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# **I&A GUIDE TO COVID-19 BUSINESS DISRUPTION FOR EMPLOYEES AND EMPLOYERS**



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## **TABLE OF CONTENTS**

- 1. Canada's COVID-19 Economic Response Plan Summary**
- 2. Applying for EI Regular Benefits**
- 3. Applying for EI Sickness Benefits**
- 4. Applying for EI Work Sharing Benefits**
- 5. Applying for Emergency Care Benefits**
- 6. Employer Information – Layoffs**
- 7. Employer Information – Temporary Layoffs**
- 8. Employer Information – Work Sharing Program**



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## CANADA'S COVID-19 ECONOMIC RESPONSE PLAN

The Government of Canada announced on March 18, 2020 a set of economic measures to help assist individuals and business facing financial hardships as a result of COVID-19. Some of the highlights of this plan are as follows;

### SUPPORT FOR INDIVIDUALS

#### Temporary Income Support for Workers and Parents

- No waiting period to claim EI benefits for those in quarantine
- No medical certificate requirement to claim EI sickness benefits
- "Emergency Care Benefit" to provide support for individuals who; are in quarantine, are taking care of family who is sick with COVID-19, and those with children who require care or supervision
  - Application for this benefit will be available in **April 2020**

#### Longer-Term Income Support for Workers

- Provides support for Canadians who are not eligible for EI, and who lose their jobs or have reduced hours as a result of COVID-19

#### Increased Credits and Benefits

- Increase in Goods and Services Tax Credit for individuals who qualify – one-time special payment in **May 2020** for **up to** \$400 for individuals and \$600 for families
- Increased Canada Child Benefit payment by **up to** \$300 per child

#### Additional Targeted Assistance

- Canada Student Loans will be interest-free for six months
- Reduced minimum withdrawals from RRIFs
- Additional funding for Indigenous communities, those experiencing homelessness, and women and children fleeing violence

#### Tax Filings and Tax Owing

- Tax filing deadline for individuals extended to **June 1, 2020**
- Tax filing deadline for trusts extended to **May 1, 2020**
- Deferral of income tax payments until **August 31, 2020**. This includes any amounts that became due from March 18, 2020 to September 2020.

#### Financial Institutions

- Large banks will help customers on a case-by-case basis for personal or business finances that are affected by COVID-19.
  - This may include payment deferral for mortgages and other credit products.



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## CANADA'S COVID-19 ECONOMIC RESPONSE PLAN

### SUPPORT FOR BUSINESSES

#### Temporary Wage Subsidy

- Subsidy to support small businesses that are facing revenue losses
- 10% of gross payroll for a period of three months, up to a maximum of \$1,375 per employee and \$25,000 per employer
- Employers can benefit immediately by reducing employee remittances of income tax withheld.

#### Tax Payment Deferral

- Deferral of certain income tax amounts owing until **August 31, 2020**. This includes any amounts that became due from March 18, 2020 to September 2020
- No interest or penalties will accumulate on these amounts during this period
- Wording suggests this deferral does not apply to GST/HST, Payroll Taxes, or certain investment income

#### Availability of Credit

- Additional funds to be available from large banks to be invested in the economy due to change in lending regulations
- Bank of Canada has decreased its interest rate to 0.75% to allow for banks to continue to lend to businesses and households.

For more details or to read the full Economic Response Plan, please visit <https://www.canada.ca/en/department-finance/economic-response-plan.html>

If you have any questions or concerns please do not hesitate to reach out to our offices, and we will continue to provide updates as more information comes available.

# APPLYING FOR EI REGULAR BENEFITS

## Do you Qualify?

- You were employed in insurable employment
- You lost your job through no fault on your own
- You have been without work and pay for at least 7 consecutive days in the last year
- You meet the minimum insurable hours worked in the last 52 weeks or since your last EI claim
- You are ready, willing, and capable of working and are actively looking for work

## What do you need to Apply?

- You need all of your records of employment (ROEs) from your employers.
- Your Social Insurance Number (SIN)
- Your mother's maiden name
- Your address
- Your banking information for direct deposit
- Names, address, dates of employment, and reason for separation for all employers in the past year
- Weekly insurable earnings in the last 52 weeks or since your last claim.

