

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.

Revenue reduction requirement	OLD CEWS		SAFE HARBOUR	NEW CEWS
	PERIOD 1	PERIODS 2-4	PERIODS 5-6	PERIODS 7-10
<p>Not on leave</p> <p>↕</p> <p>Arm's length (third-party)</p> <p>↕</p> <p>On paid leave</p>	15%	30%	<p>Any amount of revenue reduction in the current or prior claim period OR any amount of Top-up % for the current period</p>	<p>Any amount of revenue reduction in the current or prior claim period OR any amount of Top-up % for the current period</p>
	<p>BR>0</p> <p>Greater of:</p> <ul style="list-style-type: none"> 75% of ER up to \$847/week 75% of BR, but no more than ER, up to \$847/week 	<p>BR=0</p> <p>75% of ER, up to \$847/week</p>		
<p>On paid leave</p> <p>↕</p> <p>Non-arm's length (family)</p> <p>↕</p> <p>On paid leave</p>	<p>Same as "Not on leave" (see above)</p> <p>+</p> <p>Employer portion of source deductions</p>		<p>Calculate like periods 2-4</p>	<p>100% of ER, up to TBD</p> <p>+</p> <p>Employer portion of source deductions</p>
	<p>75% of BR but no more than ER up to \$847/week</p>	<p>75% of BR, but no more than ER up to \$847/week</p> <p>+</p> <p>Employer portion of source deductions</p>		<p>Calculate like periods 7-10</p> <p>Exception (Safe Harbour Rule): If revenue reduction ≥ 30% AND Base % + Top-up % ≤ 75% for the current period, calculate like periods 2-4</p>
	<p>75% of BR, but no more than ER up to \$847/week</p> <p>+</p> <p>Employer portion of source deductions</p>		<p>Calculate like periods 2-4</p>	<p>BR>0</p> <p>100% of ER, up to TBD</p> <p>+</p> <p>Employer portion of source deductions</p> <p>BR=0</p> <p>Not eligible</p>

See page two for a Glossary and CEWS Claim Periods chart

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: center;"> <div style="border: 1px solid red; padding: 5px; text-align: center;">BASELINE REMUNERATION PERIODS</div> <div style="background-color: #e91e63; color: white; padding: 5px; text-align: center;">PERIODS 1-3</div> <div style="background-color: #e91e63; color: white; padding: 5px; text-align: center;">PERIOD 4</div> <div style="background-color: #e91e63; color: white; padding: 5px; text-align: center;">PERIODS 5-10</div> </div> <ul style="list-style-type: none"> • Jan1- Mar 15, 2020, or • Mar 1- May 31, 2019 • Jan1 - Mar 15, 2020, • Mar 1 - May 31, 2019, or • Mar 1 - Jun 30, 2019 • Jan1- Mar 15, 2020, or • Jul 1- Dec 31, 2019
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 %	75%
Period 8	Sep 27 - Oct 24	Oct 2020	Oct 2019**		0.8			
Period 9	Oct 25 - Nov 21	Nov 2020	Nov 2019**	0.4				
Period 10	Nov 22 - Dec 19	Dev 2020	Dec 2019**		TBD			TBD

* 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.