

10% Temporary Wage Subsidy Now Available

On March 25, 2020, the **COVID-19 Emergency Response Act**, which included the implementation of a temporary 10 per cent wage subsidy, received Royal Assent.

The **10% Temporary Wage Subsidy** for Employers is a **three-month measure** that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA).

The subsidy is equal to **10% of the remuneration you pay from March 18, 2020 to June 19, 2020**, up to \$1,375 for each eligible employee to a maximum of \$25,000 total per employer.

Eligible Employers for the 10% Temporary Wage Subsidy

Eligible employers include **individuals, taxable corporations, partnerships consisting of eligible employers, non-profit organizations and registered charities**. Employers must have an existing business number and payroll program account with CRA as of March 18, 2020 and pay salary, wages, bonuses, or other remuneration to an eligible employee.

An eligible employee is **an individual who is employed in Canada**.

How to Apply

You do not need to apply for the subsidy. The employer (or third-party payroll service provider) should calculate the income tax remittance as usual, however; **10 percent of the gross employee remuneration** is calculated, up to a maximum of **\$1,375 for each employee** and **\$25,000 total for the employer**. The total of this amount is the “Wage Subsidy” for that period.

The employer still withholds from the employee the full amount of the required income tax remittance (along with CPP and EI).

The employer remits the income tax portion of the remittance less the Wage Subsidy (CPP and EI must also be remitted). There is no relief for the EI/ CPP portions as this is deemed to be held in trust by the employer.

Employers can start reducing remittances of federal, provincial or territorial income tax in the first remittance period that includes remuneration **paid between March 18, 2020, and June 20, 2020**.

FAQ

What if I don't reduce payroll remittances during the year?

If the **employer chooses not to reduce remittances** during the year, they can still calculate the wage subsidy that they would have been entitled to between March 18, 2020 and June 20, 2020 and can either:

- Request payment of the wage subsidy at the end of the year, or
- Transfer the wage subsidy to next year's remittance.

Can I claim the 75% CEWS subsidy and the 10% Temporary Business Wage Subsidy?

For employers that are eligible for both the CEWS and the 10 per cent wage subsidy for a period, **any benefit from the 10 per cent wage subsidy for remuneration paid in a specific period would generally reduce** the amount available to be claimed under the CEWS in that same period.

Is the 10% Temporary Business Wage Subsidy taxable?

Yes, the employer must include the amount of the Wage Subsidy received for that year in its income.

What books and records do I need to support the subsidy?

You will need to keep information to support your subsidy calculation. This includes:

- the **total remuneration** paid from March 18, 2020 to June 19, 2020;
- the federal, provincial, or territorial **income tax that was deducted** from that remuneration; and
- the number of eligible employees employed in that period.