

## **CRA Implementing New Payment on Filing Policy**

The Canada Revenue Agency (CRA) is implementing a new policy that will allow eligible employers to remit a reconciliation payment for their previous year's source deduction remittances by the end of February each year without incurring penalties or interest.

The new Payment on Filing policy will apply as of January 2020 for the 2019 reporting year. The CRA says it developed the new policy in response to employer concerns about not being able to meet year-end remittance obligations because of difficulties obtaining necessary information from third parties.

Under the new policy, employers will still be required to pay their remittances on time throughout the year, including calculating their final remittances to the best of their ability.

The CRA says employers in all remitting categories will be eligible for the policy if they meet the following criteria:

- The employer's reconciliation payment is less than 1% of its total annual remittances and the CRA receives it on or before the last day of February.
- The employer has a perfect payroll compliance record, with no late or outstanding remittances, no assessments in the year it is filing, and it has filed all T4 information by the end of February.
- The employer faces at least one of the following situations: employees who choose to be paid stock-based salaries or wages; employees who live in other tax jurisdictions; and third-party information that it needs for insurance, health benefits, broker information, taxable benefits, and/or automobile mileage.

Employers will have four options for making the reconciliation payment: pre-authorized debit through their CRA My Business account; through the CRA's My Payment option; by including a cheque with their T4 Summary; or by paying through their financial institution.

The CRA says it will update its *Employers' Guide—Payroll Deductions and Remittances* (T4001) to incorporate the new policy in late 2019 or early 2020. More information on the policy can be found at [Canada.ca/payment-on-filing](http://Canada.ca/payment-on-filing).

## **CRA Consulting on Service Improvements**

The Canada Revenue Agency (CRA) has launched public consultations to find out what Canadians think of the agency and their experience with it.

The consultations began in late April and end in mid-June. They include online feedback, as well as invitation-only in-person sessions in cities across the country with representatives of vulnerable populations.

The CRA said the consultations are part of its ongoing efforts to improve the experience individuals have when dealing with the agency. Through the feedback, the CRA said it is hoping to find out what it is doing well and where it could improve, and how it can tell if a change has

helped. It said the consultations would supplement input the agency is already receiving through call centres, public opinion research projects, consultations, and social media.

The agency said it would publish the online results as soon as they are available. The results of the in-person consultations will be published as sessions end, with a final report expected in the fall.

### **Reminder: Canada Day a Statutory Holiday across the Country**

Just a reminder... Monday, July 1, 2019 is Canada Day. It is a statutory holiday under employment/labour standards laws in all Canadian jurisdictions. In Newfoundland and Labrador, the holiday is called Memorial Day.

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.

### **Changes to Alberta Employment Standards Rules Proposed**

The Alberta government is proposing amendments to its *Employment Standards Code* and regulations that would affect statutory holiday pay, overtime banking, and minimum wage for students under 18 years old.

The holiday pay and overtime changes were included in Bill 2, *An Act to Make Alberta Open for Business*, which was tabled in the provincial legislature on May 27, 2019. The bill proposes the following amendments to employment standards rules:

- **Time off in lieu of overtime pay:** Effective September 1, 2019, time off in lieu of overtime pay (in time banks) would be calculated at employees' regular wage rate rather than at 1.5 times their regular rate. Overtime hours stored in a time bank that have not been provided, taken, or paid before September 1, 2019, would have to be provided at 1.5 hours off for each hour of overtime worked unless an overtime agreement or a collective agreement provided for a higher rate.

In addition to the legislative amendments, the government announced that it would revise regulations under the Code to repeal provisions for flexible averaging agreements, saying the proposed overtime banking changes would eliminate the need for the agreements.

- **Qualifying for statutory holiday pay:** To qualify for statutory holiday pay, employees would have to work for their employer for at least 30 work days in the last 12 months before a statutory holiday. The proposed change, which would take effect September 1, 2019, would return the legislation to the rules that existed prior to January 1, 2018. Since then, all employees covered by the Code's statutory holiday standards qualify for holiday pay unless they do not work on the holiday when required or scheduled to do so or they are absent without their employer's consent on their last regular work day before the holiday or their first regular work day after it. Under the amendments, employees would continue to be ineligible for statutory holiday pay if they did not meet these requirements.

