COVID-19 Government Initiatives for Businesses

Wage Subsidies

September 9, 2021

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The Government of Canada and provincial governments have introduced a wide range of measures to help businesses deal with the economic fallout of the COVID-19 pandemic and necessary social distancing measures. This release has been updated to September 9, 2021.

Topics covered include:

1. The Canada Emergency Wage Subsidy ("CEWS") updated
2. The Temporary Wage Subsidy ("TWS")
3. The Canada Recovery Hiring Program ("CRHP") - NEW
4. Interactions with other programs
5. How Vine can help

Other business measures including subsidies for rent and similar costs, tax payment deferrals, loan programs and measures directly in support of families and individuals are the subject of five separate releases.

COVID-19 Government Initiatives for Businesses — Credit Availability Program

COVID-19 Government Initiatives for Businesses — Subsidies for Rent and Related Costs

COVID-19 Government Initiatives for Businesses — Deferrals and Other Supports

COVID-19 Government Initiatives for Individuals — Work from Home Expenses

COVID-19 Government Initiatives for Families and Individuals

THE CANADA EMERGENCY WAGE SUBSIDY ("CEWS")

Effective Dates for the CEWS

The CEWS is effective from March 15, 2020. Legislation in place now provides for the subsidy to be paid for four-week periods with the last ending on October 23, 2021.

Throughout this paper, the periods are designated as follows:

- Period 1 March 15 to April 11
- Period 2 April 12 to May 9
- Period 3 May 10 to June 6
- Period 4 June 7 to July 4
- Period 5 July 5 to August 1
- Period 6 August 2 to August 29
- Period 7 August 30 to September 26
- Period 8 September 27 to October 24
- Period 9 October 25 to November 21
- Period 10 November 22 to December 19
- Period 11 December 20, 2020 to January 16, 2021
- Period 12 January 17 to February 13
- Period 13 February 14 to March 13
- Period 14 March 14 to April 10
- Period 15 April 11 to May 8
- Period 16 May 9 to June 5
- Period 17 June 6 to July 3
- Period 18 July 4 to July 31
- Period 19 August 1 to August 28
- Period 20 August 29 to September 25
- Period 21 September 26 to October 23

Periods 1 through 4 are covered by the "Original Rules", while Periods 5 through 21 are covered by the "Revised Rules". A "safe harbour" provision means that for Periods 5 and 6 an employer can claim under either the Original Rules or the Revised Rules to obtain the most beneficial result in their particular situation.

Definitions for CEWS

Eligible Employers

Type of employer

Eligible employers are defined in subsection 125.7(1) of the Income Tax Act to include:

- an individual,
- a taxable corporation that is not a public institution,
- partnerships consisting of eligible employers,
- a non-profit that is not a public institution,
- a registered charity that is not a public institution, and
- a prescribed organization

Prescribed organizations are currently:

a) Partnerships that are up to 50 per cent-owned by non-eligible members;

b) Indigenous government-owned corporations that are carrying on a business, as well as partnerships where the partners are Indigenous governments and eligible employers;

c) Registered Canadian amateur athletic associations;

d) Registered journalism organizations; and

e) Non-public colleges and schools, including institutions that offer specialized services, such as arts schools, driving schools, language schools, or flight schools.

There is no restriction on the basis of size or ownership. However, the subsidy is not available to public institutions, which are defined to include municipalities, local governments, Crown corporations, public educational institutions, and hospitals.

Revenue reduction

Original Rules

Under the Original Rules, the CEWS is available to eligible employers that see a drop of at least 15 per cent of their revenue in March 2020 and 30 per cent for the following months. In applying for the subsidy, employers are required to attest to the decline in revenue.

The drop in revenue is in comparison to either the matching month in 2019 or, alternatively, to the average revenue for January and February, 2020.

Table 1: Claim periods under the Original Rules

	Claim Period	General Approach	Alternative Approach
Period 1	March 15 to April 11	March 2020 over March 2019	March 2020 over Jan/Feb 2019
Period 2	April 12 to May 9	April 2020 over April 2019	April 2020 over Jan/Feb 2019
Period 3	May 10 to June 6	May 2020 over May 2019	May 2020 over Jan/Feb 2019
Period 4	June 7 to July 4	June 2020 over June 2019	June 2020 over Jan/Feb 2019

An employer that elects to use the alternative approach must do so for all of Periods 1 through 4.

