

MEMORANDUM

To: Mayor & Members of City Council
Chambers of Commerce
Media
Date: April 3, 2020
Subject: COVID-19 – Update

SUMMARY

In the past week we have updated Canadians on the specific measures for the Canada Emergency Response Benefit and the Canada Emergency Wage Subsidy. We have also invested \$2 billion into purchasing personal protective equipment. We have invested money into food security for vulnerable Canadians and we are rolling out the GST supplement in April instead of May. As well, we have made critical investments in supports for vulnerable Canadians.

UPDATES

Personal Protective Equipment (PPE's):

We are investing \$2 billion into purchasing PPE's including things like: masks, face shields, gowns, ventilators, test kits and swabs, and hand sanitizer.

Supports for Vulnerable Canadians:

We are providing an additional \$157.5 million to address the needs of Canadians experiencing homelessness. As well, we will provide up to an additional \$50 million for women's shelters and sexual assault centres.

We are investing \$7.5 million into Kids Help Phone, to provide young Canadians with the mental health support services that they need during this difficult time.

For Seniors, we are contributing \$9 million through United Way Canada for local organizations to support practical services for Canadian seniors. These services could be the delivery of groceries, medications or other needed items, or personal outreach to assess individuals' needs and connect them to community supports.

GST Supplement:

The GST supplement was originally going to be rolled out in May, but will now be sent to Canadians in April, as we recognize that money is needed now.



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HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Canada Emergency Response Benefit (CERB):

Eligibility

The CERB will be available to workers:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of COVID-19;
- Who has income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; and
- Who are expected to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period? For subsequent benefit periods, they expect to have no employment income.

The income of \$5,000 may be from any, or a combination, of the following sources: employment; self-employment; maternity or parental benefits under the Employment Insurance program and/or similar benefits paid in Quebec under the Quebec Parental Insurance Plan.

The benefit is only available to individuals who stopped working as a result of COVID-19. If you have not stopped working because of COVID-19, you are not eligible.

Application Process

- Applications for the CERB will open on April 6, 2020 at Canada.ca/coronavirus.
- Canadians can apply on a day of the week based on their birthday:
 - Those born in the months of January - March will apply on Mondays starting on the 6th of April.
 - Those born in the months of April - June will apply on Tuesdays starting on the 7th of April
 - Those born in the months of July - September will apply on Wednesdays starting on the 8th of April
 - Those born in the months of October - December will apply on Thursdays starting on the 9th of April.
- Anyone can apply Friday – Sunday.

Applicants will be asked simple questions that help direct them to one of two service options:

- Canadians who would generally be eligible for EI benefits will be directed to apply for the CERB through Service Canada through Appliweb; or
- Canadians who would generally not be eligible for EI benefits will be directed to apply for the CERB through the CRA's MyAccount or CRA's automated toll-free line at 1-800-959-2019.

Canadians calling the toll-free line at 1-800-959-2019 will be connected to the CRA's automated telephone system. This is a dedicated line for CERB applications.

Applicants will need to affirm that they meet the eligibility criteria and information that individuals provide during the application process may be verified at a later time.

The benefit is available from March 15, 2020, to October 3, 2020. You can apply no later than December 2, 2020.

Applying online

Canadians can get ready to apply for the CERB by signing up to My Account or My Service Canada Account. They should also make sure their direct deposit and mailing information is up to date with the CRA.

Amount

The CERB will be paid in blocks of four weeks in the amount of \$2,000, which is equivalent to \$500 per week. If an individual's situation continues, they can re-apply for a payment for multiple 4-week periods, to a maximum of 16 weeks (4 periods).

Processing time

Once the application process opens as of April 6, 2020, Canadians can expect to receive payments within three to five business days through direct deposit or within 10 business days by cheque.

Canada Emergency Wage Subsidy:

What It Means for Canadian Businesses

To help businesses keep and return workers to their payroll through the challenges posed by the COVID-19 pandemic, the Prime Minister, Justin Trudeau, proposed the new Canada Emergency Wage Subsidy. This would provide a 75 per cent wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020.

This wage subsidy aims to prevent further job losses, encourage employers to re-hire workers previously laid off as a result of COVID-19, and help better position Canadian companies and other employers to more easily resume normal operations following the crisis. While the Government has designed the proposed wage subsidy to provide generous and timely financial support to employers, it was done with the expectation that employers will do their part by using the subsidy in a manner that supports the health and well-being of their employees.

Eligible Employers

Eligible employers would include individuals, taxable corporations, and partnerships consisting of eligible employers as well as non-profit organizations and registered charities.

Public bodies would not be eligible for this subsidy. Public bodies include municipalities and local governments, Crown corporations, public universities, colleges, schools and hospitals.

This subsidy would be available to eligible employers that see a drop of at least 30 per cent of their revenue (see Eligible Periods). In applying for the subsidy, employers would be required to attest to the decline in revenue.

Calculating Revenues

An employer's revenue for this purpose would be its revenue from its business carried on in Canada earned from arm's-length sources. Revenue would be calculated using the employer's normal accounting method and would exclude revenues from extraordinary items and amounts on account of capital.

For non-profits and charities, the government will continue to work with the sector to ensure the definition of revenue is appropriate to their specific circumstances.

Amount of Subsidy

The subsidy amount for a given employee on eligible remuneration paid between March 15 and June 6, 2020 would be the greater of:

- 75 per cent of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
- the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75 per cent of the employee's pre-crisis weekly remuneration, whichever is less.

