

Canada Emergency Wage Subsidy (CEWS) Factsheet

Last updated: March 18, 2021

The Canada Emergency Wage Subsidy (CEWS) was introduced by the federal government in April as a means of providing financial support to employers that had been significantly impacted by the COVID-19 crisis. When the program was originally announced, eligible employers received up to 75% of eligible employees' earnings, amounting to a maximum benefit of \$847 a week over the first four qualifying periods.

Starting in Period 5, the CEWS program rules were changed to so that the maximum benefit would decline gradually over time while allowing employers with any amount of revenue decline to apply for the subsidy. Moreover, employers hardest hit by the COVID-19 crisis and whose revenues have declined by more than 50% are now eligible to receive a top-up subsidy.

On October 14, the government announced that the maximum subsidy amount (base + top-up) would remain at Period 8 levels – i.e. 65% of eligible employees' earnings – until the end of Period 10 (i.e. December 19, 2020).

On January 6, 2021, new details were released for Periods 11 to 13, with the 25% top-up increasing to 35% for a maximum subsidy of 75% (40% base + 35% top-up) until March 13, 2021. It was recently announced that these rules will be extended for the remainder of the CEWS program, from Periods 14 to 16 (March 14 – June 5, 2021).

While **workers on paid leave** were previously treated the same as active employees, starting December 20, 2020, furloughed workers will only be able to receive up to a maximum subsidy of \$595 a week.

All employers are eligible to apply for the CEWS **except for public institutions**, i.e. municipal authorities, non-taxable corporations (not including Indigenous government-owned businesses), public schools, school boards, health authorities, and public universities and colleges.

This factsheet provides relevant information that Unifor local union representatives as well as national staff may find useful in determining whether employers are eligible for the CEWS and in advocating against unnecessary lay-offs and wage cuts.

Questions or comments about the CEWS program can be directed to the Research Department at research@unifor.org

Revised CEWS Rules: July 5, 2020 – June 5, 2021 (Periods 5 –16)

On July 27, Bill C-20 was passed which brought into force important changes to the CEWS program. Following a consultation with stakeholders, the federal government announced in July that it would be making significant modifications to the revenue threshold requirements and the structure of the CEWS benefit.

Under the old CEWS rules, applicants had to meet a 30% revenue decline threshold for Periods 2 to 4. This was a strict threshold, meaning that any applicant who cannot show a 30% revenue decline is automatically disqualified.

Under the new rules, the revenue threshold has been turned into a **sliding scale** so that **any amount of revenue decline** will now qualify an entity for the CEWS.

However, the maximum amount of the base subsidy was **reduced to 60%** of an employee's wages (instead of 75% under the older rules) and the level of revenue decline required to receive this maximum subsidy **increased to 50%** (from 30%).

This maximum subsidy amount also declined incrementally, from 60% in Periods 5 and 6, to 50% in Period 7, and 40% in Period 8. While it was originally set to decline further (to 20% in Period 9), the government recently announced that the base subsidy amount would remain at the Period 8 level until the expiry of the CEWS program, once Period 16 has come to an end on June 5, 2021.

The new CEWS maximum subsidy is structured as follows (note that the maximum weekly benefit now applies to a revenue decline of 50% – not 30% – and over):

TIMING	PERIOD 5*: JULY 5-AUGUST 1, 2020	PERIOD 6*: AUGUST 2 – AUGUST 29, 2020	PERIOD 7: AUGUST 30 – SEPTEMBER 26, 2020	PERIODS 8 – 16: SEPTEMBER 27, 2020 – JUNE 5, 2021
Maximum weekly benefit per employee	Up to \$677	Up to \$677	Up to \$565	Up to \$452
Revenue drop:				
50% and over	60%	60%	50%	40%
0% to 49%	1.2 x revenue drop (e.g., 1.2 x 20% revenue drop = 24% base CEWS rate)	1.2 x revenue drop (e.g., 1.2 x 20% revenue drop = 24% base CEWS rate)	1.0 x revenue drop (e.g., 1.0 x 20% revenue drop = 20% base CEWS rate)	0.8 x revenue drop (e.g., 0.8 x 20% revenue drop = 16% base CEWS rate)

* In Periods 5 and 6, employers who would have been better off in the CEWS design in Periods 1 to 4 would be eligible for a 75% wage subsidy if they have a revenue decline of 30% or more.

Under the new rules, organizations that experience a revenue decline of more than 50% will be eligible for a top-up. From Periods 5 to 10, the maximum top-up was set at 25%, but this maximum was increased to 35% for Periods 11 to 16.

