

INTRODUCTION OF CANADA EMERGENCY RESPONSE BENEFIT

MARCH 26, 2020

Yesterday the Government of Canada enacted legislation to establish the Canada Emergency Response Benefit (CERB). This taxable benefit is a repackaging of the Emergency Care Benefit and Emergency Support Benefit programs, which the government previously announced (see our blog of March 18, 2020 – Canada’s COVID-19 Economic Response Plan). The CERB will be a simpler and more accessible program and was designed to alleviate the strain on the Employment Insurance (EI) system.

The program will apply to Canadians who have lost their jobs, are sick, quarantined or taking care of someone who is sick with COVID-19, as well as working parents who must stay at home without pay to care for children who are sick or because of school and daycare closures. The CERB will apply to wage earners as well as contract workers and self-employed individuals who would otherwise not be eligible for conventional EI. Workers who are still employed, but not receiving income because there is insufficient work and their employer has asked them not to come to work due to COVID-19 will also qualify for the CERB.

Canadians who have ceased working due to COVID-19, whether they are EI-eligible or not, will be able to receive the CERB. Those who are already receiving EI regular and sickness benefits as of March 25, 2020 will continue to receive their benefits and should not apply for CERB. If their EI benefits end before October 3, 2020 they can then apply for the CERB once their EI benefits cease, if they are unable to return to work due to COVID-19.

For Canadians who have already applied for EI and whose applications have not yet been processed there will be no need to reapply. Those who are eligible for EI regular and sickness benefits will still be able to access their normal EI benefits, if still unemployed, after the 16 week period covered by the CERB.

ELIGIBILITY FOR CERB

The legislation requires the applicant to be an “eligible worker”, who, by definition, must be:

- At least 15 years of age
- A resident of Canada
- For 2019 or in the 12 month period preceding the day on which they make an application, had a total income of at least \$5,000 from:
 - *employment*
 - *self-employment*
 - *certain EI benefits (maternity and parental benefits) and*
 - *allowances, money or other benefits paid to the person under a provincial plan because of pregnancy or in respect of the care by the person of one or more of their new-born children placed with them for the purpose of adoption.*

ELIGIBILITY FOR CERB (Continued)

The worker, whether employed or self-employed, must cease to work for reasons related to COVID-19 for at least 14 consecutive days within the four week period of which they apply for the payment. For the period of cessation of work, the applicant cannot receive income from the sources listed above and cannot receive any other EI benefits. Additionally, workers that quit voluntarily are not eligible.

BENEFITS

The income support payments can be made for a maximum of 16 weeks, with up to \$2,000 (amounts to be determined by the Minister) to be provided per four week period.

APPLICATION PROCESS

A worker may apply for an income support payment for any four week period falling within the period beginning on March 15, 2020 and ending on October 3, 2020 (payments will be made every four weeks). Applicants will begin receiving their payments within 10 days of application. The balance of the application process has not yet been announced, but will be made available in the first week of April, 2020.

Note that the legislation does not exclude shareholders or their family members as long as they meet the income requirements.