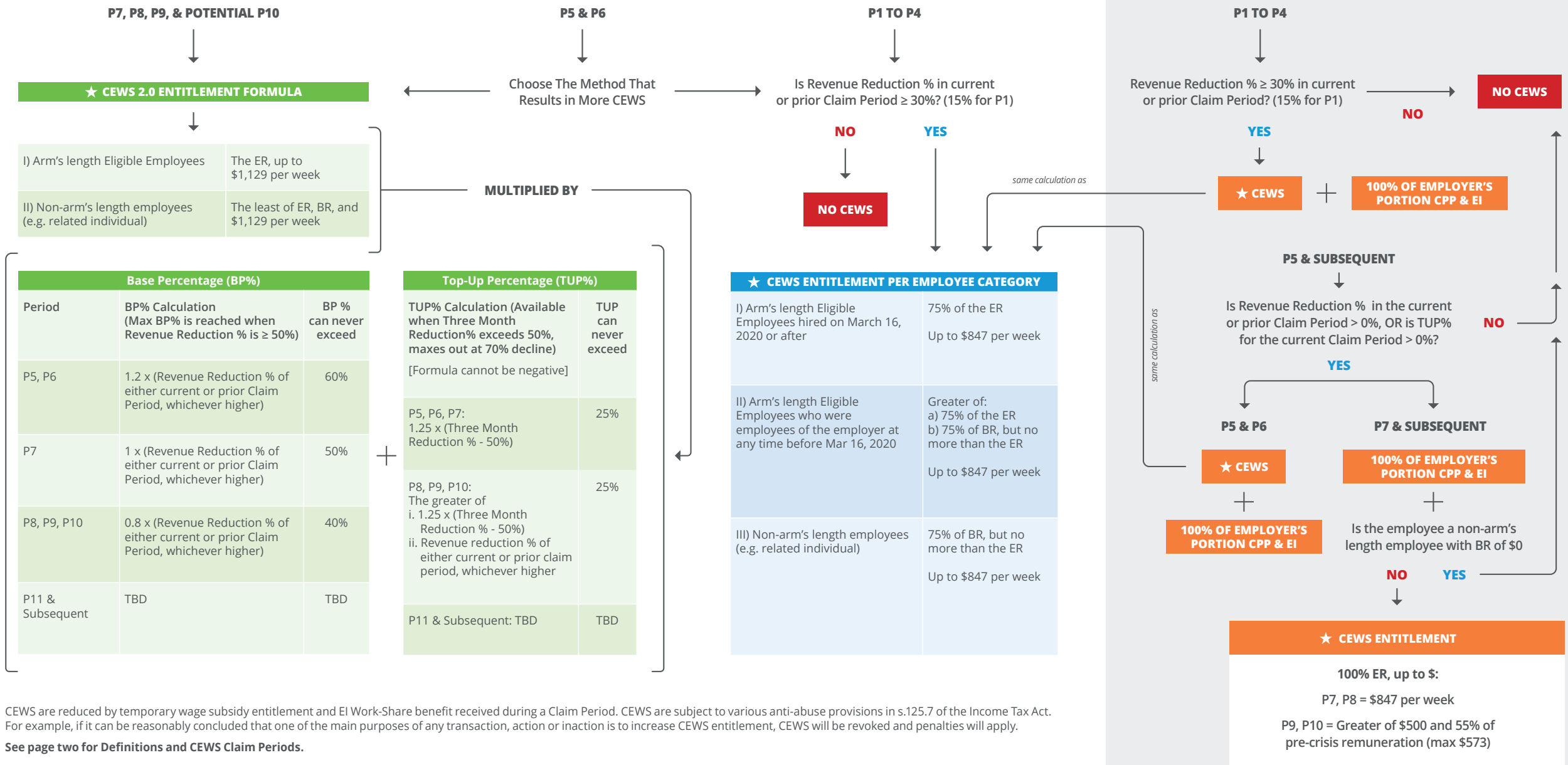


CEWS ENTITLEMENT FLOWCHART

v. Draft Legislation Released November 2, 2020 (Bill C-9)

START THIS SIDE FOR **WORKING** ELIGIBLE EMPLOYEE

START THIS SIDE FOR **FURLOUGHED** ELIGIBLE EMPLOYEE



CEWS are reduced by temporary wage subsidy entitlement and EI Work-Share benefit received during a Claim Period. CEWS are subject to various anti-abuse provisions in s.125.7 of the Income Tax Act. For example, if it can be reasonably concluded that one of the main purposes of any transaction, action or inaction is to increase CEWS entitlement, CEWS will be revoked and penalties will apply.

