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## A CORONAVIRUS *Survival Guide* FOR MANITOBA BUSINESS

### CANADA EMERGENCY WAGE SUBSIDY (CEWS) BUDGET 2021 PROGRAM CHANGES

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# CANADA EMERGENCY WAGE SUBSIDY

## BUDGET 2021 PROGRAM CHANGES



On April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, delivered the 2021 Federal Budget: *A Recovery Plan for Jobs, Growth, and Resilience* – the first Federal Budget since 2019.

The program spending measures announced focus on transitioning from emergency response to recovery. The Government announced it will invest more than \$101 billion in net new spending over the next three years, including \$30 billion over the next five years to build a national child-care system.

Budget 2021 proposed to extend the Canada Emergency Wage Subsidy (CEWS) program and contains several other changes and received Royal Assent on June 29, 2021.

NOTE: The Budget also proposes to provide the Government with the legislative authority to add additional qualifying periods until November 20, 2021, should the economic and public health situation warrant it.

### CEWS PROGRAM CHANGES INCLUDE:

- **Extension of program to 25 September 2021 (Period 20)** with the possibility of extending to 20 November 2021 by regulation
- Beginning with Period 18, only employers with a revenue decline in excess of 10% will be eligible for the CEWS
- Gradual phase-out of the subsidy. The maximum combined wage subsidy and top-up subsidy for active employees is currently set at 75% through the qualifying period ending on June 5, 2021 (Period 16.)

The maximum subsidy rate of 75% will be extended to period 17 (June 6 to July 3, 2021) and then gradually decrease to:

- 60% for Period 18 (July 4 to July 31, 2021)
- 40% for Period 19 (August 1 to August 28, 2021)
- 20% for Period 20 (August 29, 2021 to September 25, 2021)

PERIOD 17 June 6 - July 3	PERIOD 18 July 4 - July 31	PERIOD 19 Aug 1 - Aug 28	PERIOD 20 Aug 29 - Sept 25
MAXIMUM WEEKLY BENEFIT PER EMPLOYEE			
\$847	\$677	\$452	\$226
REVENUE DECLINE 70% AND OVER			
75%	60%	40%	20%
(i.e., Base: 40% + Top-up: 35%)	(i.e., Base: 35% + Top-up: 25%)	(i.e., Base: 25% + Top-up: 15%)	(i.e., Base: 10% + Top-up: 10%)
REVENUE DECLINE 50 - 69%			
Base: 40% + Top-up: (revenue decline - 50%) x 1.75	Base: 35% + Top-up: (revenue decline - 50%) x 1.25	Base: 25% + Top-up: (revenue decline - 50%) x 0.75	Base: 10% + Top-up: (revenue decline - 50%) x 0.5
REVENUE DECLINE 10 - 49%			
Base: revenue decline x 0.8	Base: (revenue decline - 10%) x 0.875 = subsidy rate	Base: (revenue decline - 10%) x 0.625 = subsidy rate	Base: (revenue decline - 10%) x 0.25 = subsidy rate
REVENUE DECLINE 0% - 10%			
Base: revenue decline x 0.8	0%	0%	0%



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## BUDGET 2021 PROGRAM CHANGES



NOTE: The maximum weekly benefit per employee is equal to the maximum combined base subsidy and top-up wage subsidy for the qualifying period applied to the amount of eligible remuneration paid to the employee for the qualifying period, on remuneration of up to \$1,129 per week.

The following table illustrates the General Approach and Alternative Approach to use for calculating the revenue drop for your business for the proposed changes to CEWS for Period 17—20:

REVENUE DROP CALCULATIONS		
PERIODS 17 -20		
Revenue Reduction for Top-up %	GENERAL APPROACH CURRENT MONTH 2021 OVER CURRENT MONTH 2019 or PREVIOUS MONTH 2020 OVER PREVIOUS MONTH 2019	ALTERNATIVE APPROACH CURRENT MONTH OR PREVIOUS MONTH or AVG OF JAN AND FEB 2020*
* Avg of Jan & Feb 2020 can reflect operational days by equating to = $0.5 (\text{Jan \& Feb 2020 Revenues}) \times 60 \text{ days} / \# \text{ of days operational in Jan \& Feb 2020}$		

**General Approach:** Compare your eligible business revenue for the claim period month in 2020 or 2021 you are applying for with your eligible business revenue for the same month in 2019; or

**Alternative Approach:** Compare your eligible business revenue for the claim period month in 2020 or 2021 you are applying for with your average eligible business revenue for the months of January and February 2020.

**IMPORTANT:** You have an option to apply for CEWS **OR** the Canada Recovery Hiring Program (CRHP.)

A business can only claim either CEWS or CRHP for a particular period, but not both for the qualifying period beginning June 6, 2021.

Not sure which program works best for you? Please [click here](#) to use the online calculator or downloadable spreadsheet to calculate which subsidy CEWS or CRHP is more beneficial to your business.

**NOTE:** The eligibility criteria, eligible employee criteria and eligible remuneration for the CEWS program remains the same as outlined for Periods 1—16. To view the complete CEWS program reference guide please [click here](#).

### CRITICAL ADDITIONAL CEWS PROGRAM INFORMATION:

For a list of **Frequently Asked Questions** on the CEWS please [click here](#).

NOTE: The **Canada Emergency Wage Subsidy** received by an employer is **considered government assistance** and is included in the employer's **taxable income**. It is, however, specifically excluded from the definition of revenue for the purpose of the revenue reduction calculation.

The information on this reference guide and on the Manitoba Business Matters website is based on rapidly-developing relief programs and legislative changes and is produced by Manitoba Business Matters as an information service to Manitoba businesses.

It is not intended to substitute professional advice.

These summaries will be updated as support programs and legislation continues to evolve.

For the most comprehensive and current information, please review the Government of Canada's COVID-19 Economic Response Plan [click here](#).



### STAY INFORMED!

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