

Second Quarter Prescribed Interest Rates Set

The prescribed rate for taxable benefits to employees and shareholders from interest-free and low-interest loans is 1% from April 1, 2022 to June 30, 2022. The rate is unchanged from the previous quarter.

The interest rate for unpaid source deductions, overdue taxes and insufficient instalments is 5% for the second quarter.

New Record-keeping Requirements for CLC Coming

Effective June 2, 2022, federally regulated employers will have additional record-keeping responsibilities.

Amendments to the Canada Labour Standards Regulations that take effect that date will add the following documents to the records that employers must keep:

- a copy of any certificate from a health care practitioner related to an employee's or a student intern's medical breaks or medical leave and any employer request for the certificate;
- records describing situations in which an employer postponed or cancelled an employee's break, required the employee to work extra hours, leaving the employee with a rest period of fewer than eight hours, or could not give the employee at least 24 hours' notice of a shift change due to unforeseeable emergencies that the employee had to handle;
- all work schedules and modifications to work schedules that an employer provides to a student intern; and
- any refusal to work that a student intern makes due to the employer not providing at least 96 hours' written notice of the work schedule.

The amendments will also designate violations of the new record-keeping rules as Type "A" violations for calculating administrative penalties under the *Canada Labour Code*, the same as violations of existing record-keeping requirements.

The amendments will also require that any certificate that a health care practitioner issues regarding an employee's medical breaks specify the beginning and end dates of the period in which the employee needs to take the breaks.

The amendments were included in the March 16, 2022 edition of the *Canada Gazette Part II*. Other amendments published in that edition made minor technical changes to the regulations, effective March 4, 2022. They included revising the language in the Canada Labour Standards Regulations to harmonize it with recent amendments to the Code that allow for statutory holidays to be substituted with any day rather than another holiday and replacing the terms "sick leave" with "medical leave" and "qualified medical practitioner" with "health care practitioner" to reflect terminology changes in the Code. The amendments also extended the deadlines for employees to file labour standards complaints in certain situations.

Federal Minimum Wage Rose Apr. 1

Effective April 1, 2022, the federal minimum wage rate rose from \$15.00 an hour to \$15.55.

It applies to employees in federally regulated private-sector organizations and federal Crown corporations.

The federal minimum wage rate, which first came into effect on December 29, 2021, is automatically adjusted on April 1 every year, based on the average annual increase in the consumer price index.

In jurisdictions where the general minimum wage rate is higher than the federal minimum wage rate, the provincial/territorial rate will apply to federally regulated workers.

Reminder: Upcoming Statutory Holidays

Just a reminder... The following dates are statutory holidays:

- Fri., Apr. 15/22: All jurisdictions—Good Friday (In Quebec, employers may choose to observe the holiday on Good Friday or Easter Monday.)
- Mon., May 23/22: Alberta; British Columbia; Manitoba; Northwest Territories; Nunavut; Ontario; Quebec; Saskatchewan; Yukon; and under the *Canada Labour Code*—Victoria Day (National Patriots Day in Quebec) (In New Brunswick, the day is a holiday under the *Days of Rest Act*)
- Tues., Jun. 21/22: Northwest Territories and Yukon—National Indigenous People’s Day (N.W.T.)/National Aboriginal Day (Yukon)
- Fri., Jun. 24/22: Quebec—National Holiday
- Fri., Jul. 1/22: All jurisdictions—Canada Day (Memorial Day in Newfoundland and Labrador)
- Sat., Jul. 9/22: Nunavut—Nunavut Day

For information on entitlement to the holidays and how to compensate employees for them, please refer to the applicable jurisdiction in chapter 19, Statutory Holidays

Reminder: Minimum Wage Rates Rising on April 1

Just a reminder... Minimum wage rates rose in a number of Canadian jurisdictions to the following amounts on April 1, 2022:

- New Brunswick: \$12.75/hour (previously \$11.75)*
- Newfoundland and Labrador: \$13.20/hour (previously \$12.75)
- Nova Scotia: \$13.35/hour (previously \$12.95)*
- Prince Edward Island: \$13.70/hour (previously \$13.00)
- Yukon: \$15.70/hour (previously \$15.20)

**Note: The New Brunswick rate will rise to \$13.75 an hour on October 1, 2022. The Nova Scotia rate will increase to \$13.60 on October 1, 2022.*

B.C. Government Revises some Sick Leave Rules

In late March, the British Columbia legislature passed amendments to the *Employment Standards Act* that require employers to use a calendar year instead of an employment year when determining employees' annual entitlement to illness or injury leave.

