

Frequently Asked Questions: COVID 10% Temporary Wage Subsidy for Employers

For clarity, these FAQs relate only to the 10% federal Temporary Wage Subsidy passed on March 25, 2020. We are waiting for details regarding the Prime Minister's March 27, 2020 announcement of a 75% wage subsidy program for small businesses.

1. What do I need to do to benefit from the 10% Temporary Wage Subsidy and reduce upcoming remittances?

- a. Go to the CRA website and review the [FAQ](#).
- b. Determine your eligibility for the subsidy.
- c. Note the subsidy calculation method set out by CRA.
- d. Note the maximum subsidy.
- e. Prepare your payroll in Powerpay.
- f. Preview your payroll. Go to Process > Payroll Preview and click **Request**.
- g. Go to the COVID Wage Subsidy page in Powerpay (Process > COVID Wage Subsidy).
- h. Calculate and enter the subsidy in the Reduce Remittance By (This Pay Only) field.
- i. Record the total subsidy amounts received for income tax reporting purposes.
- j. Submit your payroll.

2. Is Powerpay calculating the federal 10% Temporary Wage Subsidy amount?

No. An employer may need to claim more or less than 10% of remuneration in a given pay period, so Powerpay has left determining the Subsidy amount with employers. Based on the Payroll Preview results, Powerpay provides the current pay period Remuneration Amount and current pay period Normal Tax Amount Due. You may enter an amount in 'Reduce Remittance By (This Pay Only)' up to the maximum of the Normal Tax Amount Due.

3. Can I use the COVID Wage Subsidy page in Powerpay to recover taxes remitted in previous pay periods?

No. Instead, if you have already remitted taxes in a previous pay period, which would have been eligible for the subsidy, you can reduce the current pay period's tax

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remittance by more than 10% of remuneration – but only up to a limit of the total tax for the current pay period.

4. How does this affect the employee tax calculation and deductions?

Employer entries only change the tax remittance amount submitted – the tax continues to be calculated normally per employee. Individual employee tax calculations and year to date values are not impacted and year-end T4s will show what was deducted from employee pay.

5. How are the \$1,375 per employee, and \$25,000 per employer subsidy maximums being managed?

Powerpay is not validating or tracking the subsidy amount per employee or per employer. Powerpay's Payroll Register Summary identifies the number of employees paid during a pay period. This will assist employers to ensure they are not claiming more than the subsidy maximums.

6. Do I need to enter a wage subsidy amount each pay period, for the applicable dates of the program?

Yes, you must enter a Reduce Remittance By (This Pay Only) value each pay period on the COVID Wage Subsidy page

7. Does the CRA Wage Subsidy apply to Quebec tax?

No. Quebec tax is administered by Revenu Quebec, not CRA. This particular subsidy only covers CRA administered remittances excluding CPP and EI.

8. What happens if I cancel/re-run my payroll?

If the payroll is going to be re-submitted – the tax subsidy override will need to be re-submitted. Powerpay does not hold or carry forward any subsidy amounts to the next pay.

9. How will the taxes appear on my register?

On the Payroll Register, the total system calculated employee income tax deductions, **before the subsidy is applied**, will appear in the Total – Deductions and Contributions box.

Total - Deductions and Contributions

Deductions	Current	Y.T.D.
CPP		
EI		
FTAX	<input type="text"/>	

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The FED TAX amount, **after the subsidy is applied**, will appear in the following places:

Deduction Cheques Issued on Your Behalf

Payee	Sequence	Amount	Description
9989 RECEIVER GENERA	30000-153		FED.TAX
9990 RECEIVER GENERA	30000-155		C.P.P.

Employee Deductions and Employer Contributions

Description		Current Pay		Month to Date	YTD Adjustments		Year-to-Date	
Employee	Employer	Employee	Employer		Employee	Employer	Employee	Employer
FED.TAX								

10. Is there an impact to journal entries?

Advanced journal entries and accounting exports, including the QuickBooks Online interface, will display the actual employee income tax deductions as calculated and withheld. They will NOT display the amount of income tax actually remitted. The totals displayed using these methods will reflect your original liability, **before the subsidy was applied**.

The Standard journal entry will display the amount of income tax actually paid to the government, **after the subsidy was applied**. There will be a variance between the debits and credits in the amount of the subsidy.

In this sample FED TAX subsidy of \$194.93 was applied, causing discrepancy in credit/debit.

Dept. Account No.	Debit	Credit	Description	Accrued
9989		900.00	FED.TAX	
9990		1,349.14	C.P.P.	
9991		476.58	MAN.MED	
9993		840.48	E.I.	
9994	23,614.74	20,048.54	NET PAY	
			PAYROLL CLEARING ACCOUNT	.00

Dept. Account No.	Debit	Credit	Description	Accrued
	8.11		E.I.	
		23,809.67	PAYROLL CLEARING ACCOUNT	.00

Other Provincial Remittances

11. Will the Ontario Employer Health Tax, Manitoba Health & Education Levy and/or the Nova scotia WCB continue to accumulate?

Yes. Only the remittance will be stopped.

12. Will Powerpay remit funds later?

No. The employer must remit any deferred payments directly to the government body when the deferral period is over.

13. Is it possible to do a partial remittance?

No. Powerpay will not allow partial remittances on any of the other Provincial Remittances. If you select this option, the entire remittance will be suspended.

14. Where can I see the year to date values?

The year to date values will continue to appear on the Register Summary.

15. Should I select Defer Ontario Employer Health Tax even if the wages are below the exemption amount?

No. Only select to defer ON EHT if you have exceeded the exemption amount, and payroll preview has calculated an ON EHT premium.

Ontario Employer Health Tax Exemption Increase

16. Will Ceridian automatically update my exemption amount in January 2021

Any payrolls with exemption amount of \$1M will automatically be adjusted in January 2021. Any amounts that are not set to \$1M (due to allocation to Associated Employers) will require the employer contact Ceridian to adjust once the 2021 exemption has been finalized by the Ontario Ministry of Finance. There will be more information on this in year end communications and guide.

17. How do I know if I'm an associated employer? What does that mean?

Associated employers share their exemption amounts amongst related companies. For further information see the Ontario Ministry of Finance guidance [here](#).

18. Do I need to reset the exemption amount every pay period?

No. Your exemption amount will apply to all future pay periods in 2020. You do not need to update this field every pay period.