

What Does The 75% Wage Subsidy Mean For Employers?



On March 27, 2020, the Government of Canada announced that it would be increasing a previously announced wage subsidy for small and medium businesses from 10% to 75%. The stated goal is to help employers keep employees on the payroll. The wage subsidy will be backdated to Sunday, March 15, 2020. No further details were provided in the announcement, but the Government has stated further details will be available by Monday, March 30, 2020.

What does this mean for employers? Much of this will depend upon the details of the subsidy. The previous 10% subsidy had monetary limits per employee and per employer and was stated to be for a 3-month period. It is unclear whether similar restrictions will be in place for the 75% subsidy, but it is reasonable to expect there will be some limits.

The wage subsidy may allow employers to delay or avoid temporary layoffs or terminations of employment. Additionally, it may open up an opportunity for employers to engage in a phased form of temporary layoff where they temporarily layoff part of their work force for a period of time, then recall those employees and temporarily layoff other employees for a period of time.

Small- and medium-sized employers that can afford to wait for the details of this subsidy to be released before proceeding with temporary layoffs or terminations may want to consider doing so. That being said, if employers have already issued temporary layoff notices to employees, they may be able to rescind the notice if the temporary layoff has not yet started or recall employees to employment. Of course, this will depend on whether or not the employer determines that the subsidy will allow them to continue to pay employees for some period of time.

By Christin Elawny of Field LLP