

Canada Implements Temporary Employment Insurance Measures Responsive to Economic Impacts of Trade War

Article By:

Jordan D. Simon

The federal government of Canada recently amended the Employment Insurance Act, implementing temporary measures to address the economic impacts of tariffs imposed by the United States.

Quick Hits

- The Canadian government has amended the *Employment Insurance Act* to temporarily suspend certain repayment rules for severance payments due to job separations occurring between March 30, 2025, and October 11, 2025.
- Employees who receive both severance pay and employment insurance benefits during the specified period will not have to repay their employment insurance benefits.
- Repayment obligations for employment insurance can still apply to terminations before March 30, 2025, even if severance payments are made after that date.

Of particular interest to employers and employees, the temporary measures suspend certain rules relating to monies paid because of a temporary or permanent separation from employment. These temporary rules will apply to any monies paid as a result of a separation of employment that occurs between March 30, 2025, and October 11, 2025.

The temporary measures outline that severance payments made because of a separation between these dates will no longer trigger repayment obligations where an individual receives both severance pay and employment insurance benefits. Previously, an employee who had received employment insurance payments and later received severance payments would have a repayment obligation. A similar suspension of repayment obligations was implemented in response to the deleterious effects of COVID-19.

Employment insurance repayment obligations can still apply to any termination of employment that occurred before March 30, 2025, even if payments are made after that date.

These changes will certainly be relevant in assessing severance packages and termination settlements, but for the time period outlined above, it appears that employees will be able to keep both employment insurance benefits and termination pay.

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