

August and September 2018 Issue

## 2019 EI Maximum and Premium Rates Announced

The maximum insurable earnings for Employment Insurance (EI) premiums will increase from \$51,700 to \$53,100 in 2019, the Canada Employment Insurance Commission (CEIC) has announced.

The CEIC also announced the following 2019 EI premium rate information:

- Employee premium rate: 1.62% (1.25% in Quebec)\*
- Employer premium rate: 2.268% (1.75% in Quebec)\*\*
- Maximum employee premium payment: \$860.22 (\$663.75 in Quebec)
- Maximum employer premium payment: \$1,204.31 (\$929.25 in Quebec)

*\*Note: The rates for Quebec differ because of the Quebec Parental Insurance Plan.*

*\*\*Note: Employers will continue to pay 1.4 times the employee rate unless Service Canada has approved them for a reduced EI premium rate.*

The CEIC also announced the following 2019 EI premium rate reductions (per \$100 of insurable earnings) for employers registered under the federal government's Premium Reduction Program:

- Category 1 plans: \$0.21
- Category 2 plans: \$0.36
- Category 3 plans: \$0.35
- Category 4 plans: \$0.39

The category refers to the group to which Employment and Social Development Canada assigns an employer, based on the type of wage-loss replacement plan the employer has set up. The rate reductions were set out in the *2019 Actuarial Report on the Employment Insurance Premium Rate* by the chief actuary. The report states that the following employer multipliers apply in 2019 for employers with qualifying wage-loss replacement plans:

- Category 1 plans: x 1.269 the employee premium (1.230 for Quebec employees)
- Category 2 plans: x 1.177 the employee premium (1.111 for Quebec employees)
- Category 3 plans: x 1.181 the employee premium (1.116 for Quebec employees)
- Category 4 plans: x 1.160 the employee premium (1.089 for Quebec employees)

The CEIC says it will notify employers registered in the plan individually of their 2019 reduced rate as individual premium reductions may vary.

## **New EI Parental Sharing Benefit to Begin in March**

The federal government will launch a new Employment Insurance (EI) parental sharing benefit on March 17, 2019, Minister of Families, Children and Social Development Jean-Yves Duclos recently announced.

The new measure would provide an extra five weeks of EI parental benefits for parents who agree to share the program's standard 35 weeks of parental benefits, for a total of 40 weeks. For parents opting for the program's extended parental benefit of 61 weeks, the new measure would provide an additional eight weeks of benefits for parents who agree to share the leave, for a total of 69 weeks. The new benefit would be available to eligible birth and adoptive parents, including opposite and same-sex parents.

The government first proposed the new sharing benefit in this year's budget. At the time, it anticipated that it would launch the new benefit in June 2019. The budget also proposed to amend the *Canada Labour Code* to include additional parental leave for federally regulated employees who opt to take the new EI Parental Sharing Benefit.

We will continue to monitor this story and will report on further developments in upcoming releases.

## **Feds Considering New Statutory Holiday**

The federal government plans to create a statutory holiday to commemorate the legacy of Canada's residential schools, a CBC news report says.

The holiday was one of the calls to action stemming from a report by Canada's Truth and Reconciliation Commission, which investigated abuse of Aboriginal children at residential schools.

The CBC report said the government is working with Indigenous people to come up with the best date for the holiday. It added that June 21 and Sept. 30 are being considered as possible dates. National Indigenous Peoples Day falls on June 21, while Sept. 30 marks Orange Shirt Day, an event that recognizes the harm that residential schools did to Indigenous children.

It is not yet known when the government would implement the holiday or whether it would apply to all workers. Federal statutory holidays only pertain to federally regulated workplaces. It is up to each province/territory to decide which holidays to include in their employment standards laws.

We will continue to monitor this story and will report on further developments in upcoming releases.

## **Government Proposes QPP-related ITA Amendment**

The federal Finance Department has published draft proposals to amend the *Income Tax Act* to provide a deduction for employee contributions to a new, enhanced portion of the Quebec Pension Plan (QPP), beginning in 2019.

The government first announced the measure in its February 27, 2018 federal budget. The amendment is necessary because Quebec recently passed legislation that will raise the income replacement level for QPP retirement benefits. To pay for the enhanced benefits, Quebec is increasing QPP contributions for both employers and employees. Between 2019 and 2023, it will

gradually raise the contribution rate for earnings up to the yearly maximum pensionable earnings (YMPE). Beginning in 2024, it will introduce a separate contribution rate of four per cent on earnings between the YMPE and a new upper earnings limit. The federal government had already passed similar amendments to the Canada Pension Plan.

