

CALCULATING THE CANADA EMERGENCY WAGE SUBSIDY (CEWS) FOR ELIGIBLE EMPLOYEES

Based on Bill C-20 Release July 27, 2020
<https://parl.ca/DocumentViewer/en/43-1/bill/C-20/royal-assent>

HOW TO DETERMINE IF YOUR EMPLOYEES ARE ELIGIBLE

- 1 Your employees are eligible, if:
 - they are employed in Canada and
 - they were not without pay for 14 consecutive days or more within a CEWS period (only applicable in periods 1-4).
- 2 If they meet both of the above requirements, determine:
 - whether they are at arm's length and
 - whether they are on a paid leave of absence.
- 3 Use the matrix on the right to find out how to calculate the specific CEWS amount per employee.

	OLD CEWS		SAFE HARBOUR	NEW CEWS	
	PERIOD 1	PERIODS 2-4	PERIODS 5-6	PERIODS 7-10	
Revenue reduction requirement	15%	30%	Any amount of revenue reduction in the current or prior claim period OR any amount of Top-up % for the current period	Any amount of revenue reduction in the current or prior claim period OR any amount of Top-up % for the current period	
Not on leave	BR>0 Greater of: • 75% of ER up to \$847/week • 75% of BR, but no more than ER, up to \$847/week	BR=0 75% of ER, up to \$847/week	Calculate like periods 7-10 Exception (Safe Harbour Rule): If revenue reduction ≥ 30% AND Base % + Top-up % ≤ 75% for the current period, calculate like periods 2-4	ER, up to \$1129/week x Base % + Top-up %	
Arm's length (third-party)					
On paid leave	Same as "Not on leave" (see above) + Employer portion of source deductions		Calculate like periods 2-4	PERIODS 7-8 BR>0 100% of ER, up to TBD + Employer portion of source deductions BR=0 Not eligible	PERIODS 9-10 Not eligible, employee should apply for EI"
Not on leave	75% of BR but no more than ER up to \$847/week		Calculate like periods 7-10 Exception (Safe Harbour Rule): If revenue reduction ≥ 30% AND Base % + Top-up % ≤ 75% for the current period, calculate like periods 2-4	BR>0 Least of: • ER • BR • \$1129 x Base % + Top-up % BR=0 Not eligible	
Non-arm's length (family)					
On paid leave	75% of BR, but no more than ER up to \$847/week + Employer portion of source deductions		Calculate like periods 2-4	PERIODS 7-8 BR>0 100% of ER, up to TBD + Employer portion of source deductions BR=0 Not eligible	PERIODS 9-10 Not eligible, employee should apply for EI"

ER	Eligible Remuneration: money earned by employees in a claim period. These can be salaries, wages, and other pay like certain fees or taxable benefits. Retirement allowances and severance pay are excluded.
BR	Baseline Remuneration: average weekly money paid in a selected period prior to COVID-19 (also known as Baseline Remuneration periods). This excludes days where an employee was not paid for seven consecutive days or more. <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid red; padding: 5px; text-align: center;"> BASELINE REMUNERATION PERIODS </div> <div style="background-color: #c00000; color: white; padding: 5px; text-align: center;"> PERIODS 1-3 <ul style="list-style-type: none"> Jan1- Mar 15, 2020, or Mar 1- May 31, 2019 </div> <div style="background-color: #c00000; color: white; padding: 5px; text-align: center;"> PERIOD 4 <ul style="list-style-type: none"> Jan1 - Mar 15, 2020, Mar 1 - May 31, 2019, or Mar 1 - Jun 30, 2019 </div> <div style="background-color: #c00000; color: white; padding: 5px; text-align: center;"> PERIODS 5-10 <ul style="list-style-type: none"> Jan1- Mar 15, 2020, or Jul 1- Dec 31, 2019 </div> </div>
Base %	Base Percentage Base revenue drop is based on a one month revenue comparison of the current month or the prior month (in 2020) with either the same month in 2019 (General approach) or the average of January and February 2020 (Alternative approach).
Top-up %	Top-up Percentage Top-up revenue drop is based on the average of the prior 3-month revenues (in 2020) compared with either the average of the same 3 months in 2019 (General approach) or the average of January and February 2020 (Alternative approach).
Source deductions	EI, CPP, QPP, and QPIP.
TBD	To be determined by the regulations.

CEWS periods		Claim period	Revenue Month to compare to Prior reference period	Required revenue drop	Base multiplier	Top-up multiplier	CEWS %	Max CEWS %
Period 1	Mar 15 - Apr 11	Mar 2020	Mar 2019*	15%	N/A		75%	75%
Period 2	Apr 12 - May 9	Apr 2020	Apr 2019*	30%				
Period 3	May 10 - Jun 6	May 2020	May 2019*					
Period 4	Jun 7 - Jul 4	Jun 2020	Jun 2019*					
Period 5	Jul 5 - Aug 1	Jul 2020	Jul 2019**	Any	1.2	1.25	75% if revenue drop was 30% or higher If not New CEWS %	85%
Period 6	Aug 2 - Aug 29	Aug 2020	Aug 2019**					
Period 7	Aug 30 - Sep 26	Sep 2020	Sep 2019**		1.0	New CEWS %	65%	
Period 8	Sep 27 - Oct 24	Oct 2020	Oct 2019**					
Period 9	Oct 25 - Nov 21	Nov 2020	Nov 2019**		0.8			
Period 10	Nov 22 - Dec 19	Dev 2020	Dec 2019**					

* Can use Alternative Approach which uses the average of Jan & Feb 2020 if used consistently for periods 1-4

** Can use Alternative Approach which uses the average of Jan & Feb 2020 if used consistently for periods 5 & onwards.

$$\text{Baseline Remuneration} = \left(\frac{\text{Total remuneration paid within selected baseline period}}{\text{Total \# of days in the selected baseline period} - \text{Total \# of days that the employee was without pay for 7+ consecutive days}} \right) \times 7$$

Revenue reduction for the old CEWS

GENERAL APPROACH

$$\frac{\text{Claim month}}{\text{Same month from 2019}}$$

ALTERNATIVE APPROACH

$$\frac{\text{Claim month}}{\text{Avg of Jan and Feb 2020*}}$$

REVENUE REDUCTION FOR THE NEW CEWS

PERIODS 8 (Top-up Calculation)

Revenue reduction for Base %

GENERAL APPROACH

$$\frac{\text{Claim month or Prior month}}{\text{Same month 2019}}$$

ALTERNATIVE APPROACH

$$\frac{\text{Claim month or Prior month}}{\text{Avg of Jan and Feb 2020*}}$$

PERIODS 5-10

Revenue reduction for Top-up %

$$\frac{\text{Avg of 3 prior months to the current period 2020}}{\text{Avg of the same 3 months in 2019}}$$

$$\frac{\text{Avg of 3 prior months to the current period 2020}}{\text{Avg of Jan and Feb 2020*}}$$

*Average of Jan and Feb 2020 can reflect operational days by equating to = $0.5 (\text{Jan \& Feb 2020 Revenues}) \times \left(\frac{60}{\text{\# days operational in Jan \& Feb 2020}} \right)$

CEWS = (CEWS %) x (sum of Eligible Remuneration)

Base % = (Base multiplier) x (Base revenue drop)

New CEWS %= (Base % + Top-up%) x (sum of Eligible Remuneration)

Top-up % = (Top-up multiplier) x (Top-up revenue drop - 50%)