

The 12 Things You Need to Know about the Canada Emergency Relief Benefit



Help your employees get the CERB money they need to survive COVID-19 layoff.

The EI safety net wasn't built for the tidal wave of job losses caused by the COVID-19 pandemic. As a result, the federal government had to create a new, temporary benefit called the Canada Emergency Relief Benefit (CERB) to help the workers falling through the cracks. As HR director, you need to understand and be able to explain to your employees, including those who've been terminated or are on temporary layoff due to COVID-19, what the CERB is and how they can access it to get the money they need to survive these tough times.

1. What the CERB Is

The idea of the CERB was to provide temporary income support to employees who lost employment income because they had to stop working as a result of COVID-19.

2. The Benefit Amount

The CERB is a \$2,000 benefit payable in four \$500 weekly installments to workers who've lost income for 14 days or more.

3. The Income Eligibility Thresholds

To be eligible for CERB payments, applicants must be Canadian residents at least 15 years of age. Originally, applicants had to have had at least \$5,000 in total income in 2019 or the 12-month period before the date they applied via any combination of employment, self-employment and EI or QPIP pregnancy or parental benefits to qualify.

4. The 14-Day-Without-Income Rule & Its Modification

Originally, applicants weren't allowed to receive (or anticipate receiving) any income from employment, self-employment or EI/QPIP pregnancy or parental benefits for least 14 consecutive days within the four-week period for which they were applying to receive CERB payments. But new rules adopted in June extended eligibility to:

- Employees who make up to \$1,000 per month but whose income decreased due to reduced hours from COVID-19;
- Employees whose EI benefits ran out during the calendar year; and
- Seasonal workers who lost their job due to COVID-19.

5. The COVID-19 Termination Eligibility Criteria

In addition to the income thresholds, applicants must have stopped working as a result of COVID-19 for at least 14 consecutive days. Examples:

- Being laid off or terminated due to COVID-19;
- Being sick with COVID-19;
- Being in quarantine or self-isolation due to COVID-19;
- Taking care of somebody who's sick with COVID-19; and
- Taking care of kids due to school or daycare closures.

Workers are **not** eligible for the CERB if they resigned voluntarily. But they don't necessarily have to have been laid off or terminated, either, provided that they're not receiving any income from their employer during the 14-day period.

Example

Employees who are still on the payroll were originally scheduled to work but the employer cancelled their work schedule due to COVID-19 and, as a result, the employees haven't worked for at least 14 consecutive days would be eligible for the CERB.

6. The Application & Re-Application Windows

The CERB is available over a series of 7 separate 4-week periods, starting March 15, 2020:

- March 15 to April 11;
- April 12 to May 9;
- May 10 to June 6;
- June 7 to July 4;
- July 5 to August 1;
- August 2 to August 29;
- August 30 to September 26.

After applying for an initial 4-week period, applicants may re-apply for additional 4-week periods, to a maximum of 28 weeks. The CERB applies retroactively from March 15, 2020 and applicants can apply at any time before December 2, 2020. Individuals must also apply on a specific day of the week based on their month of birth:

Day of the Week CERB Application Requirements

Birth Month

Jan, Feb, March
April, May, June
July, Aug, Sept

CERB Application Day

Mondays
Tuesdays
Wednesdays

Oct, Nov, Dec
Any month

Thursdays
Fridays, Saturdays, Sundays

7. The Application & Re-Application Process

Applicants can apply online or by use of an automated phone system from either CRA or Service Canada and must:

- Provide their SIN;
- Provide contact information; and
- Certify that they meet the COVID-19 termination and other eligibility criteria discussed above.

What they don't have to provide is a doctor's note or medical certification verifying that they had to stop working due to illness or quarantine. However, the government may request additional verification information later and make individuals found not to be eligible repay the benefits they received.

8. How & When CERB Payments Will Be Made

CERB payments were originally made every 4 weeks but that changed to every 2 weeks. Applicants can choose between getting their CERB payments via direct deposit or mailed cheque, although the former is faster. Benefits begin within 10 days of the application submission date.

