

Updated April 17th

Frequently Asked Questions on Government of Canada Programs in Response to COVID-19

Canada Emergency Response Benefit (CERB)

- [GoC-Questions and Answers on the Canada Emergency Response Benefit](#)

Q: If a small business owner pays their salary through a dividend, are they eligible for the Canada Emergency Response Benefit (CERB)?

- Yes, as long as the dividends are non-eligible dividends.
 - *Non-eligible dividends are dividends that are paid out of a Canadian-controlled private corporation that has been eligible for the small business deduction (lower corporate rate) as opposed to dividends that have been paid from a private corporation or a public corporation that is subject to higher corporate tax rates.*
- This counts toward the \$5,000 income requirement to be eligible for CERB.

Q: Can an individual work or collect any income while collecting the Canada Emergency Response Benefit (CERB)?

- Yes.
- A worker can earn up to \$1000 a month and retain CERB eligibility.
- This \$1000 includes employment income, self-employment income, tips, and royalties. It does not include Pensions or student loans.

Q: I applied for the CERB and received \$4,000 dollars in one payment, what do I do?

- There are several reports of overpayments across the country.
- Many people were paid appropriately for two periods they were eligible for and the double payment was correct.
- On Friday April 10th, Minister Qualtrough said that overpayment recipients must budget the money they received. It will act as an advance on their future CERB payment.

Q: Can I collect CERB if I lost my income but I currently collect CPP and OAS?

- CPP and OAS are not income for the purposes of the CERB and if they meet all other eligibility criteria, they would be eligible.

Q: Will being on CERB affect future Maternity/Parental leave benefits?

- No.
- While being on EI regular benefits would reduce the amount of parental leave one could take in that same year, that reduction does not apply with CERB.

Q: Can I collect CERB if I was supposed to start a job but that job is not going to happen due to COVID?

- Maybe.

- If you have exhausted your regular EI benefits after December 29, 2019 and now cannot find work you may be eligible for CERB as long as you meet the other eligibility criteria.
- FYI we maintain that this change is not in line with the law and should need a legislative change. However, currently the applications allow for this and so people should follow the rules and apply if they believe they are eligible.

Q: Can I collect CERB if I am not a citizen?

- Yes. If you meet all other eligibility criteria.
- The definition in the legislation is a worker residing in Canada, which the government has clarified to simply mean living and working here.

Q: Do I have to be laid off to collect CERB?

- No.
- If your employment income has been reduced to under \$1000 due to COVID but you are still officially employed, you can be eligible.

Q: I would be making more than \$500 a week on EI, but CERB only pays me \$500. Can I get back on EI or get more money?

- No.
- Every EI applicant after March 15th will be on CERB, and that will mean some end up with less than they would receive on EI.
- We have been aware of this since the beginning and Employment Shadow Minister Dan Albas has sent correspondence to the Minister asking for more information on this topic.
- Those people who are EI eligible will be able to apply for EI after the CERB runs out as long as they are still unemployed.

Q: Can my employer top-up my income if I am collecting CERB?

- Yes, under \$1000.
- You are allowed to earn up to \$1000 a month and maintain CERB eligibility. Your employer can top up as long as it is under that threshold.

Q: I saw in the news that if you apply for CERB you will get it even if you aren't eligible. Is that true?

- The application for CERB requires you to attest to your eligibility.
- The government will have powers to investigate after the fact to confirm eligibility and claw back money from people who should not have gotten it.
- Willfully lying on the attestation is a violation of the law.

Canada Emergency Wage Subsidy (CEWS)

Q: Are small business owners, who pays themselves through dividends, eligible for the Canada Emergency Wage Subsidy (CEWS)?

- They are not (as of April 15, 2020).
- The Government has expressed an openness to make changes to the wage subsidy program.

Q: Is there a revenue threshold small businesses must have to qualify for the Canada Emergency Wage Subsidy?

- No direct revenue threshold exists.
- Demonstrating a 30% revenue decline is a requirement.

Q: If an employer wanted to only keep, for example 7 out of 10 employees; is that allowed under the program? Or do employers need to show that they are trying to keep all employees on payroll through the CEWS?

- There is no requirement that an employer retain all of their employees to obtain the CEWS.
- In the example, the CEWS would be available (assuming the conditions are met) in respect of the seven remaining employees.

Q: The language used in the CEWS backgrounder could lead innovative companies that receive government grants for scientific research and development (such as SR&ED) to believe that the CEWS will act as an “advance” for any assistance they receive from the government. Can you please clarify this?

- The usual treatment of tax credits and other benefits provided by the government would apply. As a consequence, the wage subsidy received by an employer would be considered government assistance and be included in the employer’s taxable income.
- Assistance received under either wage subsidy would reduce the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration.
- For example, if a researcher makes \$ 1,000 per week and 750 is paid with the wage subsidy, only what is actually paid by the employer, or \$250, can be subsidized by the SR&ED (therefore 15% of 250 for large companies or 35% for small).

Q: Can a business receive both the 10% wage subsidy and the 75% wage subsidy, for a total of 85%?

