

April 8, 2020

*The information shared in the following FAQ is as of April 7, 2020 4PM. Given the fluidity of the information being shared and the potential for amendments by government, please know that the information provided in this FAQ is subject to change and for informational purposes only. We ask that you check back regularly for any updates.*

## FAQ – Frequently Asked Question

### **CERB - Canada Emergency Response Benefit**

<https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

Many of the answers can be found at:

<https://www.canada.ca/en/services/benefits/ei/cerb-application/questions.html>

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**Q. If I am self-employed, am I eligible for CERB?**

**A.** Yes.

**Q. If I do not meet the \$5000 annual income requirement, am I still eligible for CERB?**

**A.** No.

**Q. As an independent contractor, do you have to have a Zero income in order to qualify for CERB?**

**A.** Correct, eligible for those: “Who are or expect to be without employment or self-employment income for at least 14 consecutive days in the initial four-week period. For subsequent benefit periods, they expect to have no employment or self-employment income.”

**Q. If I am still receiving past commission into April and May. Can I still apply for CERB?**

**A.** You may be eligible to apply for the Canada Emergency Response Benefit even if you are receiving income for associated work completed prior to March 15, 2020 such as commissions. You will also be required to meet the other eligibility criteria.

**Q. If I am self-employed and no longer working due to COVID-19 but am still receiving income from billings issued for work completed prior to March 15, 2020 am I eligible for the Canada Emergency Response Benefit?**

**A.** You must have stopped working as a result of COVID-19 and be without employment income for at least 14 consecutive days within the initial four-week period. This includes income from paid leave, self-employment income or any Employment Insurance benefits. For subsequent periods, you expect to have no employment income.

**You may be eligible to apply for the Canada Emergency Response Benefit even if you are receiving income for work undertaken prior to March 15, 2020 provided you meet the other eligibility criteria.**

**Q. If there is a minimum income requirement of 5k during 2019 or the past 12-month and you must show \$0 income over a 14-day period, how it will work if we are awaiting on pending commission from suppliers who have not yet paid you. Do you still apply while you wait for commissions?**

**A.** Same answer as above.

**Q. If I get my last commission cheque on April 9, do I have to wait 2 weeks before applying?**

**A.** Yes.

**Q. Do I have to apply every 4 weeks or do I only have to apply once for CERB?**

**A.** Yes, you have to re-apply every 4 weeks.

**Q. Does the Payroll include commissions paid to Individual Contractors that receive T4A's?**

**A.** Yes. Any income is included. "This includes income from paid leave, self-employment income or collection of any Employment Insurance benefits." Also includes dividend income "as long as the dividends are non-eligible dividends (generally, those paid out of corporate income taxed at the small business rate). An individual could count this income towards the \$5,000 income requirement to be eligible for CERB."

**Q. You mentioned CERB available from Mar 15, 2020 to Oct 3, 20. In other places I see, its 16 wks. Which is true?**

**A.** Yes, they are both true. The program runs from Mar 15 to Oct 3<sup>rd</sup>, 2020, but you are only eligible for up to 16 weeks of payment within that time frame.

“Eligibility periods are fixed in 4-week periods.

If your situation continues, you can re-apply for CERB for multiple 4-week periods, to a maximum of 16 weeks (4 periods).

### See 4-week eligibility periods

| Understanding payment periods |                                       |
|-------------------------------|---------------------------------------|
| 4-week period cycle           | Period dates                          |
| 1                             | March 15, 2020 to April 11, 2020      |
| 2                             | April 12, 2020 to May 9, 2020         |
| 3                             | May 10, 2020 to June 6, 2020          |
| 4                             | June 7, 2020 to July 4, 2020          |
| 5                             | July 5, 2020 to August 1, 2020        |
| 6                             | August 2, 2020 to August 29, 2020     |
| 7                             | August 30, 2020 to September 26, 2020 |

**Q. Can we apply for the CERB while we are waiting for our EI?**

**A.** No. One of the requirements for eligibility is that: “You did not apply for, nor receive, CERB or EI benefits from Service Canada for the same eligibility period.” If you’ve already applied for EI after March 15<sup>th</sup>, your EI application is automatically processed through CERB.