See page two for Definitions and CEWS Claim Periods.

CEWS ENTITLEMENT FLOWCHART

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| DEFINITIONS | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Eligible Employee | An individual employed primarily in Canada throughout the Claim Period, but: <ul style="list-style-type: none"> For P1 to P4: cannot include any individual who was without remuneration by the employer in respect of ≥ 14 consecutive days within the Claim Period. For P5 & subsequent: above restriction of P1 to P4 no longer applies. |
| ER (Eligible Remuneration) | Salaries, wages and other remuneration that are paid in respect of a week inside the Claim Period, but excludes retiring allowance (e.g. severance) and stock option benefits. |
| BR (Baseline Remuneration) | Average weekly eligible remuneration (excluding ≥ 7 consecutive days of no remuneration) paid during: <ul style="list-style-type: none"> Normal method: Jan 1, 2020 to Mar 15, 2020 Alternative method for P1 to P3: Mar 1, 2019 to May 31, 2019 Alternative method for P4: either Mar 1, 2019 to May 31, 2019, or Mar 1, 2019 to Jun 30, 2019 Alternative method for P5 & subsequent: July 1, 2019 to Dec 31, 2019. Alternative method for P5 & subsequent: if parental maternity, caregiver, or longterm sick leave throughout July 1, 2019 to March 15, 2020, then 90 days period prior to leave. |
| Revenue Reduction % | % decline in Qualifying Revenue when comparing Prior Reference Period vs. Current Reference Period for a specific Claim Period. |
| Three Month Reduction % | % decline in average monthly Qualifying Revenue when comparing: <ul style="list-style-type: none"> The last three calendar months before the Prior Reference Period for the specific Claim Period (or just average of Jan & Feb 2020 qualifying revenue if alternative method elected for Prior Reference Period), vs. The last three calendar months before the Current Reference Period for the specific Claim Period. |
| Qualifying Revenue | See section 125.7 for various provisions relating to qualifying revenue. Generally, it is gross revenue from ordinary activities of the employer determined under normal accounting practices of the employer. Elections available to choose between cash vs accrual method, and various consolidation methods. For business asset purchases, parties may elect to allow buyer to assume seller's qualifying revenue in some circumstances |

| CEWS Claim Periods (P#) – Must be filed by the later of Jan 31, 2021 and 180 days after a claim period | Current Reference Period | Prior Reference Period | |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------|-------------|
| P1 | Mar 15, 2020 to Apr 11, 2020 | Mar 2020 | Mar 2019 * |
| P2 | Apr 12, 2020 to May 9, 2020 | Apr 2020 | Apr 2019 * |
| P3 | May 10, 2020 to Jun 6, 2020 | May 2020 | May 2019 * |
| P4 | Jun 7, 2020 to Jul 4, 2020 | Jun 2020 | Jun 2019 * |
| P5 | Jul 5, 2020 to Aug 1, 2020 | Jul 2020 | Jul 2019 ** |
| P6 | Aug 2, 2020 to Aug 29, 2020 | Aug 2020 | Aug 2019 ** |
| P7 | Aug 30, 2020 to Sep 26, 2020 | Sep 2020 | Sep 2019 ** |
| P8 | Sep 27, 2020 to Oct 24, 2020 | Oct 2020 | Oct 2019 ** |
| P9 | Oct 25, 2020 to Nov 21, 2020 | Nov 2020 | Nov 2019 ** |
| P10 | Nov 22, 2020 to Dec 19, 2020 | Dec 2020 | Dec 2019 ** |
| P11 & Subsequent | TBD, but ending no later than Jun 30, 2021 | TBD | TBD |

* Or average of Jan & Feb 2020, if not carrying on business or ordinary activities on Mar 1, 2019, or if employer makes an election to use this alternative method consistently for P1 to P4

** Or average of Jan & Feb 2020, if employer makes an election to use this alternative method consistently for P5 & subsequent

Note: all elections may be amended or revoked prior to the filing due date of the first affected claim period.