

Supplemental Unemployment Benefit program

The Supplemental Unemployment Benefit (SUB) program is a plan that allows an employer to top-up an employee's EI benefits during periods of unemployment due to various factors including a *temporary stoppage of work or illness, injury or quarantine*. This is not a new plan but is a potential option for employers to help cover the cost of employees' wages.

Who is eligible?

Employers whose employees would qualify for unemployment insurance benefits and are subject to a temporary stoppage of work.

What are the requirements for SUB plans?

The following requirements must be met:

- 1 Employees must be in receipt of EI benefits related to a permitted type of unemployment.
- 2 The weekly payment under a SUB plan, when added to the applicable weekly EI benefit, **cannot exceed 95%** of the employee's normal weekly earnings; and
- 3 SUB plans should be registered with Service Canada. If they are not, top-up payments will be considered insurable earnings and **will be deducted from an employee's EI benefits**. If employers pay employees any top-up amounts before a plan is registered, these amounts will be treated as earnings and may be deducted from the employee's EI benefits.

How it works

Employers must register the plan with Service Canada in Bathurst, New Brunswick. This applies for employers across Canada (not only in New Brunswick).

An acceptable plan is one that:

- identifies the group of employees covered and the duration of the plan,
- covers a period of unemployment caused by one, or a combination, of the following:
 - temporary stoppage of work,
 - training,
 - illness, injury or quarantine.
- requires employees to apply for, and be in receipt of, EI benefits in order to receive payments under the plan.
- requires the combined weekly payments from the plan and the portion of the EI weekly benefit rate does not exceed 95% of the employee's normal weekly earnings.
- requires it be entirely financed by the employer.
- requires that on termination, all remaining assets of the plan will be reverted to the employer or be used for payments under the plan or for its administrative costs.

- requires written notice of any change to the plan be given to Service Canada within 30 days after the effective date of the change.
- provides the employees have no vested right to payments under the plan except during a period of unemployment specified in the plan.
- includes payments—in respect of guaranteed annual remuneration, deferred remuneration or severance pay—will not be reduced or increased by payments received under the plan.

How do I apply?

- 1 Create a SUB Plan. The government of Canada has posted a [sample plan](#) on its website which includes the information you'll need.
- 2 Submit a copy of the SUB plan, SUB plan [Registration Form](#) and any additional documentation to Service Canada.
- 3 Obtain approval.
- 4 Make top-ups to employees.

Example

A SUB is payable when the employee is receiving regular training or sickness benefits, and has no other earnings:

- A Employee's normal weekly earnings are \$1,000
- B Employee's other earnings are \$0
- C 95% of normal weekly earnings are \$950
- D Maximum EI payment is \$573

Therefore, the calculation of the maximum SUB payment (C - D = E) is: \$377

Additional resources

[Supplemental Unemployment Benefit Program](#)

Grant Thornton LLP wants to caution that these rules are still new and continue to evolve as the government continues to re-evaluate the economic impact caused by the COVID-19 pandemic. We may still see changes to these measures—as well as new measures—as the government attempts to address the issues that have been raised by us and the tax community. Therefore, any analysis included herein, reflects our knowledge as of the date and time of this email and may no longer be applicable if changes do occur and you should proceed with caution before making any decisions.

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