- **Regular/irregular work day distinctions for statutory holiday pay:** Previous rules that applied before January 1, 2018 for distinguishing between regular and irregular work days for determining statutory holiday pay would be reinstated. The change would mean that if a statutory holiday occurred on a day that was not a normal work day for employees and they did not work, their employer would not have to pay them for the holiday. If they did work, they would be entitled to be paid at least 1.5 times their regular wage rate for the hours worked. Currently, if employees do not work on a holiday, their employer must pay them at least their average daily wage for the day.

For statutory holidays that occur on a normal work day for employees, the current payment rules would continue to apply. Employees eligible for holiday pay who worked on the holiday would be entitled to either 1.5 times their regular wage rate for hours worked, plus their average daily wage, or their regular wage rate for the hours worked, plus a day off with pay (a normal work day) no later than their next annual vacation, paid at their average daily wage. If employees did not work on the holiday, they would be entitled to their average daily wage for the day. Average daily wage would continue to be calculated as 5% of an employee's wages, statutory holiday pay, and vacation pay earned in the four weeks right before the holiday.

The amendments would take effect on September 1, 2019. Once the proposed changes are in effect, if an employee has not yet been compensated for working on a statutory holiday that occurred before September 1, 2019, the employer must follow the payment rules in effect until September 1, 2019 (as discussed in the previous paragraph).

If employees do not work a regular schedule and there is doubt about whether a holiday occurs on a regular work day, proposed amendments would require that if an employee worked on the same day of the week that the holiday occurs in at least five of the nine weeks before the work week with the holiday, the holiday would be considered a normal work day for the employee.

The government is also proposing regulatory changes that would create a new youth minimum wage rate of \$13 an hour, beginning June 26, 2019. The rate would apply to students (in school up to grade 12, in post-secondary institutions or in vocational programs) under 18 years of age who work 28 hours per week or less while school is in. Students who work more than 28 hours in a week in which school is in session would have to be paid \$15 an hour for the time worked beyond 28 hours. During times when school is not in session (e.g., summer vacation, winter holidays, spring break, etc.), employers would only be required to pay students a minimum of \$13 an hour for all hours worked.

Employers would be allowed to lower the wages of students who currently earn at least the general minimum wage rate of \$15 an hour, even if they were hired before June 26, 2019, provided that they notify the employees before the first pay period when the lower wage rate would take effect. Employers would not be allowed to lower the wage rate of students covered by a collective agreement with a fixed wage. The fixed wage in the agreement would continue to apply.

The youth minimum wage rate would only apply to students enrolled in educational institutions and not to young people who do not attend school. Other current minimum wage rates would continue to apply in the province.

### **Alberta WCB Reviewing Employer Policies**

The province's Workers' Compensation Board (WCB) is asking employers to provide feedback on a number of its policies, including the type of earnings included when calculating employer premiums.

The board said the review would also look at employer coverage, personal coverage, premium payments, and industry classification. The deadline for submitting comments is July 15, 2019.

When reviewing the policies, the WCB said employers should consider issues such as whether they understand the policies, whether there is information that is not clear, if they have any specific concerns with the policies, and if there is any information in the policies that the board should add, remove, or change.

The WCB has posted a background paper with more information about the policy review on its website (<https://www.wcb.ab.ca/forms/policy-feedback.asp>).

### **B.C Legislature Passes Widespread Employment Standards Changes**

The British Columbia legislature has passed legislation making widespread changes to the province's employment standards rules.

The amendments were included in Bill 8, the *Employment Standards Amendment Act, 2019*, which Labour Minister Harry Bains tabled in the provincial legislature on April 29, 2019. The bill passed third reading on May 29, 2019. Some of the amendments will take effect once the bill receives royal assent, while others will come into force by regulation. The following changes are among the amendments included in the bill:

- **Critical illness or injury leave** (in force on royal assent): Employees will be entitled to take time off work, without pay, to provide care or support to a critically ill or injured family member. The period of leave will be up to 36 weeks for family members under 19 years of age at the start of the leave and up to 16 weeks for those 19 and older. Employees will need a certificate from medical practitioner or nurse practitioner verifying that the family member has a critical illness or injury.
- **Domestic or sexual violence leave** (in force on royal assent): Employees will be allowed to take time off work, without pay, if they, their child (including an adult child dependent on them because of illness, disability, or another reason), or another person prescribed in regulations suffers domestic or sexual violence. Employees will only be allowed to take the leave for specific purposes related to the violence, including seeking medical care; obtaining victim services or other social services; obtaining psychological or other professional counselling; temporarily or permanently relocating; and seeking legal or law enforcement assistance. The period of leave will include up to 10 days (taken

consecutively or intermittently) and up to 15 weeks (taken consecutively or, with the employer's consent, in different periods) per calendar year.

