

Carswell Payroll Source Alert – February 2023 Issue

### **Reminder: T4/RL-1 Filing Deadline Approaching**

Just a reminder... The deadline for filing T4s, T4As, and T4A-NRs with the Canada Revenue Agency is Tuesday, February 28, 2023. It is also the deadline for filing RL-1s and RL-2s with Revenu Québec.

### **Reminder: Upcoming Statutory Holidays**

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

- Mon. Feb. 20: Alberta, British Columbia, Manitoba (Louis Riel Day), New Brunswick, Nova Scotia (Heritage Day), Ontario, P.E.I. (Islander Day), and Saskatchewan—Family Day (other names for the holiday shown in parentheses)
- Fri., Apr. 7: All jurisdictions—Good Friday (In Quebec, employers may choose to observe the holiday on Good Friday or Easter Monday.)

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: Deadline Approaching for Filing Workers' Compensation Reports**

Just a reminder... Most workers' compensation bodies in Canada require employers to file an annual payroll report by the last day of February. For specific due dates, requirements, and filing options, refer to the website of the applicable board.

For Quebec, the annual report, called a *Déclaration des salaires*, is due before March 15, 2023. In Ontario, employers who pay their Workplace Safety and Insurance Board (WSIB) premiums monthly must file a *Reconciliation Form* with the WSIB by March 31, 2023.

### **Reminder: Deadline Approaching for Filing Health-related Tax Returns**

Just a reminder... The deadline is approaching for filing health-related tax returns in some jurisdictions:

**British Columbia:** Employers who are required to pay the province's Employer Health Tax (EHT) must file an annual return by March 31, 2023. Employers must file it electronically through eTaxBC. In addition to the return, employers must either pay their final instalment payment (if paying the EHT quarterly) or their total annual EHT payment for the previous year (if paying the EHT annually).

**Manitoba:** Employers who are required to pay the Health and Post Secondary Education Tax Levy (HE Levy) must file a *Health and Education Tax Levy Annual Report* with the provincial Finance Department each year. The deadline for filing the 2022 report is March 31, 2023.

**Ontario:** Employers who are required to pay the Ontario Employer Health Tax must file an *Annual Return* with the Finance Ministry no later than March 15, 2023.

### **Reminder: Minimum Wage Rates Rising on Apr. 1**

Just a reminder... Minimum wage rates will rise to the following amounts in the following Canadian jurisdictions on April 1, 2023:

- Manitoba: \$14.15/hour (currently \$13.50)
- New Brunswick: \$14.75/hour (currently \$13.75)
- Newfoundland and Labrador: \$14.50/hour (currently \$13.70)
- Nova Scotia: \$14.50/hour (currently \$13.60)
- Yukon: To be announced (currently \$15.70)

### **Bill Proposes to make National Day for Truth and Reconciliation a Statutory Holiday in B.C.**

The British Columbia government has tabled legislation that would make the National Day for Truth and Reconciliation a statutory holiday under the *Employment Standards Act*, beginning this year.

The measure was included in Bill 2, the *National Day for Truth and Reconciliation Act*, which passed first reading in the provincial legislature on February 7, 2023. If passed, the bill would make September 30 a statutory holiday every year.

As a statutory holiday, employers would be required to pay eligible employees for the day off and compensate those who work on it. To be eligible for a statutory holiday, employees must be employed by their employer for at least 30 calendar days and have earned wages on 15 of the 30 days before the statutory holiday. Employees who work under an averaging agreement or variance any time in the 30 days before the holiday do not have to meet the 15-day requirement.

The federal government created a National Day for Truth and Reconciliation statutory holiday in 2021 to implement 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. The federal holiday, which applies to federal government employees and workers in federally regulated industries, is observed on September 30 every year. For the day to be a statutory holiday in the provinces and territories, each government must pass its own legislation.