Under the changes, a non-refundable tax credit that currently exists for employee C/QPP contributions on earnings up to the YMPE will remain in place; however, it will not apply to the new four per cent contribution on earnings between the YMPE and the new upper earnings limit. Instead, employees will be allowed to claim a tax deduction on these contributions. The federal government had already amended the *Income Tax Act* to provide the deduction for CPP contributions. The proposed amendment to the QPP would ensure that CPP and QPP contributions are treated the same way under federal tax law.

### **2019 Maximum Assessable/Insurable Earnings**

The following workers' compensation bodies have announced their maximum assessable/insurable earnings for 2019:

British Columbia: \$84,800 (2018: \$82,700)

### **Reminder: Alberta WCB Changes take Effect September 1, 2018**

Just a reminder...Effective September 1, 2018, the Alberta government will implement workers' compensation amendments that will require employers to continue contributing to a worker's health benefits plan for up to a year while the employee is off work due to a workplace injury.

Health benefits include things such as dental and vision care, medication, and hospital, health, and paramedic (e.g., physiotherapy) services. The obligation to continue benefit contributions will only apply if the employer paid contributions to the benefits plan when the injury occurred and if the employee continued to pay his or her share, if any, of the contributions.

The amendments will also require employers to reinstate injured employees off work because of a workplace accident if they have worked for their employer for at least 12 months. The obligation will apply to full-time employees and regular part-time workers. Employees who are medically and physically able to do the essential duties of their job, must be reinstated in the position they held on the date of the injury or in a comparable job with at least the same earnings and benefits that they earned on the date of accident.

If employees are not medically and physically able to do the essential duties of their job, but can do suitable employment, their employer will be required to offer them the first opportunity to accept suitable employment that becomes available. Employers who reinstate an employee and then terminate the employment within six months or while the worker is receiving workers' compensation benefits will be in violation of the Act unless they can show that the termination was not related to the workplace accident.

## **Reminder: Alberta Minimum Wage Rates Increasing October 1<sup>st</sup>**

Just a reminder... Effective October 1, 2018, the Alberta government will raise the general minimum wage rate from \$13.60 an hour to \$15.00.

The rate for specified salespersons will increase from \$542 per week to \$598 on October 1, 2018. Specified salespersons include sales employees who sell: automobiles, trucks, buses; farm machinery; heavy duty construction equipment or road construction equipment; mobile homes; and residential homes (if the salesperson works for the home builder). Specified salespersons also include salespersons working for a commercial agent licensed under the *Licensing of Trades and Businesses Act*, as well as commission-based salespersons (excluding route salespersons) who generally work outside of their employer's place of business to sell orders that will be delivered later.

The rate for domestic employees who live in their employer's residence will rise from \$2,582 a month to \$2,848 on October 1, 2018.

## **Alberta Government Delays Implementing New Youth Employment Rules**

The Alberta government has delayed its plan to implement new rules for hiring young people.

Earlier this year, the Ministry of Labour said it was working towards an implementation date of September 1, 2018; however, in September a spokesperson for Labour Minister Christina Gray said the government was not yet ready to put the changes in place.

The planned changes, which stem from amendments to the *Employment Standards Code* passed last year, include increasing the minimum age for work from 12 years to 13 years and placing restrictions on the type of work that children under 18 years old may do and on the hours they may work.

While the ministry implemented other employment standards amendments on January 1, 2018, it chose to delay the youth employment changes so that it could consult with business and labour groups and other stakeholders on the types of work that young people be allowed to do without employers requiring a permit.

In June, the ministry published a list of proposed “light work” that young workers would be allowed to do, as well as general guidelines for hiring young employees. Spokesperson Michelle Newlands said the ministry spent the summer consulting on the proposed changes and heard that more work needed to be done before implementing them.

“Our government believes all workers deserve a safe and healthy workplace and this includes young workers. We will continue to take the time needed to work with businesses, guardians and youth to get these changes right,” she said.

The government has not said when it now plans to implement the changes. We will continue to monitor this story and will report on further developments in upcoming releases.

For more information on the proposed changes, please see <https://www.alberta.ca/youth-employment-laws.aspx>.

## **Reminder: Manitoba Minimum Wage Rates Going Up October 1<sup>st</sup>**

Just a reminder... Effective October 1, 2018, the provincial government will increase the minimum wage rate from \$11.15 an hour to \$11.35.

