

## **Carswell Payroll Source Alert – January 2022 Issue**

### **Finance Department Announces 2022 Automobile Rates**

The federal Finance Department has announced the prescribed rates that apply for automobile-related taxable benefits and allowances for 2022.

The general prescribed rate used to calculate the taxable benefit for an employee's personal use of an employer-provided automobile is 29 cents per kilometre. The rate for employees whose principal job is to sell or lease automobiles is 26 cents per kilometre. The rates are two cents higher than they were last year.

The deduction limits for tax-exempt allowances employers pay to employees who use their personal vehicle for business purposes are 61 cents per kilometre for the first 5,000 kilometres and 55 cents per kilometre for each additional kilometre. For the Yukon, Northwest Territories, and Nunavut, the limit is 65 cents for the first 5,000 kilometres driven and 59 cents for each additional kilometre. The rates are two cents higher than they were last year.

### **First 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 January 1, 2022 to March 31, 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 first quarter.

### **2022 Ceilings for Housing Benefits Announced**

The Canada Revenue Agency has announced the 2022 ceilings for housing benefits that employers provide to employees in prescribed zones without a developed rental market. The changes reflect an increase in the shelter portion of the consumer price index.

For 2022, employers should use the following allowable ceiling amounts to determine the maximum value of housing benefits for employees in prescribed zones without a developed rental market:

For common shelter:

- \$213/month (\$207 in 2021)

For an apartment or a duplex:

- \$575/month for rent only (\$558 in 2021)
- \$279/month for utilities only (\$271 in 2021)
- \$855/month for rent and utilities (\$829 in 2021)

For a house or a trailer:

- \$962/month for rent only (\$933 in 2021)
- \$425/month for utilities only (\$413 in 2021)
- \$1,387/month for rent and utilities (\$1,346 in 2021)

For a listing of communities that qualify as prescribed zones, see <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-25500-northern-residents-deductions/line-25500-places-located-prescribed-zones.html>.

### **CLC Hours of Work Exemptions in Force Feb 1 for some Sectors and Proposed for Others**

Effective February 1, 2022, new federal regulations will exempt employees in certain sectors from some hours of work requirements under the *Canada Labour Code*.

The Code applies to employers and employees in federally regulated private-sector industries and in federal Crown corporations.

The new Exemptions from and Modifications to Hours of Work Provisions Regulations list exemptions and modifications relating to standards requiring employers to provide at least 96 hours' notice of work schedules, 24 hours' notice of shift changes, an unpaid 30-minute break during every period of at least five consecutive hours of work and an eight-hour rest period between shifts or work periods. The exemptions and modifications apply to specific job classes in the road transportation and postal and courier sectors, marine sector, and grain sector.

Employment and Social Development Canada (ESDC) said it created the regulations to “balance the operational realities of certain industries with the legislative goal of providing employees with work-life balance and more predictability in relation to their hours of work.”

It noted that employers with continuous 24/7 operations are having trouble complying with the above-mentioned hours of work standards, which came into effect on September 1, 2019. In addition, ESDC said some federally regulated industries have to comply with safety requirements and restrictions on hours of service that may conflict with the new hours of work provisions in the Code.

ESDC has also proposed amendments to the new regulations to extend the exemptions and modifications to certain employee job classes in the air transportation, rail transportation, banking, and telecommunications and broadcasting sectors.

The proposals, published in the December 25, 2021 issue of the *Canada Gazette Part 1* (Vol. 155, No. 52), specify which job classes would be exempt or have modifications relating to providing at least 96 hours' notice of work schedules, 24 hours' notice of shift changes, an unpaid 30-minute break and an eight-hour rest period.

ESDC said it had to implement the exemptions and modifications in two phases because

the COVID-19 pandemic delayed stakeholders in the air, rail, banking and telecommunications and broadcasting sectors from submitting comments during consultations on the regulations in February and March 2020.

For more information on the new regulations, including specific employee classes affected, see SOR/2021-200, Exemptions from and Modifications to Hours of Work Provisions Regulations in the September 1, 2021 *Canada Gazette Part II*, at <https://canadagazette.gc.ca/rp-pr/p2/2021/2021-09-01/pdf/g2-15518.pdf>.

For more information on the proposed regulations, see Regulations amending the Exemptions from and Modifications to Hours of Work Provisions Regulations and the Administrative Monetary Penalties (Canada Labour Code) Regulations in the December 25, 2021 *Canada Gazette Part I*, at <https://canadagazette.gc.ca/rp-pr/p1/2021/2021-12-25/pdf/g1-15552.pdf>.

We will continue to monitor the proposed amendments and will report on further developments in upcoming releases.

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

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

- Sat. Jan. 1/22: All jurisdictions—New Year’s Day
- Mon. Jan. 3/22: Quebec—bank holiday (January 2, 2022, is a bank holiday in Quebec. Since Jan. 2 falls on a Sunday in 2022, the holiday will be observed on Mon. Jan. 3.)
- Mon. Feb.21/22: 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)

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.

### **2022 Maximum Assessable/Insurable Earnings**

The following workers’ compensation maximum assessable/insurable earnings apply for 2022:

Alberta: \$98,700 (2021: \$98,700)  
British Columbia: \$108,400 (2021: \$100,000)  
Manitoba: \$150,000 (2021: \$127,000)  
New Brunswick: \$69,200 (2021: \$67,100)  
Newfoundland and Labrador: \$69,005 (2021: \$67,985)  
Northwest Territories: \$102,200 (2021: \$97,300)  
Nova Scotia: \$69,000 (2021: \$64,500)

Nunavut: \$102,200 (2021: \$97,300)  
Ontario: \$100,422 (2021: \$97,308)  
Prince Edward Island: \$58,300 (2021: \$ 55,300)  
Quebec: \$88,000 (2021: \$83,500)  
Saskatchewan: \$94,440 (2021: \$91,100)  
Yukon : \$94,320 (2021: \$91,930)

### **Reminder: New B.C. Paid Sick Leave Rules in Force Jan. 1**

Just a reminder...Effective January 1, 2022, employers in British Columbia are required to provide five days of paid sick leave each year to employees with more than 90 consecutive days of employment.

