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Changes to federal COVID-19 support for individuals and businesses

With much of Canada returning to a modified lockdown due to the spread of the Omicron variant of COVID-19, the federal government has enhanced and extended some of its support programs for individuals and businesses.

Here are the highlights of the changes announced from fall 2021 through to January 12, 2022.

Support for individuals

Canada Worker Lockdown Benefit
On October 21, 2021, the federal government introduced the Canada Worker Lockdown Benefit (CWLB). This new benefit provides $300 per week to eligible workers who are unable to work as a result of a temporary local lockdown. It covers the period between October 24, 2021 and May 7, 2022.

To be eligible, workers must:

- be Canadian residents who are at least 15 years old
- have earned at least $5,000 in 2020, 2021 or in the 12 months before they applied for the CWLB from:
  - employment income
  - net self-employment income
  - Employment Insurance benefits (including maternity and paternal benefits), or
  - COVID-19 benefits
- have not received other government benefits for the period for which they are applying
- have filed a 2020 tax return
- have either lost their job or were unable to continue their self-employment work, or had their average weekly income reduced by 50% as compared to the previous year

The CWLB will *not* be available to those who:

- leave their job voluntarily
- turn down reasonable work
- were laid off because they refused to get vaccinated against COVID-19

On December 22, 2021, the government announced that the CWLB would be extended beyond a complete lockdown to support eligible individuals affected by capacity-limiting public health restrictions of more than 50%.

Canada Recovery Sickness Benefit and Canada Recovery Caregiving Benefit
The October announcement also extended these two benefits until May 7, 2022, and increased the maximum duration of these benefits to six weeks and 44 weeks, respectively.

Employee home office deduction calculation method
In the December 14, 2021 federal Economic and Fiscal Update (economic statement), the government announced that the optional simplified method of calculating an employee's home office deduction, introduced in 2020, will be extended for 2021 and 2022. This method is available to employees who were required to work from home due to the COVID-19 pandemic and are not claiming any other employment-related expenses (such as the use of a car, or paying for a substitute or supplies, etc.).

The deduction is calculated as a flat rate of $2 per day worked at home. The maximum deduction under the simplified method has also been increased from $400 in 2020 to $500 for 2021 and 2022. Employees who claim other employment-related expenses may continue to use the detailed method to calculate their home office expense deduction.

You can read more about this calculation method in the December 14, 2021 Economic and Fiscal Update (economic statement).

Educator school supplies tax credit
The economic statement also enhanced the refundable eligible educator school supplies tax credit by increasing the tax credit rate from 15% to 25%, expanding the list of eligible expenses to include certain electronic devices, and eliminating the requirement that the supplies be used in a school or childcare facility.

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Support for businesses

New targeted wage and commercial rent support programs
In October, the government announced two new programs to replace the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy, both of which ended on October 23, 2021. These programs, the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program, are both available until May 7, 2022.

The government also announced that the Canada Recovery Hiring Program would be extended to the same date. Eligible employers can claim whichever of these programs gives them the highest amount for each claim period.

Local Lockdown Program
The October announcement also introduced the Local Lockdown Program (LLP). It is available to businesses that experienced both of the following:

- a complete lockdown for at least seven days of at least one location that accounted for at least 25% of their total revenue
- a decline in revenue of 40% or more in the current month

On December 21, 2021, the government announced the expansion of the LLP to also cover businesses that have capacity-limiting public health restrictions of 50% or more. They also reduced the minimum decline in revenue threshold to 25%. Eligible businesses will be entitled to receive wage and commercial rent subsidies from 25% up to a maximum of 75%.

New tax credits
The December 14 economic statement also introduced two new tax credits for businesses. The first is a new 25% refundable tax credit for small businesses that meet these conditions:

- They incurred expenses for air quality improvements in qualifying locations between September 1, 2021 and December 31, 2022.
- Eligible expenses are limited to $10,000 per location, and $50,000 across all locations for affiliated businesses.
- The credit is available to unincorporated sole proprietors and Canadian-controlled private corporations with taxable capital of less than $15 million employed in Canada in the preceding year.
- Partners who meet these same requirements can also claim the tax credit for their share of a partnership's eligible expenses.

The second is a refundable tax credit for farmers in provinces without federally-approved carbon pricing systems. This credit will return the federal fuel charge proceeds directly to farmers based on their eligible farming expenses. To be eligible for the credit, farms must incur farming expenses of at least $25,000.