Once an employer is found eligible for a specific qualifying period covered by the Original Rules, they will automatically qualify for the next period of the program. For example, an employer with a revenue drop of more than 15% in March would qualify for the first and second periods of the program, covering remuneration paid between March 15 and May 9. Similarly, an employer who did not qualify in the first period, but with a revenue drop of 30% in April would qualify for the second and third periods of the program, covering remuneration paid between May 10 and June 6, 2020. This applies only for periods covered under the Original Rules.

Revised Rules

Under the Revised Rules, the CEWS is available for an employer who has experienced any reduction in revenue in comparison to the relevant comparative period. For Periods 18 through 21 the revenue reduction will result in a subsidy only if the revenue reduction exceeds 10 per cent. As the periods straddle calendar months, there is a choice of which of the two months to use. The drop in revenue is in comparison to either the matching month one year earlier or, alternatively, to the average revenue for January and February, 2020. An employer who elects to use the alternative approach must do so for Period 5 and all subsequent periods.

Organizations that began operating between March 1, 2019 and the onset of the pandemic are allowed to use the alternative approach for CEWS periods 14 through 17 (March 14 to July 3, 2021), even if they have previously selected the general approach.

Under the Revised Rules, the CEWS has 2 components; a base rate and a top-up rate. The base rate applies when the revenue drop is up to 50%, and the top-up rate comes into play when the revenue drop is more than 50%.

Table 2: Claim Periods under the Revised Rules – Base Rate Reference Periods

	Claim Period	General Approach	Alternative Approach
Period 5	July 5 to August 1, 2020	July 2020 over July 2019 **or** June 2020 over June 2019	July 2020 **or** June 2020 over average of January and February 2020
Period 6	August 2 to August 29	August 2020 over August 2019 **or** July 2020 over July 2019	August 2020 **or** July 2020 over average of January and February 2020
Period 7	August 30 to September 26	September 2020 over September 2019 **or** August 2020 over August 2019	September 2020 **or** August 2020 over average of January and February 2020
Period 8	September 27 to October 24	October 2020 over October 2019 **or** September 2020 over September 2019	October 2020 **or** September 2020 over average of January and February 2020
Period 9	October 25 to November 21	November 2020 over November 2019 **or** October 2020 over October 2019	November 2020 **or** October 2020 over average of January and February 2020
Period 10	November 22 to December 19	December 2020 over December 2019 **or** November 2020 over November 2019	December 2020 **or** November 2020 over average of January and February 2020
Period 11	December 20, 2020 to January 16, 2021	December 2020 over December 2019 **or** November 2020 over November 2019	December 2020 or November 2020 over average of January and February 2020
Period 12	January 17 to February 13	January 2021 over January 2020 **or** December 2020 over December 2019	January 2021 **or** December 2020 over average of January and February 2020
Period 13	February 14 to March 13	February 2021 over February 2020 January 2021 over January 2020	February 2021 **or** January 2021 over average of January and February 2020
Period 14	March 14 to April 10	March 2021 over March 2019 or February 2021 over February 2020	March 2021 **or** February 2021 over average of January and February 2020
Period 15	April 10 to May 7	April 2021 over April 2019 **or** March 2021 over March 2019	April 2021 **or** March 2021 over average of January and February 2020
Period 16	May 8 to June 5	May 2021 over May 2019 **or** April 2021 over April 2019	May 2021 **or** April 2021 over average of January and February 2020
Period 17	June 6 to July 3	June 2021 over June 2019 **or** May 2021 over May 2019	June 2021 **or** May 2021 over average of January and February 2020
Period 18	July 4 to July 31	July 2021 over July 2019 **or** June 2021 over June 2019	July 2021 **or** June 2021 over average of January and February 2020
Period 19	August 1 to August 28	August 2021 over August 2019 **or** August 2021 over August 2019	August 2021 **or** July 2021 over average of January and February 2020
Period 20	August 29 to September 25	September 2021 over September 2019 **or** August 2021 over August 2019	September 2021 **or** August 2021 over average of January and February 2020
Period 21	September 26 to October 23	October 2021 over October 2019 **or** September 2021 over September 2019	October 2021 **or** September 2021 over average of January and February 2020

The comparisons for determining the top-up rate are even more complex. One set of rules applies for periods 5 through 7.

