

# Wage Subsidy (CEWS) VS. Hiring Program (CRHP)

The 2021 Federal Budget outlined an extension of the Canada Emergency Wage Subsidy (CEWS) and a new program – the Canada Recovery Hiring Program (CRHP).

**As a member service, the Hotel Association of Canada has done a side-by-side analysis to assist you in making an educated decision for your hotel.**

## KEY HIGHLIGHTS

### Wage Subsidy Extension

CEWS has been extended until September 25, 2021 and the subsidy rate is being reduced after June 6, 2021. The government indicated the possibility that it would consider a further extension to November 2021, should circumstances warrant.

### New Hiring Program

CRHP is designed to enable employers to bring on additional staff or cover increases in payroll costs. This program is being offered to Canadian-controlled private corporations and entities otherwise eligible for CEWS. This program will offset up to 50% of the incremental remuneration paid to employees.

### Apply to the Program that Provides the Most Benefit

Hoteliers will only be able to apply to receive one of the supports in the same qualifying period but are not locked into one support program. This means that if CEWS is more beneficial to you for period 17, but CRHP is more beneficial for period 18, you can apply to CEWS for period 17, and then apply to CRHP for period 18.

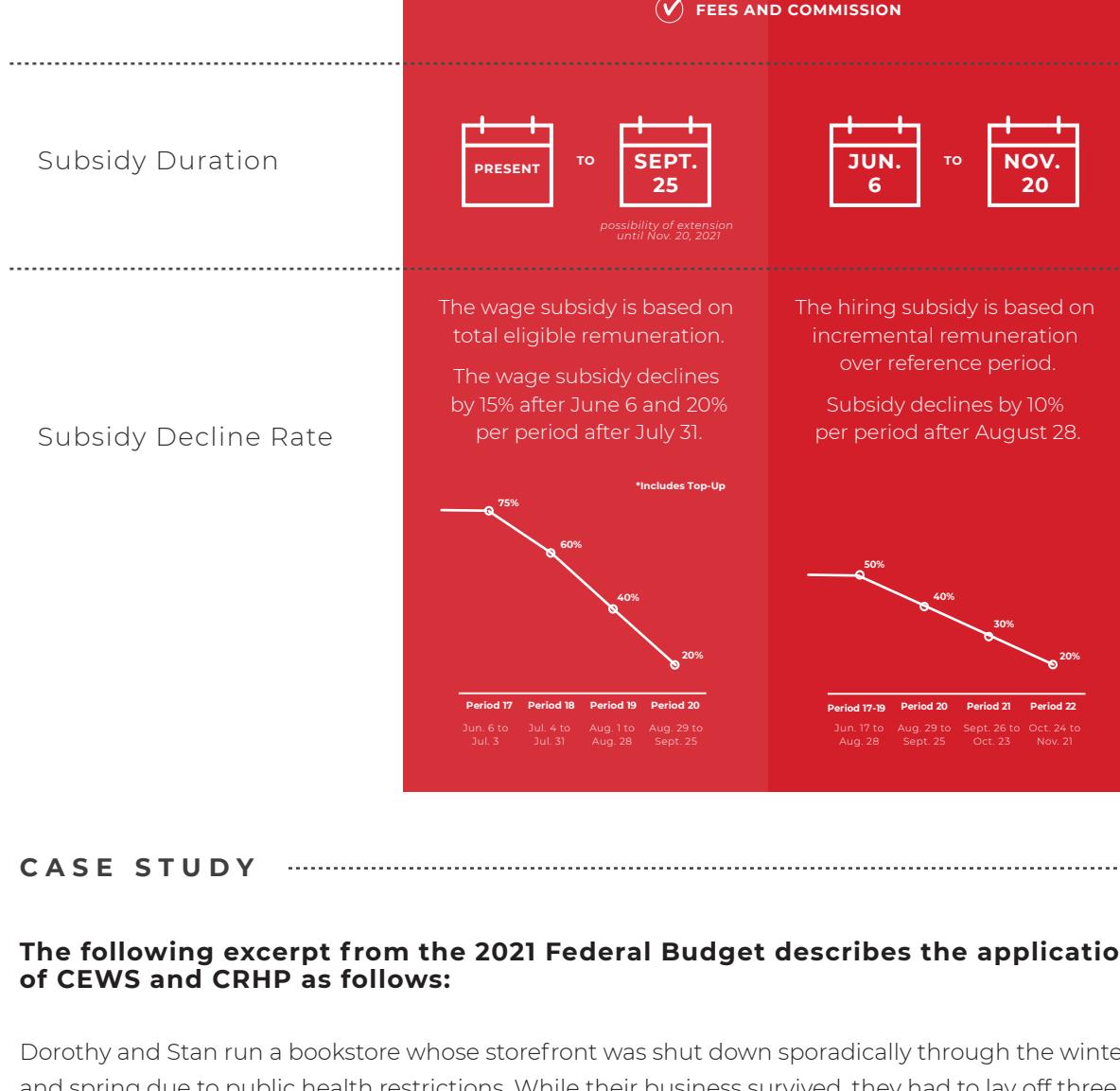
### CRHP Most Helpful for Hotels Ramping up Hires

