

Regulatory Essentials

Cosmetics Alliance Update

Canada Emergency Wage Subsidy Program

Many Canadian companies and subsidiaries are still in crisis mode as they navigate financial distress caused by COVID-19. While CEO's and their teams review cash preservation options including rent relief, loan forgiveness and slower payments to suppliers, the way they handle employees has been unclear until now.

Fortunately, over this past weekend the Canadian Government introduced and passed improved updates on the Canada Emergency Wage Subsidy (CEWS) program. The purpose of this program is to assist companies in preserving cash and encourage them to maintain their current workforce for a twelve-week period. What follows is a summary of the program, the benefits and qualification guidelines.

The Program (CEWS) March 15 – June 6, 2020

- CEWS supports employers by providing each employee with up to 75% of their first \$58,700 in gross income up to 12 weeks.
- The benefit pays up to \$847 net per employee each week for the qualifying period.
- Employers are encouraged to fund the remaining 25% or as close to the original salary as possible, however, this guideline is not mandated in the legislation.

The Benefits

- The program supports business and employee continuity, preserves corporate culture and can boost employee morale during uncertain times.
- The cost to employers will be nominal during the duration period.
- It provides an opportunity for companies to emerge from the crisis in a much better position.
- Government coverage may also be obtained for certain employer-paid contributions including Employment Insurance, Canada Pension Plan, the Quebec Pension Plan and the Quebec Parental Insurance Plan when employees are on leave with pay.

How to Qualify

- Companies must demonstrate a 15% decline in revenues in March, which can be based on either accrual accounting (when earned) or cash accounting (when received). Whichever method you choose must be maintained.
- Qualifying companies in March are automatically eligible in April and May. Payments from the government will be retroactive.
- Companies applying for April or May (month to month) must demonstrate a 30% decline in revenues.
- Companies can determine revenue declines in March, April or May versus a year ago or they can calculate the average revenue of January and February versus March, as an example.

- Multinational subsidiaries filing taxes in Canada are eligible.

Other Options

Employers who do not qualify under the terms above but still need to make cuts can explore 2 other options:

1. Employee Terminations: Employees receive full EI benefits.
2. Work Sharing Program: Permitting employees to work reduced hours (from 10-60%). Employees receive partial EI for hours not paid by their employer, retain connectivity and provide some productivity.

A link to further information on the Government's website can be found [HERE](#).

Cosmetics Alliance would like to thank James Smith of LHH Knightsbridge for providing the above executive summary on the CEWS program. James has worked extensively with a senior tax specialist at one of the leading law firms in Ottawa to provide this summary. It is recommended that you seek legal counsel with a Firm (which James can recommend) specializing in tax who can assist you and make customized recommendations based on your individual circumstances. If you need further information, please let CA know (snieuwhof@cosmeticsalliance.ca) and we'll put you in touch with James.

Responsible Distribution Canada Joins the Exchange Program

Responsible Distribution Canada (RDC) has joined the [Hand Sanitizers Manufacturing Exchange](#), bringing the experience and network of its 100+ member companies to assist in identifying and matching sources of ingredients, including ethanol and IPA, needed in the manufacture of hand sanitizers. RDC represents the chemical and ingredient supply chain in Canada and are champions of health and safety in the responsible use of chemicals. RDC's member companies support every market sector, including manufacturing, agriculture, mining, forestry, food, pharmaceutical, water and waste treatment, and, of course, personal care including the manufacture of hand sanitizers.

RDC's active participation in the Exchange will be of great benefit in helping to address the availability of critical ingredients needed in the manufacturing of hand-sanitizers!

Health Updates

Hand Sanitizer Question & Answer Document Now Posted to Cosmetics Alliance Website

Cosmetics Alliance has prepared a [Q&A document](#) to address the questions we have been receiving from members regarding Health Canada's interim regulatory relief measures for hand sanitizers. This [Q&A document](#) is an "evergreen" document and will be updated as new information becomes available.

Update on Health Canada's Position Regarding the Use of Technical Grade Alcohol

Further to CA's COVID-19 [Bulletin #12](#) (April 14), Health Canada (HC) is temporarily allowing the use of technical grade ethanol in the manufacture of hand-sanitizers. This decision was made in response to the increasing demand for hand sanitizers in Canada during the COVID-19 pandemic, which has resulted in a global shortage for USP and food grade ethanol.

Full details can be found in the following Health Canada materials:

Information Update: [English](#) [French](#)

Notice to Industry: [English](#) [French](#)

Technical Grade Ethanol - Risk Assessment Summary Report: [English](#) [French](#)

Suppliers of Technical Grade Ethanol: [English](#) [French](#)

[Interim Policy on Household cleaning products, hand soaps and body soaps \(COVID-19\)](#)

As reported in CA COVID-19 [Bulletin #13](#) (April 15), the pandemic has created an unprecedented demand for household cleaning products and hand/body soaps. As an interim policy, HC is facilitating the access and sale of certain consumer products and cosmetics in Canada where the label may only be in one official language or different from what is required for sale in Canada. More information on this interim policy, including the form to fill out to benefit from the interim policy, is linked here: [English](#) [French](#)

[DEL Bulletin LEPP No. 84 – Guidance on Business Impact Mitigation and Additional Measures for Operational Relief amid COVID-19](#)

HC recognizes that the COVID-19 pandemic has had a significant impact on our members' business operations and, in response, has introduced, via recent Drug Establishment License (DEL) Bulletins, numerous measures to provide regulatory flexibilities for products that are important in mitigating the risks of COVID-19. The latest of these is DEL Bulletin No. 84 ([English](#) [French](#)) which outlines interim measures to mitigate impact to your business-related Quality Risk Management Systems as well as operational relief related to Good Manufacturing Practices, Foreign Building Evidence and DEL Application requirements.

Health Canada has asked Cosmetics Alliance to share the various challenges members are experiencing among the COVID-19 pandemic, so we have engaged our Facility Compliance & Manufacturing Committee (FCM) to gather input which CA can share with Health Canada. If you wish to become a member of our FCM Committee, please send us an email at regulatory@cosmticsalliance.ca.

[DEL Bulletin No. 84 – EN](#)

[DEL Bulletin No. 84 - FR](#)

Post-Consumer Waste Updates

[Canada Adds time to Plastic Ban Review](#)

Canada is [extending a public review](#) of the research it will use to limit plastic pollution to focus on the coronavirus outbreak.

Major plastic companies back Environment and Climate Change Canada's decision to add an extra 30 days to the comment period for the [draft scientific assessment](#) on plastic pollution, Chemistry Industry Association of Canada spokesman Devon Babin said Tuesday.

The consultation now closes May 1.

[How2Recycle Announces its New Guides to Recyclability](#)

The two reference guides are a first-of-its-kind resource for providing transparency to the general public on packaging recyclability. Read more [here](#).

Other

COVID-19 and Substantiating Advertising Claims – A note from Ad Standards

With rising concerns about the global spread of this novel Coronavirus disease, some companies are advertising products promising to help prevent the virus from spreading or offer a cure to those infected. Even claims about products that are not traditionally thought of as a treatment or prevention of an illness may be seen to imply a benefit to consumers looking for solutions at this difficult time. Ad Standards is releasing this bulletin to remind advertisers about their obligations in connection with substantiating claims, both in the context of health protection, and scientific claims more broadly. Please click [here](#) for the note from Ad Standards.