Table 3: Claim Periods under the Revised Rules – Top-up Rate Reference Periods 5 – 7

Claim Period	General prior reference period comparison	Alternative prior reference period comparison
Period 5	average of April, May, and June 2020 **over** average of April, May, and June 2019	average of April, May, and June 2020 **over** average of January and February 2020
Period 6	average of May, June, and July 2020 **over** average of May, June, and July 2019	average of May, June, and July 2020 **over** average of January and February 2020
Period 7	average of June, July, and August 2020 **over** average of June, July, and August 2019	average of June, July, and August 2020 **over** average of January and February 2020

A different set of rules applies for periods 8 through 10. The "safe harbour" rule allows the business to use a revenue drop that is the greater of the revenue drop calculated for the base rate and the revenue drop calculated using the principles in Table 3 above.

Table 4: Claim Periods under the Revised Rules – Top-up Rate Reference Periods 8 – 10

Claim Period	General prior reference period comparison	Alternative prior reference period comparison	General prior reference period comparison for safe harbour	Alternative prior reference period comparison for safe harbour
Period 8	October 2020 over October 2019 **or** September 2020 over September 2019	October 2020 over average of January and February 2020 **or** September 2020 over average of January and February 2020	average of July, August, and September 2020 **over** average of July, August, and September 2019	average of July, August, and September 2020 **over** average of January and February 2020
Period 9	November 2020 over November 2019 October 2020 over October 2019	November 2020 over average of January and February 2020 **or** October 2020 over average of January and February 2020	average of August, September, and October 2020 **over** average of August, September, and October 2019	average of August, September, and October 2020 **over** average of January and February 2020
Period 10	December 2020 over December 2019 **or** November 2020 over November 2019	December 2020 over average of January and February 2020 **or** November 2020 over average of January and February 2020	average of September, October, and November 2020 **over** average of September, October, and November 2019	average of September, October, and November 2020 **over** average of January and February 2020

For periods 11 to 21, the top-up revenue drop is the same as the revenue drop that is used to calculate the base rate for the same period.

Employers are allowed to calculate their revenues under the accrual method or the cash method, but not a combination of both. Employers must select an accounting method when first applying for the CEWS and are required to use that method for the entire duration of the program.

For registered charities and non-profit organizations, the calculation will include most forms of revenue, excluding revenues from non-arm's length persons. These organizations are allowed to choose whether or not to include revenue from government sources as part of the calculation. Once chosen, the same approach must to apply throughout the program period.

Special rules for the computation of revenue are provided to take into account certain non-arm's-length transactions, such as where an employer sells all of its output to a related company that in turn earns arm's-length revenue. As well, affiliated groups are able to elect to compute revenue on a consolidated basis.

Where an employer does not qualify for the CEWS under the Original Rules, they can still potentially qualify for the 10% subsidy that was enacted by Bill C-13. The Temporary Wage Subsidy for Employers ("TWS") is 10% of remuneration paid from March 18 to June 20, 2021 up to a maximum subsidy of $1,375 per employee and $25,000 per employer. The TWS is further discussed below.

Eligible Employee

Under the Original Rules, an eligible employee is an individual employed in Canada by an eligible employer during the claim period, except if there was a period of 14 or more consecutive days in that period in respect of which they were not paid eligible remuneration by the eligible employer.

Under the Revised Rules, the eligibility criteria no longer excludes employees that are without remuneration in respect of 14 or more consecutive days in an eligibility period.

Employee eligibility is based on whether the person is employed in Canada, not where they live.

Baseline Remuneration

For Periods 1 through 3, the baseline remuneration of an employee is the average weekly eligible remuneration paid to the employee from January 1 to March 15, 2020, or from March 1, 2019 to May 31, 2019, excluding any periods of seven or more days for which the employee was not remunerated. The choice of a baseline period may be made on an employee-by-employee basis.

