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CANADA RECOVERY HIRING PROGRAM (CRHP) REFERENCE GUIDE

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The new Canada Recovery Hiring Program (CRHP) was proposed in Budget 2021 to encourage employers to hire new employees or bring back laid-off workers by providing businesses with a subsidy of up to 50 per cent of the incremental increase in eligible remuneration paid in a qualifying period.

To maintain consistency with the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS) programs, the six CRHP periods are identified as Periods 17 through 22. (June 6, 2021 through November 20, 2021 & the application deadline is 180 days after the end of the claim period.)

Unlike the CEWS program, which intends to subsidize an employer's existing payroll costs during the dire months of the pandemic, the intention of the CRHP is to encourage employers to increase the hours of existing employees, bring back laid-off or furloughed employees, and hire new employees during the economic recovery phase. A business may only apply for either the CEWS or the CRHP for a particular period, so proper planning and analysis may need to be undertaken to ensure that the entity is applying for the program that provides the most benefit in each period.

HOW THE PROGRAM IS ADMINISTERED:

CRHP is administered by the Canada Revenue Agency (CRA) on a period-by-period basis, with each period spanning 4 weeks, aligning with the CEWS Claim Periods:

CRHP CLAIM PERIODS					
Period 17	Period 18	Period 19	Period 20	Period 21	Period 22
June 6 - July 3	July 4 - July 31	Aug 1 - Aug 28	Aug 29 - Sept 25	Sept 26 - Oct 23	Oct 24 - Nov 20

CRHP ELIGIBILITY CRITERIA:

Employers eligible for the Canada Emergency Wage Subsidy* would generally be eligible for the Canada Recovery Hiring Program subsidy. However, a for-profit corporation would be eligible for the hiring subsidy only if it is a Canadian-controlled private corporation (including a cooperative corporation that is eligible for the small business deduction). Other eligible employers would include individuals, non-profit organizations, registered charities, and certain partnerships.

Corporations and trusts that are ineligible for the Canada Emergency Wage Subsidy because they are public institutions would not be eligible for the hiring subsidy. Public institutions generally include municipalities and local governments, Crown corporations, wholly owned municipal corporations, public universities, colleges, schools and hospitals.

Eligible employers (or their payroll service provider) would be required to have had a payroll account open with the Canada Revenue Agency on March 15, 2020.

Nearly all businesses are eligible for the wage subsidy. To be eligible, your business must:

- Have a CRA Business Number issued before March 15, 2020 or a third-party payroll provider who submits your payroll to CRA;
- You have purchased all (or almost all) of another person's or partnership's business assets
- Have employees on payroll who receive a T4 slip (includes new hires); and
- Meet the revenue loss requirement for each claim period

*A detailed breakdown of eligible entities for the CRHP has not yet been produced by Canada Revenue Agency however for a finite breakdown of the types businesses eligible for the CEWS program, please [click here](#).

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HOW TO CALCULATE A REVENUE DROP DURING A CRHP CLAIM PERIOD:

To be eligible for the CRHP an employer would have to demonstrate a decline in revenues sufficient to qualify for the Canada Emergency Wage Subsidy during a qualifying period. If an employer is applying during a period when the Canada Emergency Wage Subsidy is no longer in effect, they would have to demonstrate a revenue decline of more than 10 per cent. As such, an eligible employer's decline in revenues would have to be:

- More than 0 per cent, for the qualifying period between June 6, 2021 and July 3, 2021.
- More than 10 per cent, for qualifying periods between July 4, 2021 and November 20, 2021.

An employer's decline in revenues would be determined in the same manner as under the Canada Emergency Wage Subsidy. This method compares the employer's revenues in a current calendar month with its revenues in the same calendar month, pre-pandemic. An employer can also elect to use an alternative approach, which compares the employer's monthly revenues relative to the average of its January 2020 and February 2020 revenues. An employer's decline in revenues for any particular qualifying period is the greater of its decline in revenues for the particular qualifying period and the immediately preceding qualifying period.

Employers that had chosen to use the general approach for prior periods of the Canada Emergency Wage Subsidy would be required to continue to use that approach for the Hiring Program. Similarly, employers that had chosen to use the alternative approach would be required to continue to use the alternative approach.

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.

REVENUE DROP CALCULATIONS	
PERIODS 17 - 22	
GENERAL APPROACH CURRENT MONTH 2021 OVER CURRENT MONTH 2019 or PREVIOUS MONTH 2021 OVER PREVIOUS MONTH 2019	ALTERNATIVE APPROACH CURRENT MONTH OR PREVIOUS MONTH over <hr/> AVG OF JAN AND FEB 2020*
*Period 17 of the Canada Emergency Wage Subsidy would be the first period of the Canada Recovery Hiring Program. Period identifiers have been aligned for ease of reference.	

