Carswell Payroll Source Alert – August/September 2019 Issue

2020 EI Maximum and Premium Rates Announced

The maximum insurable earnings for Employment Insurance (EI) premiums will increase from $53,100 to $54,200 in 2020, the Canada Employment Insurance Commission (CEIC) has announced.

The CEIC also announced the following 2020 EI premium rate information:

- Employee premium rate: 1.58% (1.20% in Quebec)*
- Employer premium rate: 2.21% (1.68% in Quebec)**
- Maximum employee premium payment: $856.36 ($650.40 in Quebec)
- Maximum employer premium payment: $1,198.90 ($910.56 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 sets the annual premium rate based on a seven-year break-even rate, which is a rate that the EI senior actuary forecasts is needed to balance the EI operating account over seven years, including the elimination of any cumulative surplus or deficit. Every year, the EI senior actuary provides the information in a report to the CEIC.

The EI senior actuary's *2020 Actuarial Report on the Employment Insurance Premium Rate* also includes the following 2020 EI premium rate reductions (per $100 of insurable earnings) for employers registered under the federal government's Premium Reduction Program:

- Category 1 plans: $0.22
- Category 2 plans: $0.37
- Category 3 plans: $0.36
- Category 4 plans: $0.40

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 report sets out the following employer multipliers apply in 2020 for employers with qualifying wage-loss replacement plans:

Category 1 plans: x 1.259 the employee premium (1.215 for Quebec employees)
Category 2 plans: x 1.169 the employee premium (1.095 for Quebec employees)
Category 3 plans: x 1.171 the employee premium (1.098 for Quebec employees)
Category 4 plans: x 1.149 the employee premium (1.069 for Quebec employees)

The CEIC says it will notify employers registered in the plan individually of their 2020 reduced rate as individual premium reductions may vary.

Reminder: Thanksgiving is a Statutory Holiday in most Jurisdictions

Just a reminder... Monday, October 14, 2019, is Thanksgiving. It is a statutory holiday under employment/labour standards laws in all Canadian jurisdictions except for New Brunswick, Newfoundland and Labrador, Nova Scotia and, Prince Edward Island. In those provinces, the day is a holiday under retail shopping laws. For information on entitlement to the holiday and how to compensate employees for it, please refer to the applicable jurisdiction in chapter 19, Statutory Holidays.

2020 Maximum Assessable/Insurable Earnings

The following workers' compensation bodies have announced their maximum assessable/insurable earnings for 2020:

British Columbia: $87,100 (2019: $84,800)
Nova Scotia: $62,000 (2019: $60,900)
Quebec: $78,500* (2019: $76,500)

*Proposed.

Alberta Independent Panel to Study Minimum Wage

The Alberta government has appointed an independent panel to study the province's minimum wage, including whether to reinstate a different minimum wage rate for hospitality industry workers who serve alcohol.

Minister of Labour and Immigration Jason Copping said the panel will study and publish economic data related to minimum wage changes. Under the previous NDP government, Alberta's minimum wage rose from $11.20 per hour in 2015 to $15.00 an hour last year through a series of annual increases. In 2016, the former government eliminated a separate minimum wage rate for liquor servers.

The nine-member panel includes representatives from the Canadian Federation of Independent Business and Restaurants Canada, as well as two academics in economics, a business owner, and three individuals who have been employed in restaurants. It is being chaired by Joseph Marchand, associate professor of economics at the University of Alberta.

The panel is expected to complete its work by mid-January 2020.

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

Alberta Government Considering Changes to Farm Worker Rules

The Alberta government says it plans to replace current workplace standards for farmers and ranchers with more flexible rules that better reflect their needs.

"Farms and ranches operate differently than other employers in Alberta," said a recent government news release. “The previous government’s Bill 6 was passed with limited public input and in the face of strong opposition from farmers. The government will repeal Bill 6 and introduce the *Farm Freedom and Safety Act* after a period of extensive consultation,” it said.

Bill 6, passed in 2015, resulted in a number of changes for farmers, ranchers and their paid employees, including making workers’ compensation coverage mandatory for farm operations with paid employees and covering paid farm workers under a number of employment standards provisions.