For Period 4, the baseline remuneration of an employee is based on the average weekly remuneration paid to the employee from January 1 to March 15, 2020; from March 1, 2019 to May 31, 2019; or from March 1, 2019 to June 30, 2019. For Period 5 and subsequent periods, the baseline remuneration of an employee is based on the average weekly remuneration paid to the employee from January 1 to March 15, 2020 or from July 1, 2019 to December 31, 2019. In all cases, the calculation of average weekly remuneration excludes any period of 7 or more consecutive days without remuneration.

Determining the Amount of the Subsidy

Original Rules

Under the Original Rules, the amount of the CEWS is determined on a per-employee basis for eligible remuneration paid between March 15 and July 4, 2020.

- For an employee that deals at arm's length with the employer, the subsidy is the greater of:
  a) 75% of the eligible remuneration paid to the eligible employee, up to a maximum benefit of $847 per week; and
  b) the lesser of:
     i. the total amount of remuneration paid, up to a maximum of $847 per week; or
     ii. 75% of the employee's pre-crisis weekly remuneration, defined in Bill C-14 as "baseline remuneration".
- For an employee that does not deal at arm's length with the employer, the subsidy limited to the least of:
  a) the eligible remuneration paid to the employee,
  b) $847 per week, and
  c) 75% of the employee's baseline remuneration.

An additional amount is available for employers who choose to continue to pay employees who are not required to work. In that case, the subsidy is increased by the amount of the employer's contribution for CPP and EI for those employees.

Revised Rules

Under the Revised Rules the CEWS consists of two parts:

- a **base subsidy** available to all eligible employers that are experiencing a decline in revenues, with the subsidy amount varying depending on the scale of revenue decline; and
- a **top-up subsidy** of up to an additional 35 per cent for those employers that have been most adversely affected by the COVID-19 crisis.

The two-part CEWS applies with respect to the remuneration of active employees. A separate CEWS rate structure applies to furloughed employees (as described further below).

Base Subsidy

The base subsidy is calculated by applying a specified rate to the amount of remuneration paid to the employee for the eligibility period, on remuneration of up to $1,129 per week. The rate of the base CEWS varies depending on the level of revenue decline. The maximum base CEWS rate will be gradually reduced from 60 per cent in Periods 5 and 6 to 10 per cent in Period 21. The base rate is less than the maximum for any period for which the revenue drop is less than 50 per cent.

Table 5: Rate structure of the base CEWS

Claim Period	Revenue drop of more than 50%	Revenue drop of higher than 10% up to 50%	Revenue drop of 10% or less
Periods 5 and 6	60%	1.2 x revenue drop	1.2 x revenue drop
Period 7	50%	1.0 x revenue drop	1.0 x revenue drop
Periods 8 to 17	40%	0.8 x revenue drop	0.8 x revenue drop
Period 18	35%	0.875 x (revenue drop – 10%)	0
Periods 19 and 20	25%	0.625 x (revenue drop – 10%)	0
Period 21	10%	0.25 x (revenue drop – 10%)	0

* In Periods 5 and 6, employers who would have been better off in the CEWS design in Periods 1 to 4 would be eligible for a 75% wage subsidy if they have a revenue decline of 30% or more. As described further below (see *Safe harbour rule for Periods 5 and 6*).

Top-up subsidy for the most adversely affected employers

A top-up CEWS of up to 35 per cent is available to employers that were the most adversely impacted by the pandemic. Generally, an eligible employer's top-up CEWS is determined based on the revenue drop experienced when comparing revenues in the preceding 3 months to the same months in the prior year. Under the alternative approach to the calculation of baseline revenues, an eligible employer's top-up CEWS is determined based on the revenue drop experienced when comparing average monthly revenue in the preceding 3 months to the average monthly revenue in January and February 2020.

- For example, if an employer had $600,000 in revenue between April 1 and June 30, 2019, and $210,000 in revenue between April 1 and June 30, 2020, the employer would have a 3-month revenue drop of 65 per cent.
- Under the alternative approach, if an employer had $400,000 in revenue between January 1 and February 29, 2020 (average monthly revenue of $200,000), and $210,000 in revenue between April 1 and June 30, 2020 (average monthly revenue of $70,000), the employer would have a 3-month revenue drop of 65 per cent.

