

Reminder: NR4 Due by Mar. 31

Just a reminder... Employers who are required to file the NR4, *Statement of Amounts Paid or Credited to Non-residents of Canada*, with the Canada Revenue Agency must do so by March 31, 2023.

Reminder: Upcoming Statutory Holidays

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

- Fri., Apr. 7: All jurisdictions—Good Friday (In Quebec, employers may choose to observe the holiday on Good Friday or Easter Monday.)