**Q. If you are a part-time independent contractor, but have a full time job are you still able to apply for CERB?**

**A.** Only if you have no income coming in from your full-time job as well.

**Q. Can you confirm that you must not have received any income for 14 days prior to being able to apply for CERB?**

**A.** Correct.

**Q. Can you still work a limited number of hours while you are receiving CERB?**

**A.** Yes, you can still work; it is just if you get paid for your work you will not qualify.

**Q. Is the CERB payment up to \$2000.00 or is it a complete payment of \$2000/month?**

**A.** It is a complete \$2,000 taxable benefit payment per month. It means you will have to declare the payments as income on your 2020 tax file.

**Q. As an Independent Travel Agent can I qualify for the CERB and the wage subsidy?**

**A.** No. “An employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.” <https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

**Q. Is the CERB program only for individuals who have lost their income?**

**A.** Yes.

**Q. What is required to prove loss in income for the application?**

**A.** “You will need to provide your personal contact information, your Social Insurance Number and confirm that you meet the eligibility requirements. You may be asked to provide additional documentation to verify your eligibility at a future date.”

**Q. If you are both an Independent Contractor who is also an agency owner are you eligible to apply for CERB?**

**A.** See below.

**Q. As a travel agency owner, who has reinvested all profits into the business and not taken out any income, am I eligible for CERB?**

**A.** You would have to still qualify with the same eligibility requirements; having income of at least \$5,000 in 2019 or in the 12 months leading up to your application. Dividend payments count towards income. “If I am in receipt of dividends am I eligible for the Canada Emergency Response Benefit? Yes, as long as the dividends are non-eligible dividends (generally, those paid out of corporate income taxed at the small business rate). An individual could count this income towards the \$5,000 income requirement to be eligible for CERB.”

**Q. If you are an agent and still employed, can you apply for the CERB program?**

**A.** Yes, as long as you have no income coming in during the eligibility period.

**Q. If I know my income is going to be manageable for another month, would it be better for me to wait a month before applying or would it be best to apply right away in order to get the payment on time once I no longer have the income to run the business?**

**A.** The CERB is for those who have had no income for 14 consecutive days to qualify for the first payment; subsequent to the first payment, need to prove no income at all during the 4-week eligibility period. Also, there is no waiting period for the payment. “The CERB is paid by [direct deposit](#) or by cheque if your direct deposit information is not on file. After you apply, you should get your payment in 3 business days if you signed up for direct deposit. If you haven't, you should get it in about 10 business days.”

**Q. Do you qualify for CERB if you have taken a wage reduction or complete unpaid workdays?**

**A.** No. CERB is for those who have no income whatsoever. There are other programs available for reduced hours such as the Work Share Program.

**Q. What sources of income will be required to determine eligibility?**

**A.** All sources of income, including EI and paid leave benefits. “This includes income from paid leave, self-employment income or collection of any Employment Insurance benefits.” Also includes dividend income “as long as the dividends are non-eligible dividends (generally, those paid out of corporate income taxed at the small business rate). An individual could count this income towards the \$5,000 income requirement to be eligible for CERB.”

**Q. Can I elect to receive EI instead of the CERB, given a higher financial support?**

**A.** No. “If you became eligible for EI regular or sickness benefits March 15th or onward, your claim will be automatically processed through the Canada Emergency Response Benefit.” “When you apply for the Canada Emergency Response Benefit, you will receive \$500 per week, regardless of what you may have been eligible to receive through Employment Insurance.

However, you retain your eligibility to receive for Employment Insurance after you stop receiving the Canada Emergency Response Benefit, and the period that you received the CERB does not impact your EI entitlement.”

**Q. If I have been denied EI, can I apply on the CRA site for CERB?**

**A.** It depends why you have been denied EI. CERB is available for those who are not EI eligible and have no income due to COVID-19. After March 15<sup>th</sup> any EI applications for EI regular or sickness benefits automatically become processed through CERB.

**Q. I paid into EI until Sep 2019 and then became independent. Should I apply for EI first or just CERB? I will be being paid for March commissions on Apr.15th, do I have to wait until then to apply for EI or CERB?**

**A.** After March 15<sup>th</sup> any EI applications for EI regular or sickness benefits automatically become processed through CERB.