For periods 5 through 10 employers that have experienced a 3-month average revenue drop of more than 50 per cent receive a top-up CEWS rate equal to 1.25 times the average revenue drop that exceeds 50 per cent, up to a maximum top-up CEWS rate of 25 per cent, which is attained at a 70 per cent revenue decline. As with the base CEWS rate, the top-up CEWS rate would apply to remuneration of up to $1,129 per week. The top-up CEWS rate for selected average revenue drop levels is illustrated in Table 5 below.

Table 6: Top-up CEWS rates for selected levels of average revenue drop over the preceding three months for Periods 5 through 10

3-month average revenue drop	Top-up CEWS rate	Top-up calculation = 1.25 x (3 month revenue drop - 50%)
70% and over	25%	1.25 x (70%-50%) = 25%
65%	18.75%	1.25 x (65%-50%) = 18.75%
60%	12.5%	1.25 x (60%-50%) = 12.5%
55%	6.25%	1.25 x (55%-50%) = 6.25%
50% and under	0.0%	1.25 x (50%-50%) = 0.0%

Table 7: Top-up CEWS rates for selected levels of average revenue drop over the preceding three months for Periods 11 through 17

Base revenue drop	Top-up CEWS rate	Top-up calculation = 1.75 x (base revenue drop - 50%)
70% and over	35%	1.75 x (70%-50%) = 35%
65%	26.25%	1.75 x (65%-50%) = 26.25%
60%	17.5%	1.75 x (60%-50%) = 17.5%
55%	8.75%	1.75 x (55%-50%) = 8.75%
50% and under	0.0%	1.75 x (50%-50%) = 0.0%

For periods 18 through 21 the factor 1.75 in the table above is replaced by 1.25. 0.75, 0.75 and 0.50, respectively. This gives rise to maximum top-up rates of 25% for Period 18, 15% for Period 19 and 20 and 10% for Period 21.

The overall CEWS rate will be equal to the top-up CEWS rate plus the base CEWS rate.

Safe harbour rule for Periods 5 and 6

For Periods 5 and 6, an eligible employer will be entitled to a CEWS rate not lower than the rate that they would be entitled to if their entitlement were calculated under the Original Rules. This means that in Periods 5 and 6, an eligible employer with a revenue decline of 30 per cent or more in the relevant reference period would receive a CEWS rate of at least 75 per cent or potentially an even higher CEWS rate using the new rules outlined above for the most adversely affected employers (up to 85 per cent).

CEWS for Furloughed Employees

For Periods 5 through 8, the subsidy calculation for a furloughed employee remained the same as for Periods 1 to 4. It is be the greater of:

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

Beginning in Period 9, CEWS support for furloughed employees was adjusted to align with the benefits provided through the Canada Emergency Response Benefit (CERB) and/or Employment Insurance (EI). This was to ensure equitable treatment of employees on furlough between both programs, provide greater clarity to workers as to their compensation as compared to a changing subsidy rate based on their employer's revenue in a given month and, when combined with draft legislative changes to the interaction with the CERB (i.e., the elimination of the 14-days rule), make it easier to transition employees on to CEWS so that they are reconnected with their employer.

For Periods 5 through 19, the CEWS for furloughed employees is available to eligible employers that qualify for either the base rate or the top-up for active employees in the relevant period.

The employer portion of contributions in respect of the Canada Pension Plan, Employment Insurance, the Quebec Pension Plan, and the Quebec Parental Insurance Plan in respect of furloughed employees continues to be refunded to the employer.

Compliance Matters

Since the CEWS is considered government assistance for the purposes of the *Income Tax Act*, the amount of assistance received is included in the employer's taxable income.

Eligible employers should keep records that demonstrate their revenue reduction, remuneration paid to each employee, and baseline remuneration for each employee.

In order to maintain the integrity of the program and to ensure that it helps Canadians keep their jobs, the employer will be required to repay amounts paid under the CEWS if they do not meet the eligibility requirements. There is a penalty of 25% of the CEWS received by an employer if the employer has engaged in transactions that artificially reduce the employer's revenue in order to qualify for the subsidy. The employer will also have been out of pocket for amounts paid to employees.

As well, under existing provisions of the Income Tax Act, persons making, or participating in making, a false or deceptive statement could be prosecuted with a summary or indictable offence. Anyone found guilty could be sentenced to prison for up to 5 years.

