

April 15, 2020

RE: Update on the Canada Emergency Wage Subsidy (CEWS) Program

Dear Brothers and Sisters in Christ,

The government has now enacted the legislation for the Canada Emergency Wage Subsidy (CEWS) program providing additional details and clarification on how the subsidy will work. The temporary, 12-week subsidy, is intended to help employers who have lost revenue retain their employees during Covid-19. There is no overall limit on the subsidy amount an employer can claim.

The CEWS program applies to charities and non-profits that have lost revenue and will apply from March 15, 2020 to June 6, 2020. Eligible employers must have had a business number on March 15, 2020 to make employer remittances to the Canada Revenue Agency. The subsidy is on eligible remuneration of an employee paid between March 15, 2020 and June 6, 2020 and covers up to 75% of remuneration on the first \$ 58,700 that an employee earns or a weekly maximum of \$ 847.

Eligible employees must be employed in Canada and must not have been without remuneration for more than 14 consecutive days in the Wage Claiming Periods noted in the chart below. Remuneration includes salary or wages plus the housing allowance and other remuneration that an employer would be required to withhold on such as on taxable benefits. Remuneration would not include the value of a parsonage or housing furnished by an employer.

Employers are expected to make their best efforts to pay the remaining 25% of earnings to employees if they can do so.

Lost revenue means a drop of at least 15% in revenue in March, 2020 and at least a drop of 30% in April and May, 2020. Employers qualifying for one claiming period automatically qualify for the next period. Employers can choose between two different methods to calculate a decline in revenue:

1. A comparison can be made in revenue to the same monthly period in 2019, or
2. A comparison can be made against average revenue for January and February, 2020

Once chosen the same method must be used throughout the program.

The revenue drop is calculated based on the drop in revenue in the following periods as follows:

Wage Claiming Period	Revenue Eligibility Period
March 15 to April 11, 2020 (15% reduction in revenue)	<ul style="list-style-type: none"> • March 2020 revenue over either <ul style="list-style-type: none"> ○ March 2019, or ○ Average of January and February, 2020
April 12 to May 9, 2020 (30% reduction in revenue)	<ul style="list-style-type: none"> • Qualify for March 2020 period, or • April 2020 revenue over either <ul style="list-style-type: none"> ○ April 2019, or ○ Average of January and February, 2020
May 10 to June 6, 2020 (30% reduction in revenue)	<ul style="list-style-type: none"> • Qualify for April 2020 period, or • May 2020 revenue over <ul style="list-style-type: none"> ○ May 2019, or ○ Average of January and February, 2020

Employers may measure the decline in revenues on the basis of accrual or cash accounting but must apply it throughout the program. Charities have special provisions to calculate the revenue decrease and must include most forms of revenue including revenue from a related business, gifts and other amounts included in the course of the charities ordinary activities. Revenue excludes the wage subsidy program amounts. Employers can choose to include funding from government sources as part of the calculation but must use a consistent approach throughout the program period.

Application should be made for CEWS before October 2020 by completing a prescribed form and filing it via CRA's *My Business Account* portal or an online portal that is expected to be available in the coming weeks. To receive the subsidy employers will have to keep records demonstrating their reduction in revenues and remuneration paid to employees.

Employers that qualify for CEWS may also receive a 100% refund for employer-paid contributions to Employment Insurance and the Canada/Quebec Pension Plan. This refund applies for eligible employees for each week employees are on a leave with pay, and the employer is eligible to claim the subsidy for these employees. A leave with pay occurs when an employee is paid by the employer for a week but does not perform any work for the employer in the week.

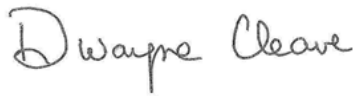
Further information on the CEWS Program is available on the government website <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

Employers who do not qualify for the Canada Emergency Wage subsidy may be able to claim under the previously enacted 10% Temporary Wage subsidy Program. This temporary subsidy is available on up to 10% of eligible employee salaries and applies to charities and not-for-profits. It provides 10% of remuneration paid from March 18, 2020 to June 20, 2020, up to a maximum subsidy of \$1375 per employee and \$ 25,000 per employer.

It is quite possible that an employer will qualify for the 10% Temporary Wage subsidy in one claiming period and the 75% CEWS program in another period. If an employer was to initially claim under the 10% Temporary wage subsidy and then subsequently learn it should have claimed the 75% CEWS, it can still do so, however, any benefits that they received from the 10% wage subsidy, would reduce the amount the employer could claim in the same period under the Canada Emergency Wage subsidy program.

If you require further clarification on the programs please do not hesitate to call or write.

In His Service,



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