

CEWS (Canada Emergency Wage Subsidy) Archive – Closed Claim Periods

What dates were the previous periods?

| Period 1 | Period 2 | Period 3 | Period 4 | Period 5 | Period 6 | Period 7 | Period 8 | Period 9 |
|---------------------------|------------------------|-----------------------|-----------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|
| March 15 - April 11, 2020 | April 12 - May 9, 2020 | May 10 - June 6, 2020 | June 7 - July 4, 2020 | July 5 - August 1, 2020 | August 2 - August 29, 2020 | August 30 - Sept. 26, 2020 | Sept. 27 - Oct. 24, 2020 | Oct. 25 - Nov. 21, 2020 |

| Period 10 | Period 11 | Period 12 | Period 13 | Period 14 | Period 15 | Period 16 | Period 17 | Period 18 |
|-------------------------|-------------------------------|----------------------------|-------------------------|-------------------------|-----------------------|----------------------|-----------------------|------------------------|
| Nov. 22 - Dec. 19, 2020 | Dec. 20, 2020 - Jan. 16, 2021 | January 17 - Feb. 13, 2021 | Feb. 14 - Mar. 13, 2021 | Mar. 14 - Apr. 10, 2021 | Apr. 11 - May 8, 2021 | May 9 - June 5, 2021 | June 6 - July 3, 2021 | July 4 - July 31, 2021 |

What was the revenue drop requirement for periods 1-5?

| When? | Period 1: | Periods 2 - 4: | Period 5 onwards |
|--|--------------------|-----------------|-----------------------|
| | March 15- April 11 | April 12-July 4 | July 5 onwards |
| What monthly revenue loss is required? | 15% | 30% | Any revenue reduction |

How was the revenue drop calculated?

General approach: compare your business eligible revenue for the claim period month in 2020 you are applying for with your eligible business revenue for the same month in 2019; OR

Alternative approach: compare your business eligible revenue for the claim period month in 2020 you are applying for with your average eligible business revenue for the months of January and February 2020.

You had to use the same approach for Periods 1-4. At Period 5, you were permitted to change approach, but whichever approach you used in Period 5, must be used for all subsequent periods.

| | | |
|--|--|--|
| Revenue Drop calculation for Periods 1-4 | GENERAL APPROACH Claim month - Same month from 2019 | ALTERNATIVE APPROACH Claim month - Avg of Jan and Feb 2020* |
| Revenue Drop calculation for Base % for Periods 5 - 10 | GENERAL APPROACH Claim month or Prior month - Same month 2019 | ALTERNATIVE APPROACH Claim month or Prior month - Avg of Jan and Feb 2020* |
| Revenue reduction for Top-up % for periods 5 - 7 | Avg of 3 prior months to the claim period 2020 - Avg of the same 3 months in 2019 | Avg of 3 prior months to the claim period 2020 - Avg of Jan and Feb 2020* |
| Revenue Reduction for Top-up % for periods 8-10 | Avg of 3 prior months to the claim period 2020 Avg of the same 3 months in 2019 or The revenue drop you used to calculate your base rate | Avg of 3 prior months to the claim period 2020 Avg of Jan and Feb 2020* or The revenue drop you used to calculate your base rate |
| Revenue drop calculation for periods 11 - 18** | GENERAL APPROACH Claim month - Same month in 2019 | ALTERNATIVE APPROACH Claim month - Average of Jan and Feb 2020* |

*Average of January and February can reflect operational days by equating to $=0.5$ (January and February 2020 revenues) x (60/# days operational in January and February 2020)

**For period 11 onwards, the revenue reduction for the base % is used for the top-up calculation

What was the 14-day rule?

For periods 1-4, employees must not have gone 14 or more consecutive days without pay. This rule was removed for period 5 and onwards.

