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Employment Update: Expansion of Canada's Work-Sharing Program in Response to Tariffs

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On March 7, 2025, the Government of Canada expanded the Employment Insurance Work-Sharing Program to support Canadian workers and businesses in response to the threat or potential realization of tariffs. Temporary special measures are available from March 7, 2025 until March 6, 2026.

Overview of the Work-Sharing Program

Service Canada's Work-Sharing Program is designed to help employers avoid layoffs when there is a temporary decrease in business activity for reasons beyond the employer's control. These types of work-sharing agreements were previously implemented by many employers during the COVID-19 pandemic.

A work-sharing agreement is a three-party agreement between employers, employees (or their unions) and Service Canada. The Work-Sharing Program allows employers and employees to agree to a temporarily reduced work week and to share available work, while eligible employees receive Employment Insurance ("EI") benefits to supplement their reduced income.

To participate, employees must generally experience a minimum 10% reduction to their normal weekly earnings. Under ordinary circumstances, work-sharing agreements can last between six weeks to 26 weeks, and if needed, can extend for a total duration of 38 weeks.

Temporary Special Measures

Employers facing a temporary decline in business activity because of the potential or actual implementation of tariffs may qualify for the Work-Sharing Program's special measures if the employer: (i) has a minimum of two eligible employees who agree to a reduction in hours and to share any available work; and (ii) has been operating in Canada for at least one year.

The special measures include the following changes:

- **Extended Duration.** The maximum duration of work-sharing agreements has been increased from 38 to 76 weeks.
- **Waived Cooling-Off Period.** The mandatory “cooling-off period” between successive working-sharing agreements has been waived.

The special measures also expand employer and employee eligibility to include:

- **Non-Profit and Charitable Organizations.** Under the special measures, non-profit and charitable organizations are eligible to participate if the basis for their participation is due to a reduction in revenue levels as a direct or indirect result of the tariffs.
- **Cyclical or Seasonal Employers.** Under the ordinary rules of the Work-Sharing Program, only permanent and year-round employees are eligible to participate. While the special measures are in effect, seasonal and cyclical employees are also eligible. In addition, eligibility extends to those employees who assist in the employer’s recovery efforts.
- **Less than 10% Reduction.** Under the ordinary rules of the Work-Sharing Program, an employer is eligible if they have experienced a decrease in work activity in the past six months of at least 10%. The special measures allow employers that have experienced a decrease in work activity of less than 10%. In addition, the normal 60% cap on utilization (the percentage of lost hours eligible for EI payments) has been removed, meaning EI benefits can make up for more lost hours.

To apply for a work-sharing agreement, employers must complete two forms:

- Application for a Work-Sharing Agreement Form EMP5100; and
- Work-Sharing Unit Attachment A Form EMP5101.

Employer Takeaways

The special measures offered under the Work-Sharing Program can help mitigate the impact of temporary decreases in business activity during this period of economic uncertainty. Employers whose businesses have or may be impacted by tariffs should consider whether the Work-Sharing Program and its expanded eligibility may help avoid layoffs until business conditions improve. We will provide further updates on any additional supports that may become available.

For more information about the Work-Sharing Program, or for specifically tailored advice, please reach out to a member of Blaneys' Employment and Labour Group.

The information contained in this article is intended to provide information and comment, in a general fashion, about recent developments in the law and related practice points of interest. The information and views expressed are not intended to provide legal advice. For specific legal advice, please contact us.