- **Termination** (in force on royal assent): Employers who terminate the employment of employees after the employees give notice that they are quitting will have to pay them an amount equal to the wages the employees would have earned had they worked the rest of the notice period or to the amount that the employer is liable to pay on termination, whichever is less. The provision will only apply to employees with more than three consecutive months of service with their employer.
- **Records** (in force on royal assent): Employers will have to retain payroll records for four years after the date they created them. Currently, employers have to keep records for two years after employment ends. A four-year retention period will also apply to records related to averaging agreements, agreements to substitute statutory holidays, and agreements related to cleaning and maintaining special clothing.
- **Youth employment** (will come into force by regulation): The minimum age for employment will be raised from 12 years to 16 years, although 14 and 15 year olds will be allowed to do "light work" (to be defined in regulations under the Act) if their parent or guardian consents, or other work if the director of Employment Standards approves it. Employers will need the director's permission to hire someone under 14 years of age. Currently, they need the director's consent to hire children under 12 and parental consent to hire children under 15. Employers will be prohibited from hiring children under 16 to work in hazardous industries or in hazardous work. They will also be prohibited from hiring children 16 to 18 years old to work in hazardous industries or in hazardous work unless the children are the required age (as set by regulation) to work in the industry or do the work. The government said it would keep existing regulations allowing children to work in recorded and live entertainment with parental consent.
- **Collective agreements** (in force on royal assent): Collective agreements with provisions covering hours of work or overtime, statutory holidays, vacations, special clothing, and seniority retention, recall, termination or layoff will have to, when the provisions were taken together, meet or exceed the minimum requirements in the *Employment Standards Act*. Otherwise, the applicable provisions in the Act will apply.
- **Wage assignments** (in force on royal assent): New provisions will specify the types of credit obligations which employers may choose to honour under an employee's written assignment of wages. They will include wage advances that an employer pays to employees (including vacation pay), outstanding balances for goods or services that employees bought from their employer, and outstanding balances relating to employees' use of their employer's real or personal property. Employers will continue to be required to honour employees' written wage assignments to trade unions, registered charities, insurance companies (for insurance or medical/dental coverage), and for payments under

a family maintenance order.

- **Gratuities** (in force on royal assent): Employers will be prohibited from withholding tips or other gratuities from employees, deducting amounts from them, or requiring employees to turn them over to the employer. Exceptions will apply if a provincial or federal law or a court authorizes or requires it. Exceptions will also apply for tip pooling, where an employer collects tips from employees and redistributes them among some or all of the employees. Employers will not be allowed to share in the pooled tips unless they perform the same work as the employees sharing the tips.
- **Employment standards information** (in force on royal assent): Employers will be required to provide employees with information that the Employment Standards director provides or approves on employee rights under the Act.
- **Temporary help agencies** (will come into force by regulation): Temporary help agencies will have to be licensed and employers will be prohibited from using agencies that are not. If they do, Employment Standards will consider them to be the employer of agency employees who did work for them.
- **Complaints** (will come into force by regulation): A requirement that employees complete a self-help kit to try to resolve disputes with their employer before filing an Employment Standards complaint will be eliminated. The director will have the authority to carry out compliance investigations at any time and for any reason and to stop or postpone an investigation. The director will also be required to investigate all complaints that Employment Standards accepts.
- **Wage recovery** (will come into force by regulation): The period for employees to recover unpaid wages from employers will increase from six months to 12 months, with the possibility of extending the period to 24 months in certain situations, such as wilful or severe contraventions of the Act.