Entitlement to paid sick days applies to all workers covered under the *Employment Standards Act*, whether they are full-time, part-time, temporary or casual employees.

The paid days are in addition to the three days of unpaid illness and injury leave to which employees are entitled.

For each of the five sick days eligible employees take, employers must pay them their average days' pay. An average day's pay is the amount paid or payable to an employee for work done during and wages earned within 30 calendar days before the leave, divided by the number of hours the employee worked or earned wages in that 30-day period. Employers will have to include any vacation pay paid or payable for vacation taken during the 30-day period. Overtime pay will be excluded.

A previous requirement to pay employees for up to three days of sick leave related to COVID-19 expired on December 31, 2021.

### **N.S. Minimum Wage Rising April 1**

Effective April 1, 2022, the minimum wage rate in Nova Scotia will rise from \$12.95 an hour to \$13.35, Premier Tim Houston announced in January.

The province's Minimum Wage Review Committee recommended the 40-cents-an-hour increase in accordance with the formula for setting the minimum wage rate included in regulations under the *Labour Standards Code*.

The committee also suggested a series of proposed minimum wage increases over the next two years to raise the rate to \$15. Under the proposal, the minimum wage rate would rise as follows:

- October 1, 2022: \$13.60
- April 1, 2023: \$14.30
- October 1, 2023: \$14.65
- April 1, 2024: \$15.00
- Beginning April 1, 2025, the rate would be adjusted yearly based on the percentage change in the projected annual consumer price index for the preceding

calendar year plus 1%.

In a news release, Houston said he wanted to consult with the committee, employees and employers before deciding whether to implement the proposed wage hikes.

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

### **Reminder: Ontario Minimum Wage Increased Jan. 1/22**

Just a reminder...Effective January 1, 2022, the Ontario government raised the general minimum wage rate from \$14.35 an hour to \$15.

It also eliminated a separate minimum wage rate for liquor servers, entitling them to the general minimum wage rate.

Other minimum wage rates also went up on January 1, 2022:

- Homeworkers: \$16.50/hour (previously \$15.80)
- Students under 18 working fewer than 28 hours per week (or more than 28 hours during school vacation): \$14.10/hour (previously \$13.50)
- Hunting/fishing/wilderness guides working for fewer than five consecutive hours a day: \$75.00 (previously \$71.75)
- Hunting/fishing/wilderness guides working five or more hours, whether or not consecutive: \$150.05 (previously \$143.55)

Future wage adjustments will reflect changes in the province's consumer price index and will occur on October 1 each year.

### **Ontario WSIA Amendments affecting Employer Premiums and Surpluses in Force Jan. 1**

Effective January 1, 2022, the Ontario government proclaimed in force amendments to the *Workplace Safety and Insurance Act, 1997* that allow the Workplace Safety and Insurance Board (WSIB) to work with other entities when it comes to collecting employer premiums and require the board to distribute surpluses to employers.

The amendments were included in Bill 27, the *Working for Workers Act, 2021*, which received royal assent on December 2, 2021.

The amendments to the *Workplace Safety and Insurance Act, 1997* include the following provisions:

- **Employer remittances:** The WSIB will be allowed to enter into an agreement with any person or entity for the purpose of administering Part VII of the Act, which covers employers' obligations, including remitting premium payments. When the government tabled Bill 27, it said the amendment would enable the board to work with the Canada Revenue Agency (CRA) to "streamline" employer remittances by having the CRA collect WSIB premiums on behalf of the board.

For employers, the government said the change would create a “one-stop-shop for submitting payroll deductions.”

- **Surpluses:** The WSIB will be required to return excess funds to employers if its surplus reaches 125%. It will have the option to do so when the fund reaches 115% but is less than 125%. Currently, the board is not allowed to distribute surpluses to employers.

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

### **Quebec Minimum Wage Rising**

The province’s general minimum wage rate will rise from \$13.50 an hour to \$14.25 on May 1, 2022, Quebec Labour Minister Jean Boulet recently announced.

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

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

### **Payroll Q & A**

**Question:** My employer has implemented a new awards program to recognize employees with 5, 10, 15, 20 and 25 years of service. Our first awards will be given out this spring. From a payroll perspective, do I have to include the value of the awards in the employees’ pay? If so, how do I place a value on them?

**Answer:** The Canada Revenue Agency (CRA) allows employers to give employees a tax-free non-cash anniversary or long-service award once every five years, as long as the award is worth no more than \$500. To be eligible, the award must be for a minimum of five years of service and it has to be at least five years since the employer gave the employee the most recent long-service award. Awards valued at more than \$500 are a taxable benefit. Awards that an employer provides in cash or near-cash (e.g., gift cards) are fully taxable, regardless of the value.

Revenu Québec also allows employers to give employees non-cash awards tax-free to recognize long service, as long as the items are valued at no more than \$500. Cash awards are fully taxable, regardless of the value; however, for Revenu Québec, near-cash (e.g., gift cards) awards are not taxable if the amount is less than \$500.00.

If taxable, the award will also be subject to C/QPP contributions. Only cash awards are subject to EI and QPIP premiums. Non-cash and near-cash awards are not insurable. Taxable benefits must be reported in box (14) and in the “Other Information” area of the T4 (code 40) and in boxes (A) and (L) of the RL-1.