## How do you Apply?

- You can apply online at:  
<https://srv270.hrdc-drhc.gc.ca/AW/introduction?GoCTemplateCulture=en-CA>
- You do not need to submit electronic ROEs.
- You will need to mail or drop off paper ROEs at a Service Canada

## APPLYING FOR EI SICKNESS BENEFITS

### Do you Qualify?

- You cannot work for medical reasons
- Your regular earnings have decreased by more than 40% for at least one week
- You have worked at least 600 insurable hours in the past 52 weeks, or since your last claim

### What do you need to Apply?

- You need all of your records of employment (ROEs) from your employers.

### How do you Apply?

- You can apply online at:  
<https://srv270.hrdc-drhc.gc.ca/AW/introduction?GoCTemplateCulture=en-CA>
- You will need; name and addresses of employers in past year, dates of employment, explanation for leave, your address, your social insurance number (SIN), your mother's maiden name, and your banking information
- You do not need to submit electronic ROEs.
- You will need to mail or drop off paper ROEs at a Service Canada Centre

### NEW CHANGES

- No longer need a medical certificate to apply
- No one week waiting period which will not be paid.

# APPLYING FOR EI WORK SHARING BENEFITS

## Do you Qualify?

- Must be eligible to receive EI Benefits
- Must be a year-round, permanent, full-time or part time employee needed to carry on day-to-day functions of a business
- Must be part of a Work-Sharing Unit
  - All employees in this group will share similar duties, and all must agree to reduce hours by the same percentage
- Must have hours reduced by between 10% and 60%

## What do you need to Apply?

- Employer must submit an application to Service Canada
- In order to apply, employees a copy of the "Employee Guide" relating to the Work-Sharing Unit
- You will need all of your records of employment (ROEs) from your employers

## How do you Apply?

- You can apply online at:  
<https://srv270.hrdc-drhc.gc.ca/AW/introduction?GoCTemplateCulture=en-CA>
- You will need the Work-Sharing reference code
- You will need; name and addresses of employers in past year, dates of employment, explanation for leave, your address, your social insurance number (SIN), your mother's maiden name, and your banking information
- You do not need to submit electronic ROEs.
- You will need to mail or drop off paper ROEs at a Service Canada Centre

# APPLYING FOR EMERGENCY CARE BENEFITS

## Do you Qualify?

- Workers and self employed individuals who are quarantined or sick with COVID-19, but do not qualify for EI, or;
- Workers and self employed individuals who are taking care of family members sick with COVID-19, but do not qualify for EI, or;
- Parents with children who require care or supervision due to school closures, and cannot earn employment income.

## What do you need to Apply?

- Must attest that you meet the eligibility requirements.
- Must re-attest every two weeks to confirm your eligibility

## When and how do you Apply?

- Application for Benefits will be available in **April 2020**
- Can apply on CRA MyAccount
- Can apply on My Service Canada Account
- Can apply by calling a toll free number with an automated application process

## RECOMENDATIONS

- All individuals interested in applying for these benefits are encouraged to set up their CRA MyAccount as soon as possible, as the process could take up to two weeks. This will ensure an easier application process in April 2020.