The amendments also repeal provisions in the Act that exempt employees from the illness and injury leave standards if they are covered by a collective agreement with provisions that meet or exceed the standards.

The amendments were included in Bill 19, the *Employment Standards Amendment Act, 2022*, which received royal assent on March 31, 2022. The amendments came into force on royal assent.

Under the *Employment Standards Act*, employees are entitled to take up to five days of paid leave and up to three days of unpaid leave each year for illness or injury leave if they have more than 90 consecutive days of employment with their employer.

The Labour Ministry said the change from an employment year to a calendar year should simplify employers' administrative processes. It noted that business groups had raised concerns that using an employment year instead of a calendar year to determine employees' annual sick day entitlement required employers to keep track of a separate entitlement date for each employee based on their first day of employment. Switching to a calendar year standardizes the yearly entitlement period for all employees regardless of when they began working for the employer.

The ministry said the amendments affecting collective agreement provisions address concerns that some employees were not entitled to the Act's illness or injury leave standards because of wording in their collective agreements. The amendments clarify that the illness or injury leave standards in the Act are minimum requirements that apply to employees even if a collective agreement contains provisions that meet or exceed the standards.

B.C. Minimum Wage Rates Going up June 1

Effective June 1, 2022, the provincial government will raise the general minimum wage rate from \$15.20 an hour to \$15.65, Labour Minister Harry Bains recently announced.

The rate increase is tied to the province's average annual inflation rate. Earlier this year, the B.C. government announced that it would begin indexing the province's minimum wage to increases in the rate of inflation calculated for the previous calendar year.

Other minimum wage rates will also rise because of indexation on June 1, 2022:

- The rate for live-in camp leaders will increase from \$121.65 for each day or partial day

worked to \$125.06.

- The rate for live-in home support workers will rise from \$113.50 for each day or partial day worked to \$116.68.
- The rate paid to resident caretakers working in apartment buildings with nine to 60 suites will rise from \$912.28 per month plus \$36.56 per suite to \$937.82 per month plus \$37.58 per suite.
- The rate paid to resident caretakers working in apartment buildings with more than 60 suites will go up from \$3,107.42 per month to \$3,194.43.

Beginning January 1, 2023, minimum piece rates for farm workers who hand-harvest certain crops will rise to the following amounts due to indexation:

- apples: \$21.65/bin (currently \$21.06)
- apricots: \$24.91/1/2 bin (currently \$24.23)
- beans: \$0.297/pound (currently \$0.289)
- blueberries: \$0.502/pound (currently \$0.488)
- Brussels sprouts: \$0.207/pound (currently \$0.201)
- cherries: \$0.285/pound (currently \$0.277)
- daffodils: \$0.174/bunch (10 stems) (currently \$0.169)
- grapes: \$23.01/1/2 bin (currently \$22.38)
- mushrooms: \$0.298/pound (currently \$0.290)
- peaches: \$23.01/1/2 bin (currently \$22.38)
- pears: \$24.38/bin (currently \$23.72)
- peas: \$0.370/pound (currently \$0.360)
- prune plums: \$24.38/1/2 bin (currently \$23.72)
- raspberries: \$0.452/pound (currently \$0.440)
- strawberries: \$0.436/pound (currently \$0.424)

** Note: Piece rates for hand-harvested crops include 4% vacation pay, with the exception of daffodils, which require vacation pay to be paid on top of the piece rate.*

Manitoba Minimum Wage Rising in October

The province's minimum wage rate will rise from \$11.95 an hour to \$12.35 on October 1, 2022, the government recently announced.

Manitoba adjusts the minimum wage rate on October 1 each year to reflect changes in the province's consumer price index.

Manitoba ESC Amendments would Allow for Documents to be Served by E-mail

In March, the provincial government tabled amendments to *The Employment Standards Code* that would allow for documents, including notices and orders, to be served by e-mail.