Applying for the CEWS

Applications are made online at a Government of Canada website that you can access here.
A separate application must be made for each period. Note that for each of Periods 17 through 20 you will need to calculate your potential CEWS and CRHP (see below) subsidies and apply for only one of the two. A separate choice can be made for each period.

THE TEMPORARY WAGE SUBSIDY FOR EMPLOYERS (“TWS”)

The Temporary Wage Subsidy for Employers (“TWS”) provides a subsidy equal to 10% of remuneration paid between March 18, 2020 and June 20, 2020. The amount of the subsidy is subject to a maximum of $1,375 per employee and an overall limit of $25,000 per employer. Unlike the CEWS which requires employers to apply for their subsidy after the end of the relevant period, employers were able to access the TWS immediately by reducing their payroll tax remittances to the Receiver General.

The CRA requires you to fill out a self-identification form PD27 if you were eligible for the TWS, in order for them to credit your payroll program account by the amount of the subsidy. If you were eligible but chose not to claim the subsidy you must still complete and submit the form to elect to claim less than the maximum possible TWS.

Eligible Employers

“Eligible employer” is defined as a person or partnership that employs one or more eligible employees, has a business number as of March 18, 2020, and is any of the following entities:

a) a Canadian-controlled private corporation (“CCPC”) with less than $15 million of taxable capital employed in Canada (including that of any associated corporations) for the prior taxation year;

b) an individual other than a trust;

c) a non-profit organization that is exempt from tax under paragraph 149(1)(l);

d) a registered charity; or

e) a partnership, all of the members of which are described in (a), (b), (c), or (d) above.

Amount of the Subsidy

The subsidy is computed on the basis of “eligible remuneration” paid to an “eligible employee”— both of these terms are defined under new subsection 153(1.03) of the *Income Tax Act*.

An eligible employee is simply an individual who is employed in Canada.

Eligible remuneration means salary, wages, or other remuneration paid to the eligible employee during the eligible period that began on March 18, 2020 and ended on June 19, 2020.

The amount of the subsidy is computed as 10% of eligible remuneration paid, subject to a limit of $1,375 per employee and a total limit of $25,000 per employer.

How to Access the Subsidy

An employer is deemed to have remitted the amount of the wage subsidy to the Receiver General. An employer claiming the TWS would have calculated its payroll remittances of federal and provincial/ territorial taxes, and reduced the total remittance by the amount of the subsidy.

Remittances of CPP contributions and EI premiums could not be reduced under this subsidy.

Since an employer did not reduce its deductions from its employees' pay and remitted less to the Receiver General, the difference (i.e., the amount of the subsidy) was effectively money in the employer's pocket. An employer could have reduced its remittances in the first remittance period that includes remuneration paid between March 18, 2020 and June 20, 2020. If the subsidy exceeded total remittances, an employer could reduce its future remittances, including amounts that are due after the subsidy period ends.

Compliance Matters

As mentioned above, the TWS is considered government assistance, and will therefore be included in the employer's taxable income.

Employers are expected to keep records to support their subsidy calculations. Such records include:

- total remuneration paid,
- the amount of taxes deducted from the remuneration, and
- the number of employees in that pay period.

The TWS only allows an employer to reduce their remittances to the CRA and does not affect remittances that must be made to Revenu Québec.

THE CANADA RECOVERY HIRING PROGRAM ("CRHP")

The Canada Recovery Hiring Program ("CRHP") was announced in the 2021 Federal Budget and enacted on June 30, 2021, retroactive to June 6, 2021. It provides an optional alternative to CEWS for Periods 17-20 and will continue for two additional four-week periods. The subsidy is intended to encourage new hiring or increased pay to existing employees, so is calculated using the increase in eligible payroll over the eligible payroll for Period 14.

Effective dates for the CRHP

The numbering system for CRHP periods has been continued from the CEWS. The relevant periods are:

- Period 17 June 6 to July 3
- Period 18 July 4 to July 31
- Period 19 August 1 to August 28
- Period 20 August 29 to September 25
- Period 21 September 26 to October 23
- Period 22 October 24 to November 20

Eligible employers

While most types of employers who qualify for the CEWS (see above) will also qualify for the CRHP, for-profit corporations will be eligible only if they are:

- a Canadian-controlled private corporation, or
- a cooperative corporation that is eligible for the small business deduction

Similarly, a partnership will be eligible for the CRHP only if at least half of the interests in the partnership are held by employers who are eligible for the CRHP.

