the program:

- Extends the CEWS to December 19.
- Expands the program to more employers as of July 5. As of this date, any employer with a revenue decline will be eligible for the CEWS, the amount of which will be calculated based on the decline in qualifying revenue. This eliminates the restriction that employers with less than a 30% decline in qualifying revenue do not qualify for the CEWS. This also means that for many employers the maximum wage subsidy that they will receive for periods 7-9 (September – November), will be less than what they were receiving in the first six qualifying periods.

The proposed changes will make the calculation of the wage subsidy more complex and more sensitive to the changes in revenue between the current and prior reference periods. The percentage drop in revenue between reference periods will directly determine the wage subsidy rate as the wage subsidy rate is no longer fixed. For a business with less than a 50% drop in revenue, the wage subsidy rate will directly vary with the percentage of the drop in revenue percentage. The wage subsidy rate has been divided into two pieces for businesses with a 50% or greater revenue decline. These businesses will have a flat base rate (60% in periods 5 and 6, 50% in period 7, 40% in period 8 and 20% in period 9). They will also have a top-up rate of up to 25%, depending on a rate decline using a three-month average period. The overall CEWS rate would be equal to the top-up CEWS rate plus the base CEWS rate.

For the Diocese of Montreal, this means that the wage subsidy rate for September will remain at 75% but will most likely decrease to 50% to 60% for October, 40% to 50% for November and 20% to 30% for December.

NB: It is unclear at this time if the Diocese of Montreal will be eligible for the CEWS in 2021 – therefore, parishes are asked to plan and prepare to cover 100% of their payroll expenses in 2021.