Bill 23, *The Reducing Red Tape and Improving Services Act, 2022*, passed first reading in the provincial Legislature on March 15, 2022. It would amend a number of acts to reduce regulatory

requirements for businesses, industry and local governments.

The amendments to *The Employment Standards Code* would expand options for delivering documents that the Code requires or permits to be given, sent or served to include e-mail if the recipient has provided their e-mail address for that purpose.

The bill would also amend *The Workers Compensation Act* to allow the Workers Compensation Board's board of directors to determine which program offered under the Act is to be reviewed by an independent auditor. Currently, the minister responsible for workers' compensation has that authority.

Ontario Government Appoints Panel to Study Portable Benefits

In late March, the Ontario government announced the appointment of a five-member advisory panel to study and make recommendations on how the government can set up and administer a portable benefits plan in the province.

Portable benefits would be tied to workers rather than employers, allowing workers to maintain their benefits even if they lose or change their job. The plan could provide benefits such as health, dental and vision care.

Monte McNaughton, minister of Labour, Training and Skills Development, said while most employees in full-time permanent jobs in Ontario have medical and dental benefits, fewer than 25% of workers who work part time or in precarious jobs do.

Last year, a government-appointed committee examining the future of work recommended that the government set up an expert panel to study portable benefits. In a report called *The Future of Work in Ontario*, the committee suggested that an expert panel design and test a portable benefits program for workers not covered by traditional employer benefits that could be funded by contributions from consumers, employers, workers and the government.

McNaughton said the panel would carry out research and consultations and analyze current gaps in benefits coverage for different types of workers before submitting a final report with recommendations to the government in the summer of 2023.

For more information on the panel, please see <https://news.ontario.ca/en/release/1001877/ontario-names-expert-panel-to-expand-health-and-benefits-coverage#>.

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

Ontario Minimum Wage Rising Oct. 1

On October 1, 2022, the general minimum wage rate in Ontario will rise from \$15.00 per hour to \$15.50, the province's Ministry of Labour recently announced.

Other minimum wage rates will also go up at that time:

- Homeworkers (110% of general rate): \$17.05 per hour (currently \$16.50)
- Students under 18 working fewer than 28 hours per week: \$14.60 per hour (currently \$14.10)
(or more than 28 hours during school vacation)
- Hunting/fishing/wilderness guides
 - working for fewer than five consecutive hours a day: \$77.60 (currently \$75.00)
 - working five or more hours, whether or not consecutive: \$155.25 (currently \$150.05)

The increases are tied to changes in the Ontario Consumer Price Index.

Reminder: Quebec Minimum Wage Rising May 1

Just a reminder... The province's general minimum wage rate rose from \$13.50 an hour to \$14.25 on May 1, 2022.

Other minimum wage rates in Quebec also went up on May 1, 2022:

- Employees who receive tips: \$11.40/hour (previously \$10.80)
- Raspberry pickers: \$4.23/kilogram (previously \$4.01)
- Strawberry pickers: \$1.13/kilogram (previously \$1.07)

N.W.T. ESA Amendments would Make National Day for Truth and Reconciliation a Statutory Holiday

In March, the Northwest Territories government tabled legislation that would make the National Day for Truth and Reconciliation a statutory holiday under the territory's *Employment Standards Act*.

Bill 47, *An Act to Amend the Employment Standards Act, No. 2*, which passed first reading in the territorial Legislative Assembly on March 10, 2022, would designate September 30 as the holiday.

The proposal follows on the federal government's creation of a National Day for Truth and Reconciliation holiday for federal workers last year. The implementation of the holiday was one of the calls to action that the Truth and Reconciliation Commission put forward in its 2015 report on the history and legacy of residential schools in Canada on First Nations, Inuit and Métis people.

Making the day a holiday under the Northwest Territories employment standards legislation would require employers to give eligible employees in the territory the day off with pay.

Provincial/Territorial Budget Round-up

Alberta: Feb. 24/22. No payroll-related changes proposed.

