

## Federal subsidies during COVID<sub>19</sub>:

### A primer for unions & related organizations

Prepared for Calgary & District Labour Council

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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](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/ceerb-application.html>

## Q&A