

Prime Minister Announces Details of the Canada Emergency Wage Subsidy

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Prime Minister Justin Trudeau today announced the initial details of the 75% employer wage subsidy announced last week. Dubbed the “Canada Emergency Wage Subsidy” (the CEWS), he described this as a program that will help people keep jobs, while the [Canada Emergency Response Benefit](#), announced last week, will help people who have lost their jobs.

Notably, the number of employees that an employer has will not be a consideration. It will apply to nonprofits and charities and companies both large and small, the key qualifying factor being a 30% reduction in the revenues of the business.

The CEWS covers the first \$58,700 of annual income, paying a maximum subsidy of \$847 a week, and the effective date has been set retroactively to March 15, although the date that money is to start to flow has not yet been stated.

It being recognized that a program of this nature is significantly dependent on trust, the Prime Minister said that if an employer has the means to pay the other 25% it must do so, he at the same time put in rather strong terms the need to not “game it”, telegraphing serious penalties that are to be put in place for cases of abuse. In the question and answer period following the announcement itself, the Prime Minister indicated that the program may not be dependent on the employer’s payment of the remaining 25%; it appears that this will be expected, but that the inability to pay will not be a barrier to program participation.

He asked that employers make every effort to hire back those workers who have been laid off over the past two weeks because of COVID-19, and this would appear to be more possible than might have been expected, regardless of employer cash flow, if in fact the employer’s 25% share is not mandatory.

Employers should be aware that this is still very much a fluid subject. The Prime Minister has indicated that the fine details of how this program will work will be available within the next 24-48 hours.

In the interim, it may be worth considering the extent to which the Canada Emergency Wage Subsidy may make it possible for employers to retain employees that may otherwise have been laid off during the pandemic.

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