



CEWS FAQ

S|F SEGUIN FINANCIAL

CEWS FAQ

- What is the CEWS?
 - It is the Canadian Emergency Wage Subsidy that passed legislation on April 11, 2020 (Bill C-14). It is the 75% wage subsidy you have heard about.
- Am I eligible for the CEWS?
 - Your business must have had a 15% revenue reduction in March 2020 when compared to the prior year (March 2019) **or** against the average of January 2020 and February 2020's revenue.
- What about May 2020 and June 2020?
 - These months are required to have a 30% revenue reduction when compared to the prior year or against the Jan/Feb 2020 average.

CEWS FAQ

- Can I switch between each method?
 - No, whatever method you decide to choose, you must stick with it for the remainder of the program
- What does baseline remuneration mean?
 - Baseline means the average **weekly** eligible remuneration paid to an eligible employee between January 01, 2020 and March 15, 2020. Exclude any period of even or more consecutive days of no remuneration
- Do I use pay date to calculate the baseline and eligible periods?
 - You must use the actual days worked in the specific period for your calculations, not the pay date (hourly/irregular employees).

CEWS FAQ

- I heard I can use the cash method for revenue criteria, is this true?
 - Yes, your business can choose between accrual basis or cash basis for determination of your revenue. Again, whatever method you choose, you must stick with it for the remainder of the program.
- Can new hires be eligible for the CEWS?
 - Yes, as long as you meet the eligibility criteria, new hire wages are eligible through the CEWS.
- Can shareholders (and family members) be eligible for the CEWS?
 - Yes, as long as there was payroll paid between January 1st - March 15th (baseline remuneration)

CEWS FAQ

- Will new businesses that opened up on March 1st be eligible?
 - Unfortunately, no. This is due to being pre-revenue and having no benchmark.
- If I had 14% revenue reduction, can I still apply?
 - No, the Federal Government is very strict on their requirements. Applying and receiving the CEWS would be considered fraudulent.
- As a sole proprietorship, is my income considered to be wages?
 - No, your income is not considered to be eligible remuneration (wages).
- Will the CEWS be taxable?
 - Yes, all amounts received will be considered taxable income.

CEWS FAQ

- Does my decline in revenue have to be related to COVID-19?
 - A decline in revenue **does not** need to be related to COVID-19
- How does this interact the 10% Temporary Wage Subsidy (TWS)?
 - If eligible for both, you will reduce the CEWS by the TWS when applying.
- If I hire my child in April 2020, can I claim their wages through the CEWS?
 - No, since they had no baseline remuneration as is not an arm's length employee, they would not be eligible.

CEWS FAQ

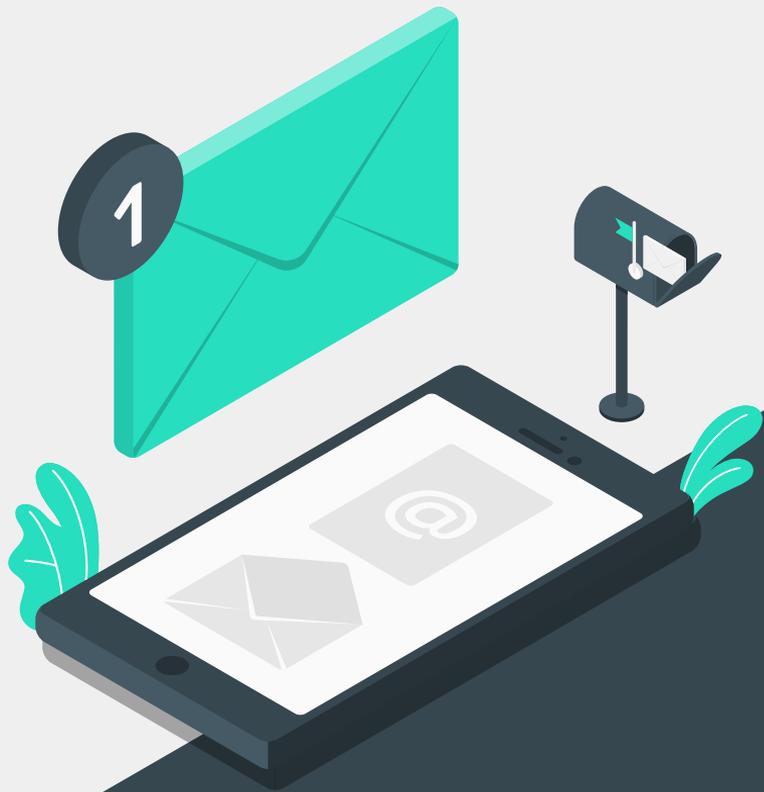
- Can I retroactively rehire my staff from March 15th?
 - Yes, and depending on your specific situation, this could be beneficial for all parties
- Can I get a reimbursement of the CPP/EI for my staff?
 - Yes, you can receive 100% reimbursement only if those staff members **did not work**.
- If I am eligible for March's CEWS, am I eligible for April automatically?
 - Yes, the CEWS will **automatically** make you eligible for the next **following period** based on the 'deemed period' criteria. So, if you hit March's revenue criteria (15%), you are automatically eligible for April's subsidy. Then, if you hit your April revenue criteria (30%), you are again automatically eligible for May's subsidy.

CEWS FAQ

- What happens if my staff were already receiving the CERB and I hire them back?
 - Depending on their situation, they might have to repay back the CERB.
- Can I use an average weekly method if we are a bi-weekly payroll?
 - No, you must use actual days work per period (weekly) to determine the CEWS. You cannot use a weekly average.
- Are there any special T4 reporting requirements?
 - Employers will be expected to report the eligible remuneration paid to each employee using **three new codes** in the “Other information” area on the T4.

CEWS FAQ

- Will the CEWS be applied against outstanding debt?
 - No, however the legislation does give CRA the ability to administer the CEWS fairly and reasonably and can use their discretion.
- Can I use an average weekly method if we are a bi-weekly payroll?
 - No, you must use actual days work per period (weekly) to determine the CEWS. You cannot use a weekly average.
- Are there any special T4 reporting requirements?
 - Employers will be expected to report the eligible remuneration paid to each employee using **three new codes** in the “Other information” area on the T4.



QUESTIONS?

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