## EMPLOYER INFORMATION: LAYOFFS

### Definition of Termination of Employment

- An employer stops employing an employee can layoff employees temporarily for 60 days (within a 120-day period)
- Includes a "Constructive Dismissal"
  - This occurs when an employer makes changes to their salary, work location, hours of work, authority, or position
- Does **not** include temporary layoffs

### What do you need to do?

- Must provide written notice of termination to any employee who has been employed for more than 3 months, and the notice period has ended
- Must pay termination pay to the employee if their employment is being terminated without written notice or with less notice than is required
  - The amount of written notice required depends on the length of their employment. 1 week for every year of employment, up to 8 weeks.
  - Termination pay would be equal to the notice period

### Additional information

- Exceptions for mass terminations
- Important to review employment contracts and Employment Standards Act, or seek legal advice with regards to layoffs

## EMPLOYER INFORMATION: TEMPORARY LAYOFFS

### What is a Temporary Layoff?

- An employer can layoff employees temporarily for 60 days (within a 120-day period)
- The right to temporarily layoff an employee **must be contractually stated** in an employment contract.
- If the employment contract does not provide guidelines on temporary layoffs, an employer may provide a written proposal to an employee for the temporary layoff

### What do you need to do?

- Must provide the employee a notice in writing
  - one week before if the employee has worked less than 2 years
  - two weeks before if the employee has worked more than 2 years
  - as soon as possible if there are unforeseen circumstances
- Written notice for the temporary layoff must;
  - State this is a temporary layoff
  - State the start date of the temporary layoff
  - State the section of employment contract that allows for a temporary layoff
- Must provide a record of employment

### Additional information

- Must provide a written recall notice to employees 7 days prior to them returning to work.
- If employees do not return to work within 7 days, employers can terminate employment without notice or termination pay
- Employers may terminate your employment while on a temporary layoff, and would be required to pay termination pay.

## EMPLOYER INFORMATION: WORK SHARING PROGRAMS

### What is a Work Sharing Agreement

- An agreement between employers and employees to avoid layoffs
- Agreement to reduce hours for all employees when there is a reduction in the normal level of business activity that is outside the control of the employer
- Employees must equally share the available work
- Allows employees to apply for EI Work Sharing Program

### Who is eligible to apply?

- Must have a decline in business activity of at least 10%
- Must demonstrate the shortage of work is temporary
- Must be a year-round business in Canada for at least 2 years
- Must have at least 2 employees in the Work Sharing Unit
- Must be willing to implement a recovery plan

### What do you need to apply?

- Application for Work-Sharing Agreement (EMP 5100)
  - This must be signed by employer, employee, and union representative if applicable
- Work-Sharing Unit Attachment (EMP 5101 - Attachment A)
- Recovery Plan (EMP 5104 - Attachment B)
- Sales figures for the last 24 Months
- See Employer Responsibilities for full list of employer responsibilities

## EMPLOYER RESPONSIBILITIES: WORK SHARING PROGRAMS

### What are employer responsibilities once an agreement is in place?

- Make information about the Work-Sharing agreement available to all employees and ensure that the Employee Representative distributes a copy of this Employee Guide to all members of the Work-Sharing unit;
- Submit weekly Utilization Reports to Service Canada, reporting the total hours worked, the hours of work missed for employees due to their participation in Work-Sharing;
- Advise employees that benefits such as pensions, vacation pay and, in some circumstances, subsequent claims for Employment Insurance benefits, may be affected by participation in Work-Sharing, usually due to employees having lower gross (insurable) earnings and/or fewer hours of work;
- Make such records available, upon request, to Service Canada for inspection and audit;
- Report the progress of the recovery plan;
- Notify Service Canada prior to any requested changes to the agreement, including changes to the work schedule;
- Maintain a schedule of work and track any hours of overtime worked by Work-Sharing employees;
- Maintain proper records of each employee on Work-Sharing during the agreement including wages and any other remuneration paid to those employees each week;
- Schedule at least one half hour of work per week for employees in order for them to qualify for Work-Sharing Employment Insurance benefits; and,
- Maintain all existing benefits. However, benefits (including any subsequent payout of benefits, e.g. disability benefits) may be reduced due to participation in a WS agreement if calculated based on earnings or hours of work

<https://www.canada.ca/en/employment-social-development/services/work-sharing/guide-employee.html>