9. The Interplay between the CERB & EI

CERB payments and EI regular and sickness benefits are an either-or and applicants aren't allowed to get both at the same time. People already receiving EI benefits as of March 25, 2020 keep receiving EI payments and shouldn't have applied for the CERB. People who applied for EI benefits before March 15, 2020 were subject to the usual EI rules.

However, rules announced in August temporarily expand EI eligibility to make it easier to qualify when the CERB ends on September 26.

Explanation

Normally, to be eligible for EI, claimants must have worked between 420 and 700 during the qualifying period. But because the pandemic has kept people from working, the government is temporarily reducing that number to 120. It's also granting claimants temporary, one-time credits in insurable hours:

- Those claiming regular and work-sharing benefits who have at least 120 hours of insurable work will get a credit of 300 insurable hours; and
- Those claiming EI special benefits, including maternity, parental, sickness, compassionate care and family caregiver benefits, will get a credit of 480 insurable hours.

Exception

Measures relating to maternity and parental benefits won't apply to Québec residents because they already get maternity, parental and adoption benefits

from the province via the QPIP.

10. The Interplay between the CERB & Canada Emergency Wage Subsidy (CEWS)

The new CEWS is a subsidy paid to *employers* of up to 75% of the wages of each employee the employer recalls or rehires from COVID-19 layoff or termination; the CERB is a payment to *employees* out of work due to COVID-19. It's either-or, i.e., *either* the employer gets CEWS payments for bringing back the employee *or* the employee gets CERB payments for not being employed. If an employee gets CERB payments after being recalled from COVID-19 layoff or termination, the employee will have to repay the money; and if an employer receives CEWS payments for an employee while he/she is still unemployed and receiving CERB payments, the employer will have to repay the duplicate payment. But how this will all work remains to be clarified.

11. The Ban on Using SUB Plans to Top Up CERB Payments

Current EI rules allow employers to create supplementary unemployment benefit (SUB) plans to top up EI payments provided to employees on temporary layoff. But you're not allowed to use SUB plans to top up CERB payments. And if you do, the top up payments the employee gets will count as employment income.

Result

The employee may no longer be eligible for CERB payments. If you currently have a SUB plan, you should revise it by specifying that employees receiving CERB aren't eligible to receive top-up payments under the plan.

Caveat

The situation remains fluid and there's talk of lifting the ban and allowing SUB plan top up payments for CERB recipients. Stay tuned.

12. The Taxation of CERB Payments

Employees getting CERB must report the payments they receive as income on their 2020 income tax returns. However, employers don't have to make source deductions for CERB-related tax in processing payroll.

The New Relief Benefits

Last but not least, in addition to expanding EI benefits and eligibility rules, the federal government created 3 new temporary relief benefits to replace the CERB to help workers that are out of work due to COVID-19 but who don't qualify for EI:

1. Canada Recovery Benefit (CRB)

The CRB will provide \$400 per week for up to 26 weeks to those who aren't eligible for EI or self-employed. Claimants must apply after every 2-week period and attest that they still meet the requirements. CRB payments are taxable and claimants may have to repay all or some of their benefit via their income tax return if their annual net income (not counting the CRB) is over \$38,000.

2. Canada Recovery Sickness Benefit (CRSB)

The CRSB will pay \$500 per week for up to 2 weeks to workers who contract or have to self-isolate due to COVID-19. To qualify, workers must miss at least 60% of their scheduled work for the week in which they're claiming the benefit. Workers do not need a medical certificate but aren't allowed to claim the benefit if they're currently receiving paid sick leave from their employer.

3. Canada Recovery Caregiving Benefit (CRCB)

The CRCB provides households \$500 per week for up to 26 weeks to individuals who must care for a child under 12 years of age, a family member with a disability or a dependent because:

- The person's school, daycare, or other care facility is closed or operates under an alternative schedule due to COVID-19;
- The person can't attend school, daycare or other care facility under the advice of a medical professional due to being at high-risk upon contraction of COVID-19; or
- The caregiver who usually provides care is unavailable for reasons related to the pandemic.

The CRCB is limited to one person per household for the same period. As with the CRSB, to qualify workers must miss at least 60% of their scheduled work for the week in which they're claiming the benefit. Workers can't get the CRCB for any week in which they're on paid leave or getting the CERB or similar EI benefit.