



Canadian tax alert

COVID-19 - Update on fiscal measures

March 30, 2020

The federal and provincial governments continue to respond to impact of COVID-19 on our economy. Today, some additional information regarding the previously announced wage subsidy was provided, and other support was announced. Our Tax and Legal team is closely monitoring all government announcements and will remain available to support you during this unprecedented and uncertain time.

In this update, we highlight recent developments from the federal government as well as the government of Nova Scotia.

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FEDERAL MEASURES – March 30, 2020

Clarification regarding the new wage subsidy

- The 10% wage subsidy measure previously announced for SMEs on March 18, 2020, and then enhanced to 75% on March 27, 2020, has been clarified today, with more details to follow in the next few days.
- The wage subsidy has been renamed to the **Canada Emergency Wage Subsidy (CEWS)**.
- Qualifying organizations include for-profit businesses, not-for-profit organizations and registered charities.
 - Eligibility is not influenced by the size of an organization (e.g., number of employees or revenue).
- To qualify, such organizations must have experienced revenue reductions of at least 30% directly related to the COVID-19 crisis.
- The CEWS will support up to 75% of an employee's wage/salary on their first \$58,700 of annual wage or salary. This will translate to up to \$847 per week.
- The CEWS will be retroactive to March 15, 2020, as was the case at the time of the wage subsidy original announcement, and is expected to be available for three months.
- The government has indicated that there will be post-payment review and adjustment. Organizations that act in bad faith, or attempt to abuse the system, would be subject to severe penalties.
- The government expressed the hope that organizations will act in good faith and those with the means to pay the additional 25% of salary to employees will do so. However, it is unclear whether the government intends to review the organizations' payroll contribution, and if so, how this will be done.
- A number of questions remain, including how the reduction in revenue of at least 30% directly related to the COVID-19 crisis would be measured, what criteria will be used to determine whether the reduction was directly related to the COVID-19 crisis, and what will be the reference period for the calculation of the revenue reduction.

NOVA SCOTIA MEASURES – March 30, 2020

Deferral of lease payments

- The government is asking owners of retail and commercial properties to defer lease payments for the next three months for businesses that closed because of the public health order.
- Property owners that grant such businesses a three-month deferral and that register by April 3, 2020, will be eligible to claim losses of up to \$5,000 per month, if the renting business does not continue operating.

For more information on COVID-19, see our [Canadian COVID-19 information hub](#) and our [global COVID-19 information hub](#)

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