What were the baseline remuneration periods?

| BASELINE REMUNERATION PERIODS | PERIODS 1-3 | PERIOD 4 | PERIODS 5 - 13 | PERIODS 14 - 16 |
|-------------------------------|--|---|--|---|
| | <ul style="list-style-type: none"> • Jan 1 - Mar 15, 2020, or • Mar 1 - May 31, 2019 | <ul style="list-style-type: none"> • Jan 1 - Mar 15, 2020, • Mar 1 - May 31, 2019, or • Mar 1 - Jun 30, 2019 | <ul style="list-style-type: none"> • Jan 1 - Mar 15, 2020, or • Jul 1 - Dec 31, 2019 | <ul style="list-style-type: none"> • Jan.1 - Mar 15, 2020 or • Mar 1 - June 30, 2019 or • 90 days before leave started for employees on certain leaves between July 1, 2019, and March 15, 2020. |

How do I calculate my gross revenue drop?

You must first choose between two accounting methods:

- Cash accounting (record income as it is received and expenses as they are paid); or
- Accrual accounting (record income and expenses when they are billed)

Then you must choose between two approaches:

- General Approach - compares revenue of claim month to same month in 2019; or
- Alternative approach - compares revenue of claim month to average revenue in January and February 2020.

Whatever approach you choose, had to be used for Periods 1-4. You could switch your approach at period 5, but whichever you one you used in period 5 had to be used for all subsequent claim periods.

For period 5 onwards, the CEWS percentage consists of a base CEWS and a top-up CEWS (if applicable). Any revenue drop makes you eligible for the base CEWS, and this is based on a one-month revenue comparison. A revenue drop of 50% or more makes you eligible for the top-up CEWS.

For periods 5-7: the top-up was based on a 3-month average revenue comparison.

For periods 8 onwards: the top-up is calculated based on the revenue reduction of the claim month.

| Subsidy Multiplier by Period | | | | |
|------------------------------|------------------------|--------------------------|--------------------------|------------------------------|
| Period | 5 & 6 | 7 | 8-10 | 11-16 |
| Dates | July 5 - Aug. 29, 2020 | Aug. 30 - Sept. 26, 2020 | Sept. 27 - Dec. 19, 2020 | Dec. 20, 2020 - June 5, 2021 |
| Base subsidy multiplier | 1.2 | 1.0 | 0.8 | 0.8 |
| Top-up subsidy multiplier | 1.25 | 1.25 | 1.25 | 1.75 |

| Revenue Decline | Period 17 June 6 - July 3, 2021 | Period 18 July 4 - 31, 2021 |
|-----------------|---|---|
| 0-10% | Base: revenue decline x 0.8 | 0% |
| 10-50% | Base: revenue decline x 0.8 | Base: (revenue decline - 10%) x 0.875 |
| 51-69% | Base 40% = top-up: (revenue decline - 50%) x 1.75 | Base 35% = top-up: (revenue decline - 50%) x 1.25 |
| 70% and over | 75% = Base 40% + top-up 35% | 60% = Base 35% + top-up 25% |

For periods 5 -7, if you had a revenue drop of less than 50% on average over the 3 previous months, you did not qualify for the top-tup CEWS.

In periods 5 and 6 you could use the Safe Harbour rule to use the greater of the old or new revenue reduction percentage in your CEWS.

What was the safe harbour rule?

The safe harbour rule allowed businesses who would have been eligible for the 75% wage subsidy under the old CEWS rules (those in effect from periods 1-4), to still get a minimum of 75% under the new rules for periods 5 and 6.

So, an eligible employer with a revenue reduction of 30% or more in periods 5 and 6 could receive at least a 75% subsidy, or more under the new rules if their revenue reduction was very high.

What was the deeming rule?

The deeming rule allowed businesses to apply for CEWS without proving to CRA that they had met the revenue reduction requirement in the current period providing they

had met it in the previous claim period. The rule was only in place for the first 4 claim periods.

The deeming rule evolved from Period 5 onwards and was integrated into the revenue drop test. Instead of automatically qualifying for a future period, a business can elect to use their current or prior month's revenue to compare with the previous year to determine which would provide them with the highest amount of subsidy.

Do I have to use the 10% Temporary Wage Subsidy for Employers (TWS) as well as the wage subsidy (CEWS)?

The CRA says businesses can choose to use the 10% TWS or not. If they do choose to receive the TWS, then they must declare it on their CEWS application.

If they do not choose to take advantage of it or are not eligible for the TWS, then they can elect to input "0" in the area where it needs to be declared in the CEWS application.

All businesses eligible for the TWS will have to fill out a PD27 form for their T4Summaries to be processed.