

Dear Client,

The CRA has recently released some additional information with respect to the Temporary Wage Subsidy that they have put in place to assist Employers with the economic impact of the COVID-19 Pandemic.

We have summarized the information as follows:

Eligible Employers:

- non-profit organization, registered charity, or a Canadian-controlled private corporation (CCPC);
  - o CCPC's become **ineligible** when the taxable capital of the associated group in the prior taxation year is \$15M or greater
- have an existing business number and payroll program account with the CRA on March 18, 2020; and
- pay salary, wages, bonuses, or other remuneration to an employee.

Eligible Time Period:

- Pay periods that includes salaries, wages and taxable benefits paid between March 18 and June 20, 2020

Maximum Amount:

- 10% of salaries, wages and taxable benefits up to a maximum of \$1,375 per employee, and an employer maximum of \$25,000
- Associated CCPCs will not be required to share the maximum subsidy of \$25,000 per employer.

Claiming the Subsidy:

- Withholdings retained from each employee's pay continues as **NORMAL**
- When the remittance is submitted to the CRA, the **INCOME TAX** that is withheld from each employee's pay can be reduced by 10% of their gross salaries, wages and taxable benefits for that period
- CPP and EI needs to be submitted in full
- For example:

Gross Pay	\$ 1,000.00
CPP	(52.50)
EI	(15.80)
Income Tax	<u>(250.00)</u>
Net Pay	<u>\$ 681.70</u>

**Subsidy**

Gross Pay	\$1,000.00
10% Subsidy	\$100.00

**Remittance to CRA**

CPP	\$ 105.00	(includes employee and employer portion)
EI	37.92	(includes employee and employer portion)
Income Tax Less Subsidy	<u>150.00</u>	(\$250 withheld less the \$100 subsidy)
Total Remittance	<u>\$ 292.92</u>	

The \$100 subsidy would be allocated to an income account in the GL as it will be taxable on the corporations subsequent tax return

Other Items to Note:

- If your calculated subsidy is greater than your tax withheld **during the eligible period**, you do not lose the subsidy. It can be claimed on subsequent payroll remittances after June 20, 2020 up to the maximum per employee
- If you do not claim the subsidy during this time, you can request payment of the subsidy at the end of the year or transferred to next year's remittance
- If your business closes during the eligible period and no salaries, wages or taxable benefits are paid, then you cannot receive the subsidy
- For those clients who use Ceridian, we have reached out to them and they have assured us they will continue to support their clients impacted by COVID-19 and will assist them to implement the temporary wage subsidy recently announced by Canada's federal government.

The link to the full FAQ page released by the CRA can be found here

<https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h1>