Further guidance with respect to how to define pre-crisis weekly remuneration for a given employee will be provided in the coming days.

In effect, employers may be eligible for a subsidy of up to 100 per cent of the first 75 per cent of pre-crisis wages or salaries of existing employees. These employers would be expected where possible to maintain existing employees' pre-crisis employment earnings.

Employers will also be eligible for a subsidy of up to 75 per cent of salaries and wages paid to new employees.

Eligible remuneration may include salary, wages, and other remuneration. These are amounts for which employers would generally be required to withhold or deduct amounts to remit to the Receiver General on account of the employee's income tax obligation. However, it does not include severance pay, or items such as stock option benefits or the personal use of a corporate vehicle.

A special rule will apply to employees that do not deal at arm's length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75 per cent of the employee's pre-crisis weekly remuneration.

There would be no overall limit on the subsidy amount that an eligible employer may claim.

Employers must make their best effort to top-up employees' salaries to bring them to pre-crisis levels.

Eligible Periods

Eligibility would generally be determined by the change in an eligible employer's monthly revenues, year-over-year, for the calendar month in which the period began. The amount of wage subsidy (provided under the COVID-19 Economic Response Plan) received by the employer in a given month would be ignored for the purpose of measuring year-over-year changes in monthly revenues.

For example, if revenues in March 2020 were down 50 per cent compared to March 2019, the employer would be allowed to claim the Canadian Emergency Wage Subsidy (as calculated above) on remuneration paid between March 15 and April 11, 2020.

The table below outlines each claiming period and the period in which it has a decline in revenue of 30 per cent or more.

Eligible Period

	<u>Claiming period</u>	<u>Reference period for eligibility</u>
Period 1	March 15 – April 11	March 2020 over March 2019
Period 2	April 12 – May 9	April 2020 over April 2019
Period 3	May 10 – June 6	May 2020 over May 2019

For eligible employers established after February 2019, eligibility would be determined by comparing monthly revenues to a reasonable benchmark.

How to Apply

Eligible employers would be able to apply for the Canada Emergency Wage Subsidy through the Canada Revenue Agency's My Business Account portal as well as a web-based application. Employers would have to keep records demonstrating their reduction in arm's-length revenues and remuneration paid to employees. More details about the application process will be made available shortly.

Ensuring Compliance

In order to maintain the integrity of the program and to ensure that it helps Canadians keep their jobs, the employer would be required to repay amounts paid under the Canada Emergency Wage Subsidy if they do not meet the eligibility requirements and pay their employees accordingly. Penalties may apply in cases of fraudulent claims. In addition, anti-abuse rules will be proposed to ensure that the subsidy is not inappropriately obtained and to ensure that employees are paid the amounts they are owed. The government is considering proposing to create new offences that will apply to individuals, employers or business administrators who provide false or misleading information to obtain access to this benefit or who misuse any funds obtained under the program. The penalties may include fines or even imprisonment.

Interaction with 10 per cent Wage Subsidy

On March 18, 2020, the Prime Minister announced a temporary 10 per cent wage subsidy. For employers that are eligible for both the Canada Emergency Wage Subsidy and the 10 per cent wage subsidy for a period, any benefit from the 10 per cent wage subsidy for remuneration paid in a specific period would generally reduce the amount available to be claimed under the Canada Emergency Wage Subsidy in that same period.

Interaction with the Canadian Emergency Response Benefit

An employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.

Employers who are not eligible for the Canada Emergency Wage Subsidy would still be able to furlough employees who will receive up to \$2,000 a month.

Government Assistance

The usual treatment of tax credits and other benefits provided by the government would apply. As a consequence, the wage subsidy received by an employer would be considered government assistance and be included in the employer's taxable income.

Assistance received under either wage subsidy would reduce the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration.

Help for Food Banks:

We are investing \$100 million for food security for vulnerable Canadians. This money will go to food banks to help them purchase and deliver food. Some of the organizations receiving this money are: Foodbank Canada, Breakfast Club, and the Salvation Army.

Canada COVID-19 Mobile App:

On April 1, 2020, we launched the Canada COVID-19 mobile app. The app provides up-to-date information about the COVID-19 pandemic, including advice for preventing the spread of the virus, important contact numbers, and guidance for seeking medical help. The app can be downloaded from Canada.ca or the App stores for Apple IOS and Android, smartphones and tablets.

Service Canada Closure:

As of March 26th, all service Canada Centres are closed to the public to help stop the spread of COVID-19. Canadians will still be able to access their benefits online and the best way to apply is online at: www.canada.ca/en/services/benefits/ei.html.

Coronavirus in Canada:

For up to date information on cases, growth and spread, visit www.Canada.ca/coronavirus

A Plea to Canadians:

There are still too many Canadians not limiting their trips out of the house and not physical distancing. The experts are telling us that we have to do everything we can today and tomorrow, to set the path for next week and next month. We have a very strong public healthcare system and healthcare professionals that are next to none. We can help them, and help ease their burden, by stepping up right now and staying home. If you listen to doctors, if you stay home and if you stay away from other people, then we won't overwhelm our hospitals and we will keep our doctors and nurses safe, as well as our neighbours and family members. It will take distance and time to flatten the curve, but it will save lives.

Contact Us:

WE ARE OPEN – although not to walk-ins, our team continues to work through the phones and e-mail. You need us – we are only a call away! As well, please keep a close eye on our social media as we continue to provide up to the minute updates.