Repayment deadlines extended
On January 12, 2022, the government announced that they were extending the repayment deadlines for the Canada Emergency Business Account and the Regional Relief and Recovery Fund from December 31, 2022 to December 31, 2023 for eligible businesses. Loans repaid by that date may be eligible for forgiveness of up to one third of the value of the loan.

As government assistance to respond to COVID-19 emerges and evolves, we will continue to keep you informed so that you and your business can get all the benefits to which you are entitled.◆

Don't pay the same for less: how to stay on top of shrinkflation

Notice packages and products are getting smaller, with no reduction in prices? Here are three tips for keeping your bills for groceries and other products in check.

If you're seeing fewer chips in the bag, smaller toilet paper rolls or a different shape to your usual jug of orange juice, you're not imagining things.

Shrinkflation – a term used to describe the practice of selling products with less quantity or volume at the same price by reducing their size or packaging – is having an impact on store shelves.

And Canadians are catching on. According to a recent report from Dalhousie University's Agri-Food Analytics Lab, three out of four of us have noticed food products have shrunk, while prices have remained the same. And while personal care and other items are affected by shrinkflation, it's groceries, meat products and bakery goods that are among the most obvious examples of the phenomenon.

Here are three ways to stay one step ahead of shrinkflation when browsing the aisles.

1. Understand how shrinkflation works

Shrinkflation comes down to some basic economics, explains Sridhar Moorthy, Manny Rotman Chair and professor of marketing at the Rotman School of Management, University of Toronto.

As manufacturing costs go up, product prices tend to rise, he says. Currently, for example, supply chain bottlenecks, labour shortages and COVID-related challenges are all contributing to rising prices.

In order to sustain their profit margins in such an environment, manufacturers have to decide what's more attractive: to increase the price of the product or shrink the size of the package, Moorthy says.

Manufacturers often opt for the latter, as research shows it is less noticeable. A 2014 *Journal of Retailing* study were four times more likely to purchase a product if the packaging was downsized than they were if the price increased and packaging stayed the same.

"People are more conditioned to look at prices than package sizes. Unit prices are posted precisely for that reason. However, many people don't check unit prices and get misled as a result," says Moorthy.

Don’t pay the same for less: how to stay on top of shrinkflation - continued

The true impact of shrinkflation is seen gradually, over months or even years, so it’s less noticeable to the consumer, adds Sylvain Charlebois, senior director of Dalhousie’s Agri-Food Analytics Lab and professor of food distribution and food policy.

“We’ll see cookies go from 15 to 17 [in a package], but smaller. Then they’ll go back to 15, but they won’t increase the size,” he says. “[Manufacturers] want to be subtle.”

2. Shop proactively

Canadian shopping habits are changing as food prices rise, indicates the Dalhousie report, with more than 40 per cent of respondents saying they’ve altered behaviours to save money, including focusing more on sales and deals, reading flyers and cutting coupons.

This same awareness can be applied to shrinking products, say experts. In addition to checking packaging, product size and weight, consumers can compare unit pricing on display shelves. “In an inflationary environment, you should be more alert to the use of unit prices,” says Moorthy.

Using a mobile phone to check competitor pricing and calculate spending while shopping can also be useful – especially in view of the rise in e-commerce and click-and-collect grocery shopping. In those cases, products aren’t viewed in-person.

While shrinkflation is often perceived as sneaky, Charlebois argues that most grocery retailers provide pricing information, including unit pricing, to the consumer. Meanwhile, on a positive note, he adds that the practice reduces food and packaging waste in the long run.

“There is nothing hidden,” he says. In fact, “shrinkflation was designed based on our own expectations as consumers seeking cheap food all the time.”

3. Adjust your preferences

If you notice you’re paying the same price for less product, it’s also worth reviewing your own shopping habits, says CPA Jamie Smith, co-founder and CFO of Calgary-based Amplify Advisors.

Ask yourself if you need to buy that brand with a higher mark-up or if a more generic brand for a similar product will suffice. Also, if you’re committed to a brand, is there a different size – perhaps in bulk – that gives you a better unit price point? Can you reduce or cut out certain products altogether?

“Items of a particular quality or brand that [have been] your preference, may not be now that there’s a difference in price. There could be alternatives that are less costly,” she says.

When it comes to preferences, Canadians are reacting accordingly, says the Dalhousie study, with 49 per cent of participants reducing their meat product purchases in the past six months due to higher prices and 37.5 per cent buying more private – or house brand – labels compared to 2020. Discounted products near their expiry dates or “enjoy tonight” labels are also gaining in popularity.

These adjustments should be weighed against your budget and financial plan, adds Smith. “Start thinking a little harder about how you can make the most of your dollar,” she says.

