

Temporary Wage Subsidy for Employers FAQ

The Government of Canada recently announced a temporary wage subsidy for employers to help manage the impact of the COVID-19 pandemic. The legislation to support the subsidy became law on March 25, 2020.

Relevant amounts and percentages required to calculate the subsidy will be defined in regulations that have not yet been published but will be a part of the law. In the meantime how do you know if you're eligible and what can you do to prepare?

Helpful links

[Canadian Payroll Association](#)

[Government of Canada COVID-19 Response](#)

1 What is the Temporary Wage Subsidy

A temporary three-month measure that allows eligible employers to reduce the amount of their payroll federal income tax remittances due to the Canada Revenue Agency ("CRA").

2 How much is the Temporary Wage Subsidy

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.

These amounts and percentages are not part of the law and will be defined in regulations that have not yet been published.

An employer's calculation is based on the highest number of eligible employees at any time during the three-month period.

3 Who is eligible for the Temporary Wage Subsidy

Non-profit organizations, registered charities, Canadian-controlled private corporations (CCPCs) that qualify for the small-business deduction (in their last taxation year or, if they do not have a tax year that ended before the start of the eligible period, in the 12 months that ended before the eligible period), partnerships (all members of which are CCPCs as described above, individuals, or registered charities), or individuals (not a trust) who:

- Have an existing business number and payroll program account with the CRA on March 18, 2020

AND

- Pays salary, wages, bonuses, or other remuneration to an employee between March 18, 2020 and June 19, 2020 to an eligible employee.

4 How do I benefit from the subsidy?

The subsidy must be calculated manually, either by the employer or whoever is responsible for making the employer's payroll remittances.

For example, if you deducted a total of \$2,500 of income tax from your employees' pay and calculated a subsidy of \$2,050, you would reduce your current payroll remittance of federal, provincial, or territorial income tax by \$2,050. This means you would only remit \$450 of income tax to the CRA.

The remaining \$2,050 that you keep would represent your subsidy.