The increase is based on Manitoba's 2017 inflation rate of 1.6% and rounding up to the nearest five cents. Manitoba law requires the government to adjust the minimum wage rate on October 1 each year to reflect changes in the province's consumer price index.

## **New Brunswick Domestic Violence Leave Provisions in Force**

Effective September 1, 2018, eligible employees in New Brunswick are entitled to take time off work for specific purposes if they or their child are the victims of domestic, intimate partner or sexual violence.

New regulations under the *Employment Standards Act* allow employees to take up to 10 days and up to 16 weeks off to seek medical attention; obtain victim services from a qualified person or organization; obtain psychological or other counseling from a qualified person; temporarily or permanently relocate; or seek legal or law enforcement help. Employees may take the 10 days intermittently or continuously, but they must take the 16-week leave in one continuous period.

Employers are required to pay employees for the first five days of leave in a calendar year. The amount of pay must at least equal the amount of wages employees would have earned had they worked regular hours during the leave period. If employees' wages vary, employers must pay them at least their average daily earnings, excluding overtime, for the days they worked in the 30 calendar days right before the leave.

To be eligible for the leave, employees must be employed by their employer for more than 90 days. Employees who plan to take a leave must notify their employer in writing of their intention to take the leave and the purpose for which they are taking it (i.e., one or more of the purposes mentioned above). They must also include the date they expect to begin the leave and how long they think it will last.

Employers must keep all documentation and other information related to the leave confidential. They are prohibited from disclosing the documentation or other information unless the employee gave written consent, the disclosure was authorized or required by law, or the documentation or information was disclosed to an officer, employee, or agent of the employer who needed it to do their job.

We have added new section 15.8.12, Leave for Domestic Violence, Intimate Partner Violence or Sexual Violence, to incorporate the new requirements.

## **N.B. WorkSafeNB Report Recommends Eliminating Three-day Waiting Period for Benefits**

The New Brunswick government should eliminate a three-day unpaid waiting period that injured workers must serve before they receive workers' compensation benefits, a task force has recommended.

The recommendation was one of 28 that the task force made in its final report in July. The government set up the task force, made up of representatives for employers, workers, and the WorkSafeNB board of directors, in May 2017 to identify short-term solutions and establish a long-term plan to ensure the province's workers' compensation system is transparent, accountable, predictable and sustainable.

Under the three-day waiting period, employees (with some exceptions) must not receive any employment-related remuneration (e.g., wages, salary, tips, vacation pay, bonuses, overtime, etc.) or workers' compensation benefits for three working days before qualifying for WorkSafeNB benefits. If employers pay any remuneration to the worker in the first three days following an injury, WorkSafeNB will delay compensation benefits for a further three days.

The task force said New Brunswick is one of the last provinces to impose a waiting period for workers' compensation benefits. Prince Edward Island eliminated its waiting period in 2016. Nova Scotia is the only other jurisdiction with a waiting period.

The task force also examined the process that WorkSafeNB uses to set employer assessment rates. However, it did not recommend changes to the process, stating that, based on a review of practices in place across Canada, "there were no better options than the current practice." It also said, "(S)takeholders were not opposed to the current rate setting process. Rather, stakeholders expressed concern over benefits, costs, rate setting reporting, issues pertaining to the investment fund returns, and how surpluses/deficits were tabulated."

The task force suggested that WorkSafeNB continue to focus on communicating information to stakeholders, including providing them with timely reports that explain the components that make up the assessment rate and how the board manages each component.

It also recommended that the board not allow funding for its Accident Fund to exceed 120%. If the fund were to go beyond 120%, the task force recommended that WorkSafeNB have the authority to determine how to distribute the surplus.

The task force also made recommendations affecting benefits, the Workers' Compensation Appeals Tribunal, occupational health and safety, return to work, rehabilitation, and governance. The provincial government has not specified whether it will implement some or all of the recommendations.

"Workplace safety is of the utmost importance for both employers and employees, and a sustainable, predictable workers' compensation program is a priority of our government," said Treasury Board President Roger Melanson in a news release.

"The recommendations in this report will be used to ensure workers' compensation is there for both employees and employers in the long term," he added.

The report is available online at [http://www2.gnb.ca/content/dam/gnb/Departments/economy/Promo/taskforce\\_review\\_worksafenb/WorkSafeNBTaskForceReportE.pdf](http://www2.gnb.ca/content/dam/gnb/Departments/economy/Promo/taskforce_review_worksafenb/WorkSafeNBTaskForceReportE.pdf).