The top-up is structured as follows, as of Period 11:

REVENUE DROP	TOP-UP CEWS RATE	TOP-UP CALCULATION = 1.75 X (REVENUE DROP -50%)
70% AND OVER	35%	1.75 x (70%-50%) = 35%
65%	26.25	1.75 x (65%-50%) = 26.25%
60%	17.5	1.75 x (60%-50%) = 17.5%
55%	8.75	1.75 x (55%-50%) = 8.75%
50% AND UNDER	0%	1.75 x (50%-50%) = 0.0%

Under the new rules, the maximum subsidy amounts for Periods 5 to 13 are the following:

TIMING	PERIOD 5 – 6*: JULY 5 – AUGUST 29, 2020	PERIOD 7: AUGUST 30 – SEPTEMBER 26, 2020	PERIOD 8 – 10: SEPTEMBER 27 – DECEMBER 19, 2020	PERIOD 11 – 16: DECEMBER 20, 2020 – JUNE 5, 2021
MAXIMUM WEEKLY BENEFIT PER EMPLOYEE	Up to \$960 (60% base + 25% top-up)	Up to \$847 (50% base + 25% top-up)	Up to \$734 (40% base + 25% top-up)	Up to \$847 (40% base + 35% top-up)

**Safe harbour periods*

It is important to note that the top-up and new rules are **not retroactively applied**. This means that any organization that has experienced a revenue decline greater than 70% during Periods 1 through 4 will not be able to retroactively claim the top-up.

Other Considerations

Employees **do not need to be actively working** in order to be eligible for the benefit. As long as they are employed and on payroll, they will be eligible for the CEWS. However, the maximum benefit they are eligible to receive will change under the new rules.

Furloughed employees who are on paid leave received the 75% maximum subsidy (or up to \$847/week) from Periods 5 until 8. Starting in Period 9 (October 25), however, the CEWS benefit was adjusted to align with what the employee would otherwise receive through the revamped Employment Insurance (EI) benefit (\$500–\$573 a week). On January 6, 2021, it was announced that the maximum subsidy for furloughed workers will increase to \$595 a week for Periods 11 to 16.

Employees who were in receipt of the **Canada Emergency Response Benefit (CERB)** and were subsequently rehired (whether retroactively or on a go-forward basis) will have to pay some or all of their CERB benefits back. This applies in situations where the employer's CEWS claim period overlaps with an employee's CERB benefit period, retroactive to March 15. The Canada Revenue Agency has stated that it will be using employers' payroll records to determine whether overpayment has occurred and contact CERB claimants if any amounts are owing.

If CEWS-eligible employees are not actively working – i.e. they are on **paid leave** – the employer's contributions to Employment Insurance (EI), Canada Pension Plan (CPP), Quebec Pension Plan (QPP) and Quebec Parental Insurance Plan (QPIP) will continue to be refunded.

Interaction with Other Benefits

EI benefits received under the Work-Sharing program and benefits received under the 10% Temporary Wage Subsidy for small businesses will reduce the benefit that employers are entitled to receive under the CEWS for a particular qualifying period.

Application Process

Employers can apply for the CEWS through the CRA's My Business Account (<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>) Applications for each claim period can only be submitted once the claim period is over.

The government has developed an online CEWS calculator (<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-calculate-subsidy-amount.html>) that allows employers to determine the amount of subsidy they will receive for each claim period. This calculation must be included with their CEWS application.

Employers will also need to sign an attestation (<https://www.canada.ca/content/dam/cra-arc/serv-info/tax/business/topics/cews/rc661-fill-20e.pdf>) form that confirms their eligibility for the CEWS, including the fact that their qualifying revenue has declined by the required amount(s). The form also requires the employer to maintain records demonstrating revenue reduction, employee remuneration and any other information required to verify the amount of the CEWS claim are kept. These must be made available to the CRA upon request.

Employers will need to make sure that their business details and direct deposit information for their payroll accounts are up to date in My Business Account (<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>). Those expecting to receive payments of \$25 million or more will need to register for the large value transfer system (LVTS) (<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-payments/managing-your-corporation-account/making-adjustments-account-balances/refunds-over-25-million.html>).

Frequently Asked Questions (FAQ)

Q: Does the employer have to top wages up to 100%?

A: While employers are not legally required to top up wages as part of the CEWS, they must continue to abide by collective agreement clauses, including wage provisions. Unless workers enter into an agreement to temporarily reduce their wages, employers must pay full wages as stipulated by the collective agreement and/or employment contract.

Q: Can the employer force employees to take vacation while on paid leave?

A: This depends on the collective agreement. If the CA requires vacation time to be mutually agreed upon, the employer must negotiate with the employee to take vacation time while they are on paid leave. However, if the collective agreement is silent on vacation scheduling or it allows the employer to determine vacation scheduling according to operational requirements, the employer may be able to force vacation time. In most jurisdictions, this would require two weeks' notice.

Q: If an employer is receiving the CEWS, are they allowed to stop paying pension contributions, health insurance premiums, or other benefit obligations defined in the collective agreement?

A: No. The CEWS does not permit the employer to suspend any part of the collective agreement, including benefit and pensions provisions. However, there may be circumstances where union members are willing to suspend such benefits temporarily. Such agreements must be negotiated between the local and the employer.