Before repealing the Bill 6 rules and implementing new requirements, the government said it would consult with the province’s farm and ranch community, as well as the general public. Over the summer, it asked for input on whether small farms should be exempted from employment standards requirements and whether farmers should be allowed to choose between Workers’ Compensation Board coverage and market insurance as long as they met basic coverage standards. It also asked for feedback on ways to minimize red tape and reduce regulatory requirements for farmers and ranchers, while ensuring they meet basic safety standards.

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

B.C Government Considering Paid Time off for Domestic/Sexual Violence Leave

The B.C. government is considering whether to amend the province’s *Employment Standards Act* to require employers to pay employees for some of the days they may take off for domestic or sexual violence leave.

At the end of August, the government launched an online questionnaire asking for public feedback on whether employers should pay employees their regular wages for part of the leave and, if so, how many of the days off should be paid. Members of the public, employers, advocacy groups and others had until October 8 to respond.

Labour Minister Harry Bains, along with Parliamentary Secretary for Gender Equity Mitzi Dean, will make recommendations to the government later in the fall on whether or how to proceed, based on the results of the consultation.

In B.C., employees may take up to 10 days of unpaid domestic or sexual violence leave per calendar year, in addition to 15 weeks consecutive weeks of unpaid leave, for specific reasons relating to the violence. For more information on the leave, please see 15.6.11, Domestic or Sexual Violence Leave.

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

Reminder: Manitoba Minimum Wage Rates Rising October 1st

Just a reminder… Effective October 1, 2019, the Manitoba minimum wage rate will increase from $11.35 an hour to $11.65.

The increase is based on Manitoba's 2018 inflation rate of 2.5% and rounding up to the nearest five cents. Manitoba adjusts the minimum wage rate on October 1 each year to reflect changes in the province's consumer price index.

Revenu Québec Revises Policy for Some December Remittances

Revenu Québec has announced that beginning this year, it will give twice-monthly and weekly remitters until January 15 of the following year to send in their source deductions and employer contributions for the last period of December without penalizing them.

Normally, twice-monthly remitters must send in their remittances for the last period of December by January 10. For weekly remitters, the remittances are normally due three working days after the end of the month.

The new administrative policy will apply beginning with the last period of December 2019. Although Revenu Québec said it would not levy penalties against employers who send in their remittances later than their normal due date, but before January 16, it will require them to pay interest, based on their remittance due date.

QPIP Premium Rates to Decrease in 2020

Quebec Parental Insurance Plan (QPIP) premium rates will go down next year, the Quebec government has confirmed.

In the September 4, 2019 Que*bec Gazette*, the government published regulations that will reduce the employee QPIP premium rate from 0.526% to 0.494% and lower the employer rate from 0.736% to 0.692% as of January 1, 2020.

The government has not yet announced the QPIP maximum insurable earnings for 2020.

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

Reminder: Saskatchewan Minimum Wage Rising October 1st

Just a reminder… Effective October 1, 2019, the minimum wage rate in Saskatchewan will rise from $11.06 an hour to $11.32.

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 the average hourly wage for the previous year.

Payroll Q & A

Question: We have recently set up a wage-loss replacement plan (WLRP) for our employees. We fund the plan, but a trustee will pay the benefits to employees who are off work on sick leave. When employees stop working to take a sick leave, do I need to issue a *Record of Employment* (ROE) if they will be receiving WLRP benefits?

Answer: Yes, Service Canada requires employers to issue an ROE even if employees will be receiving WLRP benefits.

If the WLRP benefits are insurable under Employment Insurance, the employer must issue an ROE after the employee's last day of work before the WLRP payments begin. The employer must also issue a second ROE once the WLRP benefits stop. The second ROE covers the period that the employee received the WLRP payments.

Wage-loss replacement plan benefits are insurable if the employer pays them directly to employees from a plan it funds (whether fully or partially) or if a trustee, a board of trustees, or an insurance company pays benefits from the plan and the employer funds the plan (all or part of it), has a degree of control over the plan, and determines which employees are eligible for WLRP benefits.

If the WLRP benefits are not insurable, the employer must issue an ROE when the interruption of earnings occurs, which would be after the employee's last day of work before the WLRP payments start. The plans are not insurable if the employer does not have a degree of control over the plan or does not determine (whether directly or indirectly) eligibility for the benefits. For more detail on ROE reporting requirements for WLRPs, see the information under Block 19 in Service Canada's guide *How to Complete the Record of Employment*. The guide is available on Service Canada's website at https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/roe-guide.html.