We have added the bill to the Status of Legislation. We have also updated the following sections to incorporate notes about the amendments: VI.6, Uniforms and Special Clothing; Table VI.1, Records Retention—Labour/Employment Standards; 14.4.4, Averaging Hours; 15.6.9, Critical Illness or Injury Leave; 15.6.10, Domestic or Sexual Violence Leave; 16.3, British Columbia; 18.3.2, Deductions; 19.3.4, Substituting Statutory Holidays; and 20.3.3, Wages and Termination.

Please contact our payroll hotline for updates on when the amendments will take effect. Call the hotline at 416-609-0152 (Toronto) or 1-800-661-6828 (toll free) or send questions via e-mail to [Carswell.PayrollHotline@thomsonreuters.com](mailto:Carswell.PayrollHotline@thomsonreuters.com).

### **B.C. Report on Living Wages Expected this Summer**

This summer British Columbia's Fair Wages Commission is expected to complete a report on its findings and recommendations for a living wage in the province, the Ministry of Labour said.

The ministry made the statement while announcing that the commission would accept public

feedback during April and May on ways to close a gap between the provincial minimum wage and a living wage. While the minimum wage is a legislated minimum rate that employers must pay employees, a living wage is the hourly rate at which a household can meet its basic needs based on the actual costs of living in a specific community. As a result, the living wage is generally higher than the minimum wage.

The government created the commission in October 2017 to advise it on how to raise the minimum wage rate to \$15 an hour, help determine other minimum wage rates in the province, and find ways to address the discrepancy between the minimum wage and a living wage.

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

### **Reminder: B.C. Minimum Wage Rates Rising June 1<sup>st</sup>**

Just a reminder...Effective June 1, 2019, the British Columbia government will raise the general minimum wage rate from \$12.65 an hour to \$13.85.

The increase is part of the government's plan to gradually raise B.C.'s minimum wage between 2018 and 2021 until it reaches \$15.20 an hour. The rate is scheduled to rise to \$14.60 on June 1, 2020, and then to \$15.20 on June 1, 2021.

The government will also increase other minimum wage rates on June 1, 2019:

liquor servers: \$12.70/hour (currently \$11.40)

live-in camp leaders: \$110.87/day or part day (currently \$101.24)

resident caretakers

- apartment building with 9 to 60 suites: \$831.45/month plus \$33.32 per suite (currently \$759.32 plus \$30.43)
- apartment building with more than 60 suites: \$2,832.11/month (currently \$2,586.40)

The government has previously announced that it will gradually eliminate the liquor server rate by June 1, 2021, when liquor servers will be entitled to receive the general minimum wage rate.

### **Reminder: National Aboriginal Day a Statutory Holiday in NWT and YT**

Just a reminder... Friday June 21, 2019, National Aboriginal Day, is a statutory holiday in the Northwest Territories and Yukon. For information on entitlement to the holiday in each territory and how to compensate employees for it, please see 19.7, Northwest Territories, and 19.14, Yukon.

### **Reminder: Quebec Minimum Wage Rates Rising May 1<sup>st</sup>**

Just a reminder...Effective May 1, 2019, the Quebec government increased minimum wage rates in the province to the following amounts:

|                             |                                     |
|-----------------------------|-------------------------------------|
| general rate:               | \$12.50/hour (previously \$12.00)   |
| employees who receive tips: | \$10.05/hour (previously \$9.80)    |
| raspberry pickers:          | \$3.71/kilogram (previously \$3.56) |
| strawberry pickers:         | \$0.99/kilogram (previously \$0.95) |

### **Reminder: National Holiday is June 24th**

Just a reminder... Monday, June 24, 2019 is the National Holiday in Quebec. It is a statutory holiday under the *National Holiday Act*. For more information on entitlement to the holiday and how to compensate employees for it, please see 19.12, Quebec.

### **New Leave Provisions in Effect in Saskatchewan**

The Saskatchewan government recently implemented a number of labour standards amendments that expanded job-protected leaves for new parents, caregivers, and assault survivors.

The amendments were in Bill 153, *The Saskatchewan Employment (Leaves) Amendment Act, 2018*, which received royal assent and came into effect on May 15, 2019 (with the exception of some provisions affecting labour relations in Bill 153 that must be proclaimed in force).

