

Canada Emergency Response Benefit

In response to COVID-19, a new program called the Canada Emergency Response Benefit (CERB) was established to provide \$2,000 per month (i.e., \$500 per week) to workers who qualify for the benefit for up to 16 weeks.

Who is eligible?

Any individual who is or was employed (full-time or part-time), self-employed, or a contract worker—regardless if that individual would be entitled to Employment Insurance (EI) or not—could be eligible for the CERB if they meet all of the following criteria:



At the time of application, the individual is at least 15 years old;



The individual is a resident of Canada;



In 2019 or for a 12-month period preceding the date of the application, had at least \$5,000 of employment or self-employment income, or other related benefits; and



The worker, whether employed or self-employed, ceases working for reasons related to COVID-19 for at least 14 consecutive days within the four-week period in respect of which they apply for the payment.

Based on the [CERB Q&A page](#) on the CRA's website, dividend income could count towards the \$5,000 income requirement to be eligible for the CERB as long as the dividends are non-eligible dividends (i.e., dividends paid out of a corporation's income taxed at the small business rate).

Who does the program target?

The program is targeted to workers (including those who are self-employed) who:

- **have lost their job,**
- **are sick,**
- **are quarantined,**
- **are taking care of someone who is sick with COVID-19, or**
- **are working parents who must stay home without pay to care for children who are sick or at home because of school and daycare closures.**

Workers who are still employed but are not receiving income because of disruptions to their work situation due to COVID-19, would also qualify for the CERB. It is still unclear if a worker who is earning less than their regular wage would also qualify for the benefit, or if their income must be reduced to zero in order to qualify. There have been conflicting reports of this in the media. Finance Minister Bill Morneau stated in a recent press conference that those who are receiving "no income" would be able to receive this benefit, which does appear to be consistent with the legislation that was released.

However, a worker who quits voluntarily would not be eligible for the CERB.

This benefit replaces the previously announced Emergency Care Benefit and the Emergency Support Benefit, which were not enacted into law.

El benefits vs. CERB

All Canadians who have ceased working due to COVID-19, and who meet the eligibility requirements noted above, whether they are EI-eligible or not, would be able to receive the CERB. Some Canadians will have already applied for EI and are already receiving benefits through this program. Based on a government statement made during an April 1 press conference, those who have not yet applied or who have applied but whose application has not yet been processed will receive benefits through the CERB program. This section compares the EI and CERB programs.

Processing time

Due to the unprecedented negative economic impact of COVID-19, there has been an overwhelming number of new EI applications in the last two weeks that the EI system was not designed to handle. This is resulting in a significant delay in processing applications, which can take up to 30 days after applying to start receiving payments under normal circumstances. Furthermore, there is a one-week waiting period for which you would not receive EI benefits, although for those applying for EI sickness benefits who are under quarantine or are self-isolating, this period is waived.

The new CERB will be processed through a new online portal administered by the Canada Revenue Agency (CRA) that should be available on April 6, 2020, as announced by Finance Minister Morneau and confirmed by Prime Minister Trudeau. Given the CRA's large capacity to process a very large number of tax returns, refunds and payments, it is expected that the new program will be administered effectively. The government has stated Canadians should begin to receive payments within 10 days of application.

Dollar value

The CERB would be equal to a flat amount of \$500 per week, for up to 16 weeks (i.e., \$2,000 per month), which would be paid out every four weeks.

The amount of EI that an applicant receives would largely depend on the amount of the individual's earnings eligible for EI, called the "average insurable weekly earnings." The maximum amount an individual can receive is 55% of the average insurable weekly earnings up to \$573 per week. Individuals with earnings of at least \$54,200 in 2020 would receive this maximum amount.

Already applied for EI?

Canadians who are already receiving EI regular and sickness benefits as of today would continue to receive their benefits and should not apply to the CERB. If their EI benefits end before October 3, 2020, they could apply for the CERB once their EI benefits cease, if they are unable to return to work due to COVID-19.

Canadians who have already applied for EI and whose application has not yet been processed would not need to reapply. Several news reports have stated that individuals who have applied for EI will automatically have their application transferred to the CERB program. This was confirmed during the April 1 federal ministers meeting, when Carla Qualtrough, Minister of Employment, Workforce Development and Disability Inclusion stated that those who have already applied for EI and whose application has not yet been processed will automatically be enrolled in the CERB program and will begin to receive this benefit once it is ready.

The government's website states that if an individual who is currently receiving EI benefits has their benefits end before October 3, 2020, they can apply for the CERB if they cannot return to work due to COVID-19.

Canadians who are eligible for EI regular and sickness benefits would still be able to access their normal EI benefits, if still unemployed, after the 16-week period covered by the CERB.

Are benefits taxable?

EI benefits received are taxable, therefore, they must be included in income. If the recipient's income for the year exceeds \$67,750 for 2020, a portion of EI benefits received will have to be repaid.

The CERB is also taxable, however, unlike EI benefits, there is no requirement to repay if the recipient's income exceeds a certain threshold. Anyone who receives more of this benefit than they are entitled to (e.g., they are out of work for 12 weeks but receive 16 weeks of CERB payments) will be required to repay the excess as soon as they are able to.



How do you apply for the CERB?

The government has stated that the CERB application will be available at www.canada.ca/coronavirus/cerb on April 6, 2020. However, in order to ensure the system can support the expected number of applicants, access will be limited, based on the birth month of the applicant, as follows:

Birth month	Apply date
January - March	April 6
April - June	April 7
July - September	April 8
October - December	April 9

The government has stated that this will have no effect on when an applicant begins to receive the CERB or on how much they receive. This system should help clear the significant backlog that exists within one week, as the aim will be to process 400,000 applications per day.

Applicants will be able to apply via:

- CRA's My Account,
- My Service Canada Account, or
- an automated telephone line or via a toll-free number (the telephone number will be released shortly and will be updated when available).

An applicant must provide any information to support their eligibility for the CERB if requested by the government after applying. Currently, there is no supporting documentation

that is required as part of the application process. It is intended to be simple and easy. It should be noted however, that any amounts received by an individual in excess of what they are entitled to will be required to be repaid as early as possible.

Applicants who have setup direct deposit with the CRA would receive payment between 3 - 5 days. Otherwise, applicants will be paid via mail, which will take approximately 10 days.

Additional information

For further details on this program, please see the government of Canada's official [news release](#) outlining the new measures that have been enacted into law or their [Canada Emergency Response Benefit page](#).

CERB scams



Although the CERB application is not yet available, there are already reports of scammers trying to exploit Canadians via a text messaging scam.

Canadians should never respond to any suspicious email, text, phone call or other communication. More information on these types of scams and how you can protect yourself against them can be found on the [CRA's website](#).

Visit our [COVID-19 Hub](#) for timely information and resources and connect with your [Grant Thornton advisor](#) to learn more.