This story first appeared on CPA Canada’s online news site.◆

Return to work raises crucial legal questions for organizations

Reviewing and updating workplace policies are a key priority for employers.

As employees return to the workplace, there are many questions around the legal ground rules for employers. Adding to the challenge is the fact that there are few, if any, legal precedents to guide organizations in these unprecedented times. “There’s not a lot of clarity at this point,” says Emily Siu, a lawyer at the SpringLaw employment law firm in Toronto. Here are three key issues keeping employers up at night.

The shift comes with consequences, experts say. According to new research from Robert Half Canada, more than half (56 per cent) of employers say the cost of making a bad recruiting choice is higher than it was pre-pandemic.

Still, given that remote work is likely here to stay for many and that virtual hiring offers access to larger talent pools, we are likely to see more, rather than less, remote recruiting going forward.

Here are four tactics that can help you make the right hire.

1. Workplace safety

Health Canada’s ongoing guidance on COVID-19 prevention includes a layered approach of common practices – keeping interactions to a minimum, avoiding crowds, masking, hand hygiene and respiratory etiquette – along with vaccination. The common practices can easily be adopted into workplace safety policies, but actually mandating vaccination is something each employer will need to weigh out carefully. The nature of their industry and the working conditions will influence this discussion. Whether to implement a workplace vaccination policy is definitely front and centre of employers’ conversations, says Howard Levitt, of Levitt Sheikh Chaudhri & Swann (LSCS Law). Many of the legal decisions moving forward will depend on whether the courts will consider safety more important than individual privacy, he says.

Inside PYC

Congratulations to **Peter Nham**, CPA in reaching the 5-year milestone of service at PYC. Peter obtained his Chartered Professional Accountant designation in 2019 while articling at PYC.

We would like to welcome **Nhu Le** and **Mahzuba Islam** as new members of our professional staff.

Return to work raises crucial legal questions for organizations - continued

"Employees that don't get vaccinated have a mistaken sense that privacy and human rights are valid legal arguments. Although privacy rights apply, they are trivial compared to the overriding safety considerations, so have no legal impact. As a result, vaccination policies are legally permissible, particularly if employees are working closely together or in situations in which working from home is not an option."

2. Accommodating exceptions

As with any employment situation, there will be exceptions that need to be addressed.

"Employers should not discriminate against employees who have legitimate human rights reasons for not getting vaccinated," says Siu. "These workers should be accommodated up to the point of undue hardship for the employer."

This specifically pertains to people with medical conditions or religious reasons for not getting vaccinated. "However, they must be substantive reasons, not simply a matter of minor medical issues or a personal opinion, particularly one recently adopted rather than genuine adherence to an organized religion, which bans vaccinations as a significant tenet," says Levitt.

If an organization decides to implement a vaccine policy, protocols will need to be established around employees who are not vaccinated, adds James Fu, partner with Borden Ladner Gervais (BLG) in Toronto. "Will there be different rules for distancing and masking? Should employers have badges or stickers to designate who is vaccinated? Each organization will have its own culture and approach."

3. Employment terms

The impact of COVID-19 has also opened the doors to potential constructive and wrongful dismissal actions, particularly for remote workers not wishing to return to the workplace. As such, employers need to be mindful of the terms of employment on record. In many cases, these may need to be updated and signed to accommodate the current climate and requirements.

"Employers can provide a time frame for the employee to return to work," says Levitt. "If they refuse to return, then the employer has the right to terminate their employment."

Siu confirms she is seeing a strong interest on the part of employers around return-to-work requirements. "It's really dependent on circumstances, such as the safety of the work conditions, the employer's capacity for risk and the industry," she says.

4. How employers can minimize their risk

There are both legal and practical measures employers can take to mitigate potential risks. For example, they can:

- Review workplace policies, taking into account all the current factors and circumstances, as well as local law requirements, and then adjust their policies accordingly.
- Be transparent about opening plans with employees. Providing clear direction reduces the chances of potential legal challenges.
- Ease the employees return to the workplace and be supportive during the transition. "Returning requires time for adjustment," says Siu. "Considering the employees' needs can go a very long way to avoiding resignations or tricky legal proceedings down the road."
- Take all reasonable measures to create a safe work environment. Prepare a safety plan and ensure it is up to date with current health guidelines. Employers are legally required to have a safety plan that can be provided to visiting health and safety inspectors.

Given the lack of legal precedents, employment issues will be determined on a case-by-case basis. In the meantime, Levitt notes, "What employers should be doing is decide what they want to do and build a legal strategy around that."◆

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