## **CEBA - Canada Emergency Business Account**

**Q. Does the CEBA payroll amount of \$50,000 to 1 million include payments to IC and employees? Or just for employees on the payroll?**

**A.** Annual payroll of between \$50,000 and \$1 million as evidenced by the organization's 2019 T4 Summary of Remuneration Paid (T4SUM) (if you cannot locate your T4SUM, contact the Canada Revenue Agency to have them reissue it to you)

**Q. Can you an employer/agency owner borrow the \$40,000 per location, if they are under a single corporate name?**

**A.** Check with your business' financial institution; I would not think it is per location but rather per enterprise.

**Q. Do agencies who are strictly paying commission and do not have a payroll over \$50K; do they have access to the \$40K Business Loan?**

**A.** Annual payroll of between \$50,000 and \$1 million as evidenced by the organization's 2019 T4 Summary of Remuneration Paid (T4SUM) (if you cannot locate your T4SUM, contact the Canada Revenue Agency to have them reissue it to you)

**Q. What financial assistance do business owners get, irrespective of them taking dividends or salaries?**

**A.** Business Credit Availability Program and the Canada Emergency Business Account if your company qualifies for these. Check with your financial institution for info on these programs and eligibility requirements. May also qualify for CERB and CEWS, but not at the same time.

**Q. Is it true that in order to qualify for the loan of 40k you need to have minimum payroll payment between 50k-1million? How can small business qualify?**

**A.** There are other programs for small business; please check with your financial institution.

## Canada Emergency Wage Subsidy

<https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

**Q. If there has been a loss of half a million in sales, some of which was booked over the last 9 months, should we report sales numbers or travel dates as the basis of lost business?**

**A.** The Canada Emergency Wage Subsidy (CEWS) requires a revenue loss of 30% to be eligible. There is no requirement for the CEBA to show a loss of sales unless your financial institution wants to see this.

**Q. The Government now has two wage subsidy programs, 10% and 75%. We can now get the 10% immediately and we have to wait for a few weeks before we know the details on the 75% one. Do you know, can we apply for both, 10% and 75% subsidy**

**A.** There's no application for the 10% wage subsidy, it's done via the payroll remittances for those businesses that qualify:

"You do not need to apply for the subsidy. You will continue deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from salary, wages, bonuses, or other remuneration paid to your employees, as you currently do. The subsidy is calculated when you remit these amounts to the CRA. Once you have calculated your subsidy, you can reduce your current payroll remittance of federal, provincial, or territorial income tax that you send to the CRA by the amount of the subsidy." Source: <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html>

Interaction with 10 per cent Wage Subsidy

On March 18, 2020, the Prime Minister announced a temporary 10 per cent wage subsidy. 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.

Source: <https://www.canada.ca/en/department-finance/news/2020/04/the-canada-emergency-wage-subsidy.html>

**Q. In order to receive the 75% do we need to keep the employees on the payroll and paying them at 100% of their regular wage?**

**A.** “Employers must make their best effort to top-up employees’ salaries to bring them to pre-crisis levels.” And “Employers would have to keep records demonstrating their reduction in arm’s-length revenues and remuneration paid to employees.”

<https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html>

**Q. With the wage subsidy be based on the pre-crisis salary of each employment and not based on their pay rate from March 16, 2020?**

**A.** Yes – pre-crisis wage. “The subsidy amount for a given employee on eligible remuneration paid between March 15 and June 6, 2020 would be the greater of:

- 75 per cent of the amount of remuneration paid, up to a maximum benefit of \$847 per week; and
- the amount of remuneration paid, up to a maximum benefit of \$847 per week or 75 per cent of the employee’s **pre-crisis weekly remuneration**, whichever is less.”

**Q. As an employer can we have 50% of staff on the wage subsidy program and the other 50% on the work share program?**

**A.** You could probably do this, although depending on how much you reduce the other 50% employees’ hours (between 10% to 60%) you will have a discrepancy in their pays and will have to manage the optics of that with both groups of employees. Also, the Work Sharing program as to be agreed to by all employees in the eligible work unit (need at least 2 employees in the work unit to qualify for the work sharing program).