British Columbia: Feb. 22/22. There were no new payroll-related tax rate changes proposed. The budget did include the following proposals that might interest payroll professionals:

- The budget would amend the *Provincial Sales Tax Act* to clarify that gift cards and gift certificates are not subject to provincial sales tax when acquired. The amendment would apply as of February 23, 2022.
- The budget would extend training tax credits for employers who employ apprentices for two years to December 31, 2024.
- The budget would amend the *Employer Health Tax Act* to standardize and clarify rules on filing appeals to the Minister of Finance. The amendments would take effect on October 1, 2022.

New Brunswick: Mar. 22/22. The budget proposes to increase the basic personal amount that employees claim on a New Brunswick *Personal Tax Credits Return* (TD1PE) from \$10,817 to \$11,720, effective January 1, 2022.

Newfoundland and Labrador: Apr. 7/22. No payroll-related changes proposed.

Nova Scotia: Mar. 29/22. There were no new payroll-related tax rate changes proposed. The budget did include the following proposal that might interest payroll professionals:

- The budget proposes to introduce a More Opportunities for Skilled Trades program that would see the government returning provincial personal income tax paid on the first \$50,000 of earnings for eligible people under the age of 30 who work in industries with labour shortages. The proposed measure is aimed at attracting and retaining young workers in those industries. The program would begin in the 2022 tax year. The government said it would provide more details on the program at a later date.

Northwest Territories: Feb. 22/22. No payroll-related changes proposed.

P.E.I.: Feb. 24/22. The budget proposes to increase the basic personal amount that employees claim on a P.E.I. *Personal Tax Credits Return* (TD1PE) from \$11,250 to \$12,000, effective January 1, 2023.

Quebec: Mar. 22/22. The budget did not propose any payroll-related tax rate changes. It did include the following proposals that might interest payroll professionals:

- The government proposes to spend \$123.4 million over five years to launch a project called VISION to improve digital tax administration for individuals and businesses. The project would focus on simplifying the client experience; improving services to businesses; strengthening information security; fighting tax evasion and fraud; and

modernizing computer systems. The budget also proposes funding for other initiatives to make it easier for taxpayers to meet their tax obligations.

- The government proposes to invest \$29.3 million over five years on information security initiatives. It also proposes to provide funding to set up a joint investigation team made up of the Ministère du Travail, de l'Emploi et de la Solidarité sociale, the Sûreté du Québec and Revenu Québec to help prevent fraud.

Saskatchewan: Mar. 23/22. The budget proposes to expand the list of goods and services that are subject to the province's provincial sales tax (PST) to include admission and entertainment charges. The proposal could affect employer taxable benefits that include the PST. The change would mean that employers would have to include the PST when calculating taxable benefits that arise related to gym and golf fees and memberships and admissions to conferences, seminars, sporting events, concerts and shows, among other places and events. To simplify administration of the tax, the government said the change would follow the federal Goods and Services Tax base. The expanded base would apply as of October 1, 2022. The PST rate would remain 6%.

Yukon: Mar. 3/22. No payroll-related changes proposed.

Payroll Q & A

Question: Is there a taxable benefit for employees if we pay or reimburse them for membership dues in a professional association?

Answer: The answer depends on who primarily benefits from the membership, the employee or the employer. The Canada Revenue Agency (CRA) states that the primary beneficiary is a question of fact. If the employer pays or reimburses the fees because the employer requires the employee to be a member of a specific professional association as a condition of employment, there is no taxable benefit.

If membership in the professional association is not a condition of employment, it is up to the employer to determine who is the primary beneficiary. The employer must be able to back up its position if the CRA or Revenu Québec (for Quebec employers) requests it. If the employer determines that it is the primary beneficiary, there is no taxable benefit. If the employer determines that the employee is the one who primarily benefits, the amount that the employer pays or reimburses the employee for the membership dues is a taxable benefit.

The value of the taxable benefit is the amount the employer paid (including taxes), less any amount the employee reimbursed the employer for the fees. The taxable benefit is subject to Canada/Quebec Pension Plan contributions, Employment Insurance (EI) and Quebec Parental Insurance Plan (QPIP) premiums and income tax deductions if it is paid in cash. A non-cash taxable benefit is not subject to EI or QPIP premiums. At year end, report the taxable benefit in box (14) and in the "Other Information" area of the T4 (code 40) and in boxes (A) and (L) of the RL-1.