- For employers that are eligible for both the Canada Emergency Wage Subsidy 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 Canada Emergency Wage Subsidy in that same period.

Q: How will the 75% wage subsidy be delivered? Are you going to use the same mechanism for the 75% wage subsidy as for the 10% wage subsidy (i.e. deemed remittances)?

- Eligible employers would be able to apply for the Canada Emergency Wage Subsidy through the Canada Revenue Agency’s My Business Account portal as well as a web-based application. Employers would have to keep records demonstrating their reduction

in arm's-length revenues and remuneration paid to employees. More details about the application process will be made available shortly.

Q: Will the Canadian Emergency Wage Subsidy work for farmers, ranchers, feedlot operators?

- No special circumstances have been created for the agricultural sector.
- The same eligibility applies. Eligible employers include individuals, taxable corporations, partnerships consisting of eligible employers, non-profit organizations and registered charities.

Q: If a small business closed because they're considered non-essential and laid off employees, can they only benefit from CEBA, CERB and GST/HST tax remittances? The wage subsidy wouldn't apply to them because they can't re-open or sell online, correct?

- They are still eligible for the wage subsidy. The policy rationale for the CEWS is to keep employers and employees connected for when the COVID-19 crisis ends. The Finance Minister's message to employer's was "get ready to rehire".
- CEWS eligibility criteria still fully applies.

Q: Will the wage subsidy program be available for Canadian employees of US based companies operating in Canada?

- Yes.
- Even though it is controlled by a non-Canadian, the employer (the Canadian corporation) should be fully taxable in Canada and is therefore an eligible employer.

Q: Do unincorporated businesses qualify for the wage subsidy?

- Yes.
- All eligibility requirements still apply.

Q: An ownership entity includes an aboriginal band and does not possess a taxable ID number, are they eligible for the wage subsidy?

- No. They will not qualify for the wage subsidy.
- As per the Department of Finance; any partnership of which a tax-exempt corporation owned by an Indigenous government is a member would not be eligible under the current program."

Canada Emergency Business Account (CEBA)

Q: What are the eligibly criteria for businesses to apply?

- The Borrower is a Canadian operating business in operation as of March 1, 2020.
- The Borrower has a federal tax registration.
- The Borrower's total employment income paid in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000. (changes to payroll criteria announced by PM Trudeau on April 16)

- The Borrower has an active business chequing/operating account with the Lender, which is its primary financial institution. This account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the Lender by 90 days or more as at March 1, 2020.
- The Borrower has not previously used the Program and will not apply for support under the Program at any other financial institution.
- The Borrower acknowledges its intention to continue to operate its business or to resume operations.
- The Borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

Q: Where do eligible businesses apply?

- Small businesses and not-for-profits should contact their financial institution to apply for these loans.

Q: Do political office holders qualify for the CEBA?

- Members of Parliament and provincial MLAs/MPPs/MNAs do not qualify for the CEBA.
- The political officer holder exclusion criterion exists for anti-money laundering/conflict of interest purpose. This has unintended consequences for rural political office holders, who are only part-time and own a small business.
- The Department of Finance has stated that they are aware of this problem and are looking into ways to address the issue.

Q: Do small businesses without a payroll qualify for the CEBA?

- No.
- This is a major concern with owner-operator (ie-the business is owned by the same person who is doing the day to day work); who do not have a payroll, do not take wages and leave 100% of revenues in the business.

Mortgages

Q: What is the Government doing on mortgages?

- Canadian banks have committed to work with their customers on a case-by-case basis to find solutions to help them manage hardships caused by COVID-19. This includes permitting lenders to defer up to six monthly mortgage payments (interest and principal) for impacted borrowers. Canadians who are impacted by COVID-19 and experiencing financial hardship as a result should contact their financial institution regarding flexibility for a mortgage deferral. This gives flexibility to be available – when needed – to those who need it the most. You are encouraged to visit your bank’s website for the latest information, rather than calling or visiting a branch.
- For more information, please visit your financial institution:
www.bmo.com/main/personal/bmo-branches-coronavirus-update

www.cibc.com/en/personal-banking/advice-centre/covid-19.html

www.nbc.ca/personal/notice.html

www.scotiabank.com/ca/en/personal/scotia-support/latest-updates.html

www.rbc.com/covid-19

www.td.com/ca/en/personal-banking/covid-19

Q: Shouldn't the banks be working on pausing mortgage payments, interest free, until people are allowed to go back to work?

- For mortgages, the Government of Canada is providing lenders with the insurance support they need to provide relief to their customers who need it. 500,000 requests for mortgage relief have been completed by banks in Canada as of April 3:
- <https://cba.ca/mortgage-deferrals-in-canada-reach-half-a-million>

Q: I'm a landlord. My renters don't have to pay rent during this crisis, but I still have to pay my mortgage. What are you doing to support landlords?

- Landlord-tenant relations are regulated by provincial governments. Please contact your local provincial government representative for more information on resources for landlords during this crisis.