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Tax Alert – Canada

Canada updates the CERB

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

On 25 March 2020, the federal government announced the creation of the Canada Emergency Response Benefit (CERB) (see [EY Tax Alert 2020 No. 26](#)).

On the same day, Bill C-13, which includes the *Canada Emergency Benefit Response Act*, received Royal Assent.

On 15 April 2020, the government announced additional changes to the CERB.

The changes broaden the eligibility requirement, allowing more Canadians to access this support measure.

This Alert summarizes these changes.

Canada Emergency Response Benefit

The CERB remains one of the key avenues that the federal government has created to support Canadians whose income has been adversely affected by the COVID-19 situation. The specifics of the CERB program previously announced indicated that the CERB is available to workers who suffer income loss as a result of ceasing work for reasons relating to the health crisis. It includes those who have lost their job as well as those who are sick, quarantined, caring for someone who is sick with COVID-19, or working parents who must look after children who are sick or at home due to school and daycare closures.

On 15 April 2020, the prime minister [announced](#) three changes that broadened the CERB eligibility criteria as follows:

1. Individuals can now earn up to \$1,000 (before taxes) per month and still qualify for the CERB benefit. Under the previous rules, eligible recipients could generally not receive any income during the 14 or more consecutive days within the four-week period for which they were applying for the CERB or for subsequent CERB applications, for the entire four-week period. This is welcome news for part-time workers who saw their hours reduced as a result of COVID-19.
2. The eligibility criteria have now expanded to include seasonal workers who have exhausted their Employment Insurance (EI) regular benefits but, because of COVID-19 ramifications, cannot resume their regular seasonal work.
3. Individuals who recently exhausted their EI regular benefits but cannot find a job because of the pandemic can also now qualify for CERB.

According to [Finance](#), these changes are retroactive to 15 March 2020.

It is expected that the federal government may clarify these changes in new regulations, which have not yet been released. Additionally, the regulations could contain further changes. For more information on applying to the CERB program, refer to the Canada Revenue Agency's [web portal](#).

Unchanged components of the CERB program

The following details of the CERB program remain unchanged:

1. To be eligible for the CERB, an applicant must be at least 15 years of age, have not quit their job voluntarily, be resident in Canada and, for 2019 or in the 12-month period preceding the day on which they apply for an income support payment, have a total income of at least \$5,000 (before taxes) from:
 - ▶ Employment;
 - ▶ Self-employment;
 - ▶ Pregnancy or parental benefits under the *Employment Insurance Act*; and
 - ▶ Allowances, money or other benefits paid to the person under a provincial plan because of pregnancy, or in respect of the person's caring for their newborn children or children placed with them for adoption.
2. Applicants can apply for the CERB for multiple four-week periods (beginning 15 March 2020 to 3 October 2020), to a maximum of 16 weeks (four periods).
3. Payments of \$2,000 are paid per four-week period regardless of the amount that would have been earned under the EI program.
4. Receiving the CERB does not impact future EI eligibility.

Learn more

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