### **N.S. Minimum Wage Rising to \$14.50 on Apr. 1**

Effective April 1, 2023, the Nova Scotia government will raise the provincial minimum wage rate from \$13.60 an hour to \$14.50, 20 cents more than originally announced last year.

It will also push up the date for raising the rate to \$15 by six months and implement a new formula for minimum wage increases a year earlier than planned.

In announcing the minimum wage changes, Minister of Labour, Skills and Immigration Jill Balser said the government accepted all of the recommendations that the province's Minimum Wage Review Committee put forward in December.

The minimum wage rate will rise from \$14.50 to \$15.00 on October 1, 2023, instead of April 1, 2024, as announced last year.

Beginning April 1, 2024, the government will change the formula for setting the minimum wage to base it on the national consumer price index, plus 1%. The government had previously announced that this change would occur on April 1, 2025.

### **Reminder: Ontario Paid Leave related to COVID-19 Ends Mar. 31**

Just a reminder... A requirement for employers to pay employees for some sick days related to COVID-19 ends at the end of March.

Last year, the Ontario government extended to March 31, 2023 amendments to the *Employment Standards Act, 2000* that allow eligible employees to take up to three days of paid infectious disease emergency leave for certain reasons related to the COVID-19 pandemic. These include being tested for COVID-19 and awaiting the test results, being sick with COVID-19, getting vaccinated against COVID-19, and providing care or support to certain family members for reasons related to COVID-19. The paid leave, which began on April 19, 2021, was scheduled to end on July 31, 2022, before the government extended it.

The Ministry of Labour notes that although the paid leave requirement applies until the end of March, employees are not entitled to additional days specific to 2023. They are entitled to a maximum of three days for the paid leave between April 19, 2021 and March 31, 2023.

For each of the three days, employers must pay employees the amount that they would have earned if they had not taken the leave, to a maximum of \$200 per day. The provincial government will reimburse employers, through the Workplace Safety and Insurance Board (WSIB), for the paid leave, up to the \$200 per day maximum for each employee. Employers must apply to the WSIB within 120 days of the date they paid the employee for the leave or by July 29, 2023, whichever is earlier.

For more information, please refer to 15.12.4, Emergency Leave: Declared Emergencies and Infectious Disease Emergencies.

### **Quebec Minimum Wage Rising May 1**

The province's general minimum wage rate will rise from \$14.25 an hour to \$15.25 on May 1, 2023, Quebec Labour Minister Jean Boulet recently announced.

Other minimum wage rates in Quebec will also go up on May 1, 2023:

- Employees who receive tips: \$12.20/hour (currently \$11.40)

- Raspberry pickers: \$4.53/kilogram (currently \$4.23)
- Strawberry pickers: \$1.21/kilogram (currently \$1.13)

## Provincial/Territorial Budget Round-up

**Northwest Territories:** Feb. 8/23. No payroll-related changes proposed.

## Payroll Q & A

**Question:** We would like to pay a bonus in the net amount of \$10,000 to an employee. In order to do this, how do we determine the gross amount? Are there any federal income tax requirements for grossing up an employee's bonus payment?

**Answer:** This type of situation is not covered in the federal *Income Tax Act*; however, it is a common practice for employers to pay employees grossed up amounts so that when they withhold taxes, they obtain the desired net amount.

In order to pay a net amount of \$10,000 (i.e., after taxes), you must first establish the employee's tax rate, as the following example shows. In the example, assume that the employee's marginal tax rate is 36%.

1. Use the whole number 1, minus the applicable marginal tax rate (36% or 0.36).

$$1 - 0.36 = 0.64$$

2. Divide the desired net amount (\$10,000) by the result in #1 to determine the grossed-up amount.

$$\text{\$10,000 (net amount required)} \div 0.64 = \text{\$15,625 (gross-up amount)}.$$

3. Verify your calculations.

Gross payment required: \$15,625.00

Taxes required: \$ 5,625.00 (at 36% of gross)

Net amount required: \$10,000.00