Revenue Drop Requirement

In order to be eligible for the CRHP, an employer must have experienced a revenue drop, calculated in the same manner as for CEWS. For periods 18-22, that revenue drop must be more than 10%.

Table 8: Revenue Drop Reference Periods for CRHP

	Claim Period	General Approach	Alternative Approach
Period 17	June 6 to July 3	June 2021 over June 2019 **or** May 2021 over May 2019	June 2021 **or** May 2021 over average of January and February 2020
Period 18	July 4 to July 31	July 2021 over July 2019 **or** June 2021 over June 2019	July 2021 **or** June 2021 over average of January and February 2020
Period 19	August 1 to August 28	August 2021 over August 2019 **or** August 2021 over August 2019	August 2021 **or** July 2021 over average of January and February 2020
Period 20	August 29 to September 25	September 2021 over September 2019 **or** August 2021 over August 2019	September 2021 **or** August 2021 over average of January and February 2020
Period 21	September 26 to October 23	October 2021 over October 2019 **or** September 2021 over September 2019	October 2021 **or** September 2021 over average of January and February 2020
Period 22	October 24 to November 20	November 2021 over November 2019 **or** October 2021 over October 2019	November 2021 **or** October 2021 over average of January and February 2020

Subsidy Rate

Unlike the CEWS, the rate applied to the eligible amount is a flat rate for each period. The rates are as follows:

Table 9: CRHP Subsidy Rates

Period	CRHP Subsidy Rate
17	50%
18	50%
19	50%
20	40%
21	30%
22	20%

Eligible Amount

The eligible amount to which the subsidy rate is applied is the excess of the total amount of eligible remuneration you paid to all of the employer's eligible employees for the current claim period over the total amount of eligible remuneration you paid to all of the employer's eligible employees for the base period (March 14 to April 10, 2021).

For each eligible employee, for each week of the relevant claim period, the amount is the least of the following:

- the amount of eligible remuneration paid to each employee in respect of that week
- $1129
- if the employee is a non-arm's-length employee, the pre-crisis remuneration of the employee determined for that week
- if the employee is on leave with pay that week, $0

Compliance Matters

All of the factors that are relevant for the CEWS are also relevant for the CRHP. See the comments in the CEWS section above.

Applying for the CRHP Subsidy

Applications are now open online, and the three methods of applying can be accessed here. Remember that, for Periods 17 through 20, you will need to calculate whether the CEWS or the CRHP will give rise to a larger subsidy and apply only for the larger of the two for each of those periods.

CRA provides both an online calculator and a downloadable calculation spreadsheet to perform the necessary calculations. They can both be accessed here.

INTERACTIONS AMONG THE CEWS, TWS, CRHP AND OTHER MEASURES

An employer can claim only CEWS or CRHP for any period in which it is eligible for both programs.

If an employer is eligible for both the TWS and CEWS in a period, any benefit from the TWS will reduce the amount that can be claimed for the CEWS in the same period.

The CRA initially stated that an employer who is eligible for both the TWS and the CEWS must claim the TWS and reduce the CEWS by the amount of their TWS claim. That position has now been reversed and an employer will be allowed to claim only the CEWS in full, even if they are eligible for, but did not apply for, the TWS.

For administrative simplicity, many employers chose to claim only the CEWS. As noted above, an employer is deemed to have claimed the maximum TWS for which they were eligible unless they elect to claim less, and must complete and file form PD27 to report the amount they have actually claimed, even if it was zero.

Assistance received under either subsidy will reduce the amount of remuneration expenses eligible for other federal tax credits that are computed on the basis of the same remuneration.

For employers and employees that are participating in a Work-Sharing program, EI benefits received by employees through the Work-Sharing program will reduce the benefit that their employer is entitled to receive under the CEWS.

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

Assistance received under either wage subsidy will reduce the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration. This will include SR&ED and apprenticeship credits, among others.

HOW VINE CAN HELP

At Vine we are familiar with the application process for the CEWS and the CRHP can help you work through the details of each application. We can also help you complete and submit your form PD27 self-reporting for TWS.