

# Compliance Alert: Federal Government Makes 3 Changes to CEWS



The Canada Emergency Wage Subsidy (CEWS) has enabled many businesses to avoid laying off employees despite COVID-19 financial losses. But given the emergency, it was also put together in a hurry. So, now that things have settled down, the federal government has gone back and tied up some of the loose ends, while expanding the scope of the program. Here's a look at the 3 key changes, which are set out in Bill C-17, tabled by the Assembly on June 10.

## 1. 12-Week Extension

**Before:** The CEWS was supposed to last for 12 weeks from March 15 to June 6, 2020.

**Change:** The federal government has extended the CEWS for 12 additional weeks and will now end on August 29.

## 2. Expansion of Employers Eligible

**Before:** Employers eligible for the CEWS included individuals, taxable corporations, partnerships between eligible entities, non-profit organizations (NPOs), registered charities and other entities exempt from Part I tax such as unions, regardless of size and sector; but "public institutions," including certain government entities and municipalities, as well as schools, school boards, hospitals, health authorities and public universities and colleges were not eligible.

**Change:** The employer eligibility criteria have been expanded to include:

- Partnerships that are up to 50% owned by non-eligible members;
- Certain indigenous government-owned corporations and partnerships;
- Registered Canadian Amateur Athletic Associations;
- Registered Journalism Organizations; and
- Non-public colleges and schools, including arts, driving, language, flight and other schools offering specialized services.

The changes are retroactive to April 11, 2020 (when the CEWS was first enacted).

Result: The newly included organizations can apply for the CEWS for the first qualifying period starting March 15, 2020, as well as any subsequent qualifying periods.

### **3. Bigger Payments for Seasonal Employees & Employees on Leave**

**Before:** The maximum CEWS payment an employer can get on an employee is based on the employee's average weekly "baseline remuneration" from January 1 to March 15, 2020, excluding any period of 7 or more consecutive days without remuneration. This artificially reduced the payments an employer could receive on seasonal employees or employees who were on leave during that period.

**Change:** Employers can calculate average weekly baseline remuneration using *either* the January 1 to March 15, 2020 period, *or* the period beginning March 1 and ending May 31, 2019, also excluding any period of 7 or more consecutive days without remuneration.