“The eligibility requirement for WS (Work Share) is the same as for regular employment insurance (EI) benefits, and employees must have 420 to 700 hours of insurable employment during their qualifying period which is the 52 weeks prior to the start of their EI benefit period. Employers should consult the detailed eligibility criteria as well as the non-eligibility criteria to determine whether or not their business or certain employees qualify.” <https://www.hrreporter.com/opinion/canadian-hr-law/government-support-and-covid-19/328387>

**Q. If we have decreased employee workweek from 5 days to 4 days, will the employer receive 75% of the salary paid, for the reduction in hours/days?**

**A.** The idea is to try to bring employees up to their pre-crisis remuneration levels with the CEWS so that you can avoid layoffs. If reducing hours, the Work Share Program may be a better option if there are at least 2 employees in the work group and all the employees in the work unit agree to it.

**Q. What is the criteria for the 10% wage subsidy?**

**A.** <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-wage-subsidy-small-businesses.html#h2>

**Q. Can an agency owner (who is not permitted to pay EI being an owner), apply for the wage subsidy?**

**A.** “A special rule will apply to employees that do not deal at arm’s length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75 per cent of the employee’s pre-crisis weekly remuneration.” <https://www.canada.ca/en/departement-finance/economic-response-plan/wage-subsidy.html>

**Q. Can a main shareholder of a travel agency corporation, qualify for the wage subsidy program if he/she works full time at the travel agency?**

**A.** Same as above.

**Q. Will the 75% wage subsidy be available for Sole Proprietors?**

**A.** “An employer would not be eligible to claim the Canada Emergency Wage Subsidy for remuneration paid to an employee in a week that falls within a 4-week period for which the employee is eligible for the Canadian Emergency Response Benefit.” This means that if you as the sole proprietor do not earn any income, you would be eligible for the CERB; if you are receiving income but your business revenues have gone down at least 30% from the same month in 2019, then you would qualify for the CEWS. However, the CEWS payments will likely take 6 weeks to arrive. <https://business.financialpost.com/news/fp-street/six-week-wait-for-wage-subsidy-may-be-too-long-for-some-businesses-and-their-employees-caught-in-coronavirus-crisis>

**Q. Can the Work Share Program be combined with the 75% wage subsidy program?**

**A.** This information is unclear at this time. We do understand however that you cannot be on both programs at the same time. It will need to be one or another

**Q. For the wage subsidy, do employers pay employees their salary and if so, how and when do they get the 75% subsidy to support that?**

**A.** This is still not clear as of yet, this is all the website states to date: “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. If staff is on the work share program is the amount the business has to pay the employees (40% in covered with the Wage Subsidy program)?**

**A.** Details have not been released to us at this time.

**Q. Does the wage subsidy include the employers too who receive a salary, or does the subsidy only apply for employees over and above the employer?**

**A.** “A special rule will apply to employees that do not deal at arm’s length with the employer. The subsidy amount for such employees will be limited to the eligible remuneration paid in any pay period between March 15 and June 6, 2020, up to a maximum benefit of \$847 per week or 75 per cent of the employee’s pre-crisis weekly remuneration.” <https://www.canada.ca/en/departement-finance/economic-response-plan/wage-subsidy.html>

**Q. As an ITA do I qualify for wage subsidy since I have lost over 30% of my business?**

**A.** “Eligible employers would include *individuals*, taxable corporations, and partnerships consisting of eligible employers as well as non-profit organizations and registered charities.”

**Q. If you decided to opt for the wage subsidy which goes until 15 June, would you then be able to apply for the workshare afterwards?**

**A.** Yes, as long as your business and your employees qualify.

## UNEMPLOYMENT INSURANCE

**Q. If an employee is asked by their employer to take one week without pay per month, can they apply for UI for that week?**

**A.** The EI website states you are only eligible for EI if you “have been without work and without pay for at least seven consecutive days in the last 52 weeks”, because the employee is only without pay for 5 consecutive days (1 business week) at a time, they most likely would not qualify <https://www.canada.ca/en/services/benefits/ei/ei-regular-benefit/eligibility.html>

## OTHER – TAX REMITTANCES

**Q. Do I still have to file HST on the usual date (April 30) -- but defer payment until June 30?**

**A.** <https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/frequently-asked-questions-gst-hst.html>