CRHP EMPLOYEE ELIGIBILITY CRITERIA:

Similar to the CEWS, only "eligible remuneration" as defined in subsection 125.7(1) is eligible for the CRHP. Eligible remuneration of an eligible employee of an eligible entity is defined to mean amounts described in paragraph 153(1)(a) (i.e., salary, wages or other remuneration) or paragraph 153(1)(g) (i.e., fees, commissions or other amounts for services), other than:

- a retiring allowance;
- stock option benefits under (or because of) any of paragraphs 7(1)(a) to (d.1);
- any amount that can reasonably be expected to be paid or returned, directly or indirectly, in any manner whatever, to the employer, a person or partnership not dealing at arm's length with the employer for purposes of the ITA, or any other person or partnership at the direction of the employer; and

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- any amount that is paid in respect of a week, if, as part of an arrangement involving the eligible employee and the employer: (i) the amount is in excess of the eligible employee's baseline remuneration, (ii) after the qualifying period, the eligible employee is reasonably expected to be paid a lower weekly amount than the baseline remuneration, and (iii) one of the main purposes of the arrangement is to increase the amount of the CEWS in respect of the eligible employee.

CRHP ELIGIBLE EMPLOYEE REMUNERATION:

The types of remuneration eligible for the Canada Emergency Wage Subsidy would also be eligible for the hiring subsidy. Eligible remuneration generally includes salary, wages, and other remuneration for which employers are required to withhold or deduct amounts on account of the employee's income tax obligations. However, it does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle. The amount of remuneration for employees would be based solely on remuneration paid in respect of the qualifying period.

Incremental remuneration for a qualifying period means the difference between an employer's total eligible remuneration paid to eligible employees for the qualifying period and its total eligible remuneration paid to eligible employees for the baseline period. In both the qualifying period and the baseline period, eligible remuneration for each eligible employee would be subject to a maximum of \$1,129 per week.

As is currently the case for the Canada Emergency Wage Subsidy, the eligible remuneration for a non-arm's length employee for a week could not exceed their baseline remuneration determined for that week. More information on baseline remuneration is available in the supplementary information on Emergency Business Supports.

The baseline period for all CRHP qualifying periods is March 14 to April 10, 2021.

If an eligible employer meets the revenue-decline threshold for a qualifying period, its subsidy amount would be equal to its eligible incremental remuneration multiplied by the Hiring subsidy rate (e.g. 50%, 40%, 30% or 20%) for the qualifying period.

The rates for each period are shown below:

	PERIOD 17* June 6 - July 3	PERIOD 18 July 4 - July 31	PERIOD 19 Aug 1 - Aug 28	PERIOD 20 Aug 29 - Sept 25	PERIOD 21 Sept 26 - Oct 23	PERIOD 22 Oct 24 - Nov 20
Hiring Subsidy Rate	50%	50%	50%	40%	30%	20%
*Period 17 of the Canada Emergency Wage Subsidy would be the first period of the Canada Recovery Hiring Program. Period identifiers have been aligned for ease of reference.						

CALCULATING YOUR CANADA RECOVERY HIRING PROGRAM SUBSIDY:

The amount of CRHP subsidy available to a qualifying recovery entity in respect of a qualifying period is computed as:

$$A \times (B - C)$$

where

A is the "recovery wage subsidy rate" for the qualifying period;

B is the qualifying recovery entity's "total current period remuneration" for the qualifying period, and

C is the qualifying recovery entity's "total base period remuneration".

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CALCULATING YOUR CANADA RECOVERY HIRING PROGRAM SUBSIDY CON'T:

The amount of CRHP subsidy available to a qualifying recovery entity in respect of a qualifying period depends upon its incremental remuneration in the qualifying period, which is the difference between the eligible entity's "total current period remuneration" paid to eligible employees for the qualifying period and the "total base period remuneration".

The "total current period remuneration" of an eligible entity in respect of a qualifying period is the total of all amounts, each of which is for an eligible employee in respect of a week in the qualifying period, equal to the least of:

- \$1,129;
- the eligible remuneration paid to the eligible employee in respect of the week;
- the baseline remuneration of the eligible employee in respect of the week where the employee does not deal at arm's length with the eligible entity in the qualifying period; and
- nil where the employee is on leave with pay in the week.

PRACTICAL CONSIDERATIONS:

Your business is only eligible for the subsidy if it has a revenue drop greater than 10 percent starting in the qualifying period beginning July 4, 2021. This coincides with a qualification change to the CEWS program which currently applies with any decline in revenue.

You will need to compare whether the CEWS or new CRHP will be more beneficial for your business, as eligible employers can only claim one for a particular period, starting for the qualifying period beginning June 6, 2021. For example, it may be more beneficial to claim the CRHP if you have a small revenue drop and sufficient incremental remuneration.

There is incentive for employers to begin hiring as soon as possible to maximize the benefit of the program, since the subsidy rate decreases over time. Conversely, the benefit of this hiring program reduces over time since the subsidy rate decreases over time.

Consideration should be given to cash management if your business is once again required to temporarily close or scale back due to COVID-19, given the gradually decreasing hiring subsidy rate applicable for the CRHP.

HOW TO APPLY:

Businesses can apply through [CRA's My Business Account](#) or [Represent a Client](#). If neither is an option for you, use the [Web Forms application](#) using your web access code (WAC).

Not sure if the Canada Recovery Hiring Program is right 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.

CRITICAL ADDITIONAL CRHP PROGRAM INFORMATION:

NOTE: The [Canada Recovery Hiring Program](#) 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](#).