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NEW EXTENSION OF THE CREDIT ON THE EMPLOYER CONTRIBUTION TO THE HEALTH SERVICES FUND AND POSTPONEMENT OF THE IMPLEMENTATION OF A SALES RECORDING SYSTEM IN THE REMUNERATED PASSENGER TRANSPORTATION SECTOR

This information bulletin announces the extension until August 28, 2021, of the credit on the employer contribution to the Health Services Fund in respect of employees on paid leave and the postponement until November 1, 2021, of the coming into force of certain legislative provisions to better regulate the digital economy in the realm of remunerated passenger transportation.

To obtain information on the matters dealt with in this information bulletin, contact the Secteur du droit fiscal, de l'optimisation des revenus et des politiques locales et autochtones at secteurdudroitfiscaletdelafiscalite@finances.gouv.qc.ca.

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NEW EXTENSION OF THE CREDIT ON THE EMPLOYER CONTRIBUTION TO THE HEALTH SERVICES FUND AND POSTPONEMENT OF THE IMPLEMENTATION OF A SALES RECORDING SYSTEM IN THE REMUNERATED PASSENGER TRANSPORTATION SECTOR

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1. FURTHER EXTENSION OF THE CREDIT ON THE EMPLOYER CONTRIBUTION TO THE HEALTH SERVICES FUND IN RESPECT OF EMPLOYEES ON PAID LEAVE

In March 2020, the Government of Canada announced the implementation of the Canada Emergency Wage Subsidy as part of *Canada's COVID-19 Economic Response Plan*.¹

Briefly, the Canada Emergency Wage Subsidy includes, on the one hand, a base wage subsidy and a top-up wage subsidy based on the wages paid by a qualifying entity to its eligible employees, whose combined rate may reach 75% for the qualifying period ending June 5, 2021, allowing a qualifying entity to obtain a maximum amount of \$847 per employee per week. It also includes, on the other hand, the reimbursement of employer contributions to employment insurance, the Canada Pension Plan, the Québec Pension Plan and the Québec Parental Insurance Plan that the qualifying entity must pay on wages to its eligible employees for the weeks they are on paid leave.

To be a qualifying entity, an employer must, for example, be an individual, a taxable corporation, a non-profit organization, a registered charity or a partnership that meets certain conditions with respect to its members. It must also have faced a drop in income.

The wage subsidy was initially granted for three qualifying periods, the first period beginning on March 15, 2020 and the last period ending on June 6, 2020. It was then extended, so that a qualifying entity could benefit from it until June 5, 2021.

On April 30, 2020, the Ministère des Finances du Québec announced the introduction of the credit on the employer contribution to the Health Services Fund in respect of employees on paid leave,² which complements the Canada Emergency Wage Subsidy.

Thus, an employer with an establishment in Québec that can, for a qualifying period, benefit from the Canada Emergency Wage Subsidy may also, in respect of this qualifying period, benefit from the credit on the employer contribution to the Health Services Fund. The contribution credit that such an employer may claim is the amount of the Health Services Fund contribution it pays in respect of the wages for a specified employee for a week included in the qualifying period while the employee is on paid leave.

The credit on the employer contribution to the Health Services Fund is granted for the same qualifying periods as the Canada Emergency Wage Subsidy, with the first period beginning on March 15, 2020 and the last period ending on June 5, 2021.³

¹ DEPARTMENT OF FINANCE CANADA, *Canada Emergency Wage Subsidy (CEWS)*, [online] [<https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>].

² MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2020-7*, April 30, 2020.

³ Idem, *Information Bulletin 2020-8*, May 29, 2020, pp. 3-4; Idem, *Information Bulletin 2020-11*, August 17, 2020, pp. 3-5; Idem, *Information Bulletin 2020-13*, November 12, 2020, pp. 3-4; Idem, *Information Bulletin 2020-15*, December 21, 2020, pp. 4-5; Idem, *Budget 2021-2022 – Additional Information*, March 25, 2021, pp. A.48-A.50.

On April 19, 2021, Canada's Minister of Finance issued, when the 2021 Budget was tabled, the terms and conditions of the Canada Emergency Wage Subsidy for four new periods: June 6, 2021, to July 3, 2021; July 4, 2021, to July 31, 2021; August 1, 2021, to August 28, 2021; and August 29, 2021, to September 25, 2021.⁴

As such, it has been proposed that the rates of the wage subsidy be gradually reduced as from the period beginning July 4, 2021. Moreover, the wage subsidy in respect of employees on paid leave will be offered until August 28, 2021, to employers that qualify for the wage subsidy for active employees. Such employers will also benefit until that date from the reimbursement of employer contributions to employment insurance, the Canada Pension Plan, the Québec Pension Plan and the Québec Parental Insurance Plan for employees on paid leave.

In order for an employer to benefit from the credit on the employer contribution to the Health Services Fund in respect of employees on paid leave for the same qualifying periods as those for which it can obtain the Canada Emergency Wage Subsidy, and to ensure that this credit continues to complement the reimbursement of employer contributions under the Canada Emergency Wage Subsidy, the credit on the employer contribution to the Health Services Fund will be extended until August 28, 2021.

As a result, three new periods will be added to the qualifying periods of the credit on the employer contribution to the Health Services Fund, namely:

- the period beginning on June 6, 2021, and ending on July 3, 2021;
- the period beginning on July 4, 2021, and ending on July 31, 2021;
- the period beginning on August 1, 2021, and ending on August 28, 2021.

2. POSTPONEMENT OF THE IMPLEMENTATION OF A SALES RECORDING SYSTEM IN THE REMUNERATED PASSENGER TRANSPORTATION SECTOR

The *Act to improve the performance of the Société de l'assurance automobile du Québec, to better regulate the digital economy as regards e-commerce, remunerated passenger transportation and tourist accommodation and to amend various legislative provisions*⁵ provides the adoption of a system to record sales in the remunerated passenger transportation sector starting from June 1, 2021.⁶

⁴ DEPARTMENT OF FINANCE CANADA, *Budget 2021 – A Recovery Plan for Jobs, Growth, and Resilience*, April 19, 2021, p. 603-608.

⁵ LQ 2018, chapter 18.

⁶ Order-in-Council 185-2020 concerning the coming into force of certain provisions in the *Act to improve the performance of the Société de l'assurance automobile du Québec, to better regulate the digital economy as regards e-commerce, remunerated passenger transportation and tourist accommodation and to amend various legislative provisions*, (2020) 152 G.O.Q. 48, page 4845.

However, the COVID-19 pandemic has caused considerable delays in the production and delivery of the computer equipment required to implement a system to record sales by different operators. Accordingly, a number of them are unable to fully discharge their obligations concerning the implementation for June 1, 2021, of such a system.

Consequently, to reduce the impact of the COVID-19 pandemic and to allow the operators sufficient time to comply with their new obligations, the implementation of a sales recording system in the remunerated passenger transportation sector has been postponed until November 1, 2021.