

Federal subsidies during COVID₁₉:

A primer for unions & related organizations

Prepared for Calgary & District Labour Council

Jessie Hadley, McGown Cook Barristers & Solicitors

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Programs I'll discuss:

FOR UNIONS AS **NOT-FOR-PROFIT ORGANIZATIONS**

- Canada Emergency Business Account
(up to \$40,000 loan)

FOR UNIONS AS **EMPLOYERS**

- 75% Canada Emergency Wage Subsidy (CEWS)
- 10% Temporary Wage Subsidy (TWS)
- EI Work-Sharing
- WCB premium deferrals

FOR UNIONS AS **TENANTS**

- Canada Emergency Commercial Rent Assistance
(CECRA)

And one more...

FOR EMPLOYEES OF UNIONS

- Canada Emergency Response Benefit

but first...

WHO IS APPLYING FOR THE SUBSIDY?

- All these subsidies have eligibility requirements that specify in detail who can apply.
- So it is important to consider exactly what entity or organization you are putting forward as an applicant for the various subsidies.

- Trade unions are normally **unincorporated associations**.
- They aren't usually (and don't need to be) formal corporations, societies or charitable organizations.
- Trade unions are defined in the federal and provincial labour codes. In Alberta they are ***"organizations of employees that have a written constitution, rules or bylaws" and that have as one of their objects the "regulation of relations between employers and unions."*** (Labour Relations Code, s. 1)

- Trade unions are considered to be non-profit organizations for tax purposes – assuming they don't have profit as one of their purposes!
- Sometimes unions have holding companies that own land or buildings, or trusts that administer trust funds, or any number of other associated entities.
- Who or what entity acts as the employer of your union's employees?

BOTTOM LINE:

- Think carefully to decide whether your union or any related organizations may be eligible for each of the different subsidies.

FOR UNIONS AS NOT-FOR-PROFIT ORGANIZATIONS

Canada Emergency Business Account

- Not just for businesses – non-profits can also apply.
- Must have a payroll of between \$20K and \$1.5M.
- Is an interest-free loan of up to \$40K. Up to 25% can be forgiven if loan is repaid by Dec 31, 2022.
- Apply via your financial institution.
- <https://ceba-cuec.ca/>

FOR UNIONS AS EMPLOYERS

For the next subsidy we need to ask
WHAT IS "REVENUE"?

- Revenue is income generated from an organization's normal business operations.
- For a union, revenue is probably just union dues.
- The next subsidy is for employers that have experienced– 15% in March 2020 and 30% in April significant reduction in revenue in April and May 2020.

75% Canada Emergency Wage Subsidy (CEWS)

- Purpose is to give employers affected by COVID19 a wage subsidy so they can keep on paying their employees, through their own payroll, during the 12-week period of the program (March 15 to June 6).
- This includes bringing back employees who have been laid off, even if the employees are unable to work for the employer.

Emergency Wage Subsidy cont'd

- Unions who are employers are eligible for this subsidy (both as non-profit organizations and also as "labour organizations or societies").
- Must have a payroll account with CRA as of March 15, 2020.

Emergency Wage Subsidy cont'd

- You must have experienced an **"eligible reduction in revenue"**.
- For baseline, use either revenue from the same month in 2019, or the average of your Jan and Feb 2020 revenue.

Emergency Wage Subsidy cont'd

What is an eligible reduction in revenue? Your organization needs to have experienced:

- A **15% revenue drop** to be eligible between March 15 and April 11, 2020, and
- A **30% revenue drop** to be eligible between April 12 and June 6, 2020.

Emergency Wage Subsidy cont'd

- This subsidy pays for **75% of the remuneration** (or baseline remuneration) of each eligible employee between March 15, 2020 and June 6, 2020, up to a maximum of \$847 per week for each employee.
- Baseline remuneration is what you paid the employee between January 1 and March 15, 2020. This number comes into play if you want to apply for the CEWS for someone who has been laid off.

Emergency Wage Subsidy cont'd

- **Cannot** get CEWS for employees who have been without remuneration for more than 14 consecutive days in the eligibility period.
- That is: if the employee was without remuneration for over 14 days because their employer laid them off and did not retroactively re-hire them, then the CEWS is not available for that employee.

Emergency Wage Subsidy cont'd

- Detailed info and a wage subsidy calculator is online: <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>.
- Employers getting CEWS are supposed to make best efforts to top up the 75% but it is not clear whether that will be tracked.

Emergency Wage Subsidy cont'd

- **CPP and EI Remittance Refund:** Employers who qualify for CEWS may also receive 100% of their employer-portion of CPP and EI remittances back when they apply for CEWS.

10% Temporary Wage Subsidy (TWS)

- Available to unions (as non-profit organizations) that employ staff in Canada.
- Must have an existing business number and payroll program account with CRA as of March 18, 2020.
- No need to show any staffing reductions or any decrease in revenue to be eligible for this.

Temporary Wage Subsidy cont'd

- Subsidy is 10% of the remuneration you pay to employees between March 18 and June 19, 2020.
- Up to a max of \$1375 per employee, and max \$25K total per employer.
- Is "paid" via the ability to make reduced payroll remittances for income tax (federal and provincial).
- You do not need to apply for it – you just calculate it and then you can start reducing remittances.

Temporary Wage Subsidy cont'd

- Detailed information, including on how to calculate the subsidy, is online: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html>.
- NOTE: benefit received from the TWS will reduce the amount you can get from the 75% Canada Emergency Wage Subsidy (see next point).

EI Work-Sharing

- This program existed before COVID19 but has now been extended from 38 weeks to 78 weeks.
- Idea is that employers and employees can agree to reduce individual employees' hours during slower periods as an alternative to lay-offs.
- Employer then pays the employees at normal rate for their hours worked, and the government pays them the EI rate for the work hours they've missed.

EI Work-Sharing

- For nonprofit employers to be eligible they need to show a shortage of work due to a reduction of business activity, **and/or** a reduction in revenue levels due to COVID19.
- They need to have at least 2 full-time year-round employees to form a workshare unit.
- The participating employees must all be eligible for EI benefits.

EI Work-Sharing

- The employees in a workshare unit must agree to share the available work. They and the employer then submit a joint application for work-sharing.
- <https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus/employers-factsheet.html>.

WCB premium deferrals

- If you have opted in to WCB coverage for your employees, your 2020 premiums will automatically be deferred to 2021.
- As small/medium employers (defined as having less than \$10M in insurable earnings), unions will also have 50% of their 2020 premiums waived.
- https://www.wcb.ab.ca/assets/pdfs/employers/EFS_Premium_relief.pdf.

FOR UNIONS AS TENANTS

Canada Emergency Commercial Rent Assistance (CECRA)

- This program is still pending – process not in place yet.
- Offers forgivable loans to landlords of small businesses and non-profits
- Tenant must have temporarily closed operations or experienced a 70% drop in revenues due to COVID19.
- Landlord & tenant must have agreed to a minimum 75% rent reduction for April, May and June 2020.

Canada Emergency Commercial Rent Assistance (CECRA)

- It's the landlord that needs to apply for the subsidy.
- The idea is that the government will pay the landlord 50% of the normal rent in a forgivable loan.
- <https://www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business>

FOR EMPLOYEES

Canada Emergency Response Benefit

- Available to any person who has lost employment income as a result of COVID-19.
- \$500 per week for the period between March 15 and October 3, 2020.
- Employees can apply through CRA or Service Canada.
- Numerous “terms and conditions apply”:
<https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

Q&A