## **Quebec Province to Lower QPIP Rates in 2019**

The Quebec government has announced that it will lower the premium rates for the Quebec Parental Insurance Plan (Plan) for 2019.

Beginning January 1, 2019, the employee QPIP rate will decline from 0.548% to 0.526%, while the employer rate will go from 0.767% to 0.736%. The government proposed the rate changes in June and confirmed them in August. It has not yet announced the QPIP maximum insurable earnings for 2019.

We will continue to monitor this story and will report on further developments in upcoming releases.

## **CNESST Proposes Assessable Earnings Maximum for 2019**

The Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) is proposing to raise the maximum assessable earnings for workers' compensation from \$74,000 to \$76,500 for 2019; however, the CNESST cautions that it will not finalize the maximum until sometime this month.

We will continue to monitor this story and will report on further developments in upcoming releases.

## **Reminder: Saskatchewan Minimum Wage Going Up October 1<sup>st</sup>**

Just a reminder... Effective October 1, 2018, the minimum wage rate in Saskatchewan will rise from \$10.96 an hour to \$11.06.

The Saskatchewan government adjusts the minimum wage rate each year on October 1 using an indexation formula based on percentage changes to both Saskatchewan's consumer price index and average hourly wage for the previous year.

## **Yukon Territory Considering Employment Standards Changes**

Yukon is considering changing some of the leave provisions in its *Employment Standards Act* to align them with recent federal changes to Employment Insurance (EI) benefits for parental leave and leave for family caregiving.

Among the changes proposed:

- The length of parental leave would be extended from 37 weeks to 62 weeks.
- A new parental sharing leave would be implemented to align with proposed EI changes that would take effect in June 2019. The EI proposal, which was announced in this year's federal budget, would provide up to five extra weeks of benefits to parents who agrees to share standard EI parental benefits (i.e., benefits paid at a rate of 55% of insurable earnings, to a maximum amount, for up to 35 weeks over 12 months), as long as one parent took at least five weeks. For families that chose extended EI parental benefits (i.e., benefits paid at a rate of 33% for up to 61 weeks over 18 months), an additional eight weeks would be provided. The Yukon amendments would allow for an extra five

weeks of unpaid leave for standard parental leave where the second parent taking parental leave agrees to take at least five weeks. The amendments would also allow for an additional eight weeks of unpaid leave for extended parental leave where the second parent taking the leave agrees to take at least eight weeks off.

- The length of compassionate care leave would be extended from eight weeks over a 26-week period to 27 weeks within a 52-week period.
- A new family caregiver leave would allow eligible employees to take up to 16 weeks of unpaid leave to provide care or support to a critically ill adult family member.
- The 37 week unpaid leave for a critically ill child would be broadened to include family members beyond just the child's parents.

Yukon residents and employers had until October 6, 2018 to provide feedback on the proposals. The government said it would post a summary report of the feedback online in November.

We will continue to monitor this story and will report on further developments in upcoming releases.

## **Payroll Q & A**

**Question:** Our employer offers free tickets to concerts and sporting events to our employees. We also often give free tickets to the events to our customers. If they attend, our employees who go to the event are expected to host them. Are the tickets we give to our employees a taxable benefit?

**Answer:** The Canada Revenue Agency's (CRA's) policy states that whether the tickets are a taxable benefit will depend on whether the employer provides them for free to employees for personal use or business use. If the tickets are for the employee's personal use, they would be a taxable benefit.\* If the employer is providing the tickets for free to an employee on the condition that the employee carry out employment duties by hosting a customer, the tickets would be for business use and there would be no taxable benefit. Employers must keep records to verify that they gave the employees the tickets for business purposes. The CRA advises that the records should identify the employee who was given the tickets and provide details on the personal or business use for the tickets, the number of tickets provided, and their value (including the GST/HST or combined GST-QST in Quebec).

If the tickets are a taxable benefit, the employer must include their value in the employee's remuneration for calculating income tax source deductions and Canada/Quebec Pension Plan contributions. The taxable benefit is not subject to Employment Insurance or Quebec Parental Insurance Plan premiums. At year end, report the benefit on the employee's T4 in box (14) and in the "Other Information" area of the form. For Quebec, also report the taxable benefit in boxes (A) and (L) on the employee's RL-1.

*\*Note: Different rules apply if the tickets are provided as a gift under the CRA's gifts and awards policy. For more information on the policy, please see 4.14.1, Exceptions (Gifts and Awards).*