

Update on Economic Measures Announced by the Governments of Québec and Canada – COVID-19

This document contains clarifications and updates as of April 7, 2020 on three key measures announced by the governments:

- 1) CANADA EMERGENCY RESPONSE BENEFIT (CERB)
- 2) INCENTIVE PROGRAM TO RETAIN ESSENTIAL WORKERS (IPREW)
- 3) 10% TEMPORARY WAGE SUBSIDY

CANADA EMERGENCY RESPONSE BENEFIT

The Government of Canada has done an about-face on the eligibility criteria for this benefit. Individuals that have received a **grossed-up common share dividend** of at least \$5,000 in the 12 months prior to applying for the Canada Emergency Response Benefit or in the 2019 calendar year are finally eligible to receive the benefit. Note that you are also eligible if you have income totalling \$5,000 from a combination of the following sources:

- 1) **Employment income**
- 2) **Self-employment income**
- 3) Those who do not qualify for Employment Insurance can still include **maternity benefits** and parental benefits from the **Employment Insurance program** in their calculation of income and/or similar benefits paid in Québec through the **Québec Parental Insurance Plan**
- 4) **Grossed-up common share dividends**



However, the eligibility criteria on the application form have not been updated. When filling out an application for this benefit, applicants must attest that they meet certain criteria, including the following:

- You earned a minimum of \$5,000 income in the last 12 months or in 2019 from one or more of the following sources:
 - a. Employment income
 - b. Self-employment income
 - c. Provincial or federal benefits related to maternity or paternity leave

Given that the deadline for filing applications is December 2, 2020, we would recommend that individuals wait for a clear update from the Government of Canada before applying if they do not qualify for the subsidy without taking into account their grossed-up dividend income.

For the moment, despite Revenue Canada's about-face, individuals who qualify for the subsidy through dividend income would be attesting to inaccurate information. It is a delicate situation. An update should be coming soon. **Further details are expected.**

Nevertheless, if you urgently require this financial support, you can still file an application despite dividend income not appearing on the online attestation form. It would be surprising if the Government were to flip-flop after its April 6, 2020 announcement.

10% TEMPORARY WAGE SUBSIDY

We would like to make a clarification regarding corporate eligibility for this wage subsidy. The eligibility criteria are as follows:

- a) You qualify if
 - i) you are an individual, an eligible partnership, a non-profit organization, a registered charity or a Canadian-controlled private corporation (CCPC) **eligible for the small business deduction for the last taxation year ended before March 18, 2020;**
 - ii) you had an existing business number and payroll program account with the CRA on March 18, 2020;
 - iii) you pay salary, wages, bonuses or other remuneration to an employee.

Eligibility for the small business deduction: To be eligible for the small business deduction, a CCPC must have a business limit of more than nil for the last taxation year ended before March 18, 2020. Despite this condition, a CCPC is still eligible for the subsidy if its business limit is nil only because of the adjusted aggregate investment income reduction.



INCENTIVE PROGRAM TO RETAIN ESSENTIAL WORKERS (IPREW)

Objective of the measure:

This new financial assistance program announced by the **Québec government** is for essential workers. The purpose of this financial support is to make up the difference between their wages and the Canada Emergency Response Benefit. This benefit of **\$200 every two weeks is taxable**. The maximum duration is 16 weeks, from March 15 to July 8, inclusive.

Note that this measure is not for companies but for workers. All employees working in essential services whose gross income is **less than \$550** per week and whose **total income is less than \$28,600 per year** are eligible for this benefit. Employees are responsible for filing their own application, not their employer. It is important to note that this benefit does not prevent employers from accessing the 10% wage subsidy.

Eligibility criteria:

- a) You must work part-time or full-time in one of the essential service sectors during the program period; all essential service sector employees are eligible (see [Essential services](#))
- b) You must receive gross wages of \$550 or less per week
- c) You must have an annual work income of at least \$5,000 and a total annual income of no more than \$28,600 for **2020**
- d) You must be at least 15 years old when you apply for assistance under the IPREW
- e) You must have been resident in Québec on December 31, 2019, and plan to reside in Québec throughout 2020
- f) You must not have received amounts under the CERB or the Temporary Aid for Workers Program for the same workweek covered

**Additional information:**

- a) **Applications will be available starting May 19, 2020.** If you have not already done so, you must register for My Account for individuals (see [clicSÉCUR](#)) and sign up for direct deposit (see [Direct deposit](#)) before you can apply. If you are not registered for direct deposit, you will receive the full sum in a one-time cheque in July 2020.
- b) To apply for this benefit, you must go to the [IPREW](#) online service access page to register. It appears registration is to be done only once for the entire program period, and that you must notify any changes in order to stop the benefits. **Further details are expected.**
- c) The deadline to apply is currently set at **November 15, 2020.**
- d) The first payment is retroactive to March 15 and is expected to be made on May 27, 2020.

Payment period	Payment amount
May 27, 2020	\$1,000 for the period from March 15 to May 23
June 10, 2020	\$200 for the period from May 24 to June 6
June 24, 2020	\$200 for the period from June 7 to June 20
July 8, 2020	\$200 for the period from June 21 to July 4

Repayment: Note that if your total income exceeds \$28,600 in 2020, all IPREW benefits you received will have to be repaid. If you were eligible when you filed your benefit application, Revenu Québec will recover excess payments only and will not impose penalties.

Penalties: False declarations will result in Revenu Québec recovering all financial support and imposing a penalty equal to 50% of the amount paid to you.