For CEWS, one factor that is important to consider is the loss of revenue. The larger the loss of revenue that an applicant can demonstrate in relation to the reference period, the higher the benefit paid to the applicant. CRHP would generally be more advantageous when there is a significant increase in payroll over the reference period.

### CRHP Qualifying Structure

For the CRHP, the key design factor is the reference or baseline period against which payroll increases are calculated, which is compensation paid from March 14th, 2021 - April 10th, 2021. The CRHP will be calculated by determining the difference between the baseline period, and the qualifying period as the incremental remuneration. The qualifying periods are 4-week intervals between June 6th, 2021 and November 20th, 2021.

## SIDE-BY-SIDE ANALYSIS



## CASE STUDY

### The following excerpt from the 2021 Federal Budget describes the application of CEWS and CRHP as follows:

Dorothy and Stan run a bookstore whose storefront was shut down sporadically through the winter and spring due to public health restrictions. While their business survived, they had to lay off three of their 10 employees, whom they pay \$600 per week. Their baseline payroll from March 14 to April 10 was \$16,800 (i.e., 7 employees x \$600 x 4 weeks). As public health restrictions are lifted and the vaccination campaign continues, their business begins to recover. In May, their revenues are still down 50 per cent from their level before the pandemic, but are only down 20 per cent in June, and by July are close to their pre-pandemic level. As a result, they are able to hire back their three laid-off employees starting June 6 and are even able to add an additional employee starting July 4. As a result of measures proposed in this Budget, Dorothy and Stan's business will benefit from either the extended Canada Emergency Wage Subsidy or the new Canada Recovery Hiring Program:

- For June 6 to July 3, their payroll is \$24,000. Their business would be eligible for a wage subsidy rate of 40 per cent ("based on a 50-per-cent revenue decline"), resulting in a wage subsidy of \$9,600. Alternatively, the business would be eligible for a hiring subsidy rate of 50 per cent, which would be applied to the difference between its current payroll and its baseline payroll, resulting in a hiring incentive of \$3,600. They are better off claiming the wage subsidy of \$9,600 for this period.
- For July 4 to July 31, their payroll is \$26,400. Their business would be eligible for a wage subsidy rate of 67.5 per cent ("based on a 20-per-cent revenue decline"), resulting in a wage subsidy of \$2,310. Alternatively, the business would be eligible for a hiring subsidy rate of 50 per cent, which would be applied to the difference between its current payroll and its baseline payroll, resulting in a hiring incentive of \$4,800. In this instance, they are better off claiming the hiring incentive of \$4,800 for this period. In total, Dorothy and Stan will be eligible for at least \$14,400 in support from these two measures to help their business rebuild as the economy recovers.