The amendments include the following changes:

- The length of maternity leave is now 19 weeks, up from 18 weeks. The period in which employees may begin maternity leave has been extended from 12 weeks before the estimated date of birth to 13 weeks beforehand.
- The length of adoption leave is also now 19 weeks, up from 18 weeks.
- The length of parental leave is now 59 weeks, up from 37 weeks, for employees who also take maternity or adoption leave. For other parents, the leave has increased from 37 weeks to 63 weeks.
- The period in which employees may begin parental leave has been extended from 12 weeks before the estimated date of birth or the estimated date the child will come into the employee's care to 13 weeks beforehand. The period in which employees may take parental leave has been extended from 52 weeks after the actual date of birth or the actual date the child came into the employee's care to 78 weeks afterwards.
- A new 17-week leave allows employees to take time off work, without pay, to provide care or support for a critically ill adult family member.
- Leave for a critically ill child has been expanded to include family members beyond the child's parents. The length of the leave remains 37 weeks.
- Nurse practitioners, as well as medical doctors, are now allowed to issue certificates to verify the need for leaves involving a medical issue.
- Interpersonal violence leave has been expanded to include survivors of all forms of sexual violence even if there is no relationship between the perpetrator and the victim. The length of the leave remains 10 days, unpaid.

### **Yukon Territory Enacts New Leave Standards**

Effective May 8, 2019, the Yukon government implemented amendments to its *Employment*



*Standards Act* that expanded leaves for new parents and family caregivers.

The amendments were part of Bill 31, an *Act to amend the Employment Standards Act*, which received royal assent on April 30, 2019. The amendments include the following changes:

- **Parental Leave:** The length of parental leave has increased from 37 weeks to 63 weeks. The period within which employees must complete the leave has been extended from the first anniversary date of the birth or adoption to 78 weeks afterwards. The Act now also specifies that the total amount of parental leave that one employee may take for a birth or adoption is 63 weeks, while the total amount of parental leave that more than one employee may take for the same birth or adoption is 71 weeks.
- **Compassionate Care Leave:** The length of compassionate care leave has increased from eight weeks to 28 weeks. The period within which employees must complete the leave has been extended from 26 weeks after it begins to 52 weeks afterwards.
- **Leave for a Critically Ill Child:** Eligibility for the leave has been expanded to include family members beyond the child's parents. The period within which employees must complete the leave has been extended from 37 weeks after it begins to 52 weeks afterwards.
- **Leave for a Critically Ill Adult Family Member:** Eligible employees may take a new 17-week unpaid leave to provide care or support for a critically ill adult family member. To be eligible for the leave, employees must be employed by their employer for at least six months of continuous employment.

We have updated the status of the bill in the Status of Legislation. We have also updated 15.16.2, Parental Leave; 15.16.3, Bereavement Leave; 15.16.6, Compassionate Care Leave; and 15.16.9, Critical Illness Leave.

## **Payroll Q & A**

**Question:** Are all hours paid for a statutory holiday insurable for Employment Insurance purposes? I need to complete *Records of Employment* (ROE) for some employees and I'm not sure how to handle statutory holiday hours.

**Answer:** In most cases, statutory holiday hours are insurable if the holiday occurs before the date entered in Block 11 ("Last day for which paid") on an ROE. If the holiday falls after that date, whether the hours are insurable will depend on whether the employee's termination is final.

If the termination is final and the statutory holiday comes after the date entered in Block 11, do not include the paid statutory holiday hours in the employee's total insurable hours in Block 15A. Service Canada considers a termination final when an employee is dismissed, a business closes, the employee's job ends due to a restructuring, or the employee quits.

If the termination is not final and the statutory holiday comes after the date entered in Block 11, the hours paid for the statutory holiday are included in the employee's total insurable hours in Block 15A. Service Canada considers a termination not to be final when the employer-employee relationship is expected to continue at some point in the future, such as the employer planning to

bring the employee back after a temporary layoff or the employee planning to return to work after taking a leave of absence.

In all situations, statutory holiday pay must be included in the employee's insurable earnings reported in Block 15B. If the statutory holiday took place before the date reported in Block 11, include the statutory holiday pay in the pay period during which the statutory holiday occurred. If the statutory holiday fell after the date entered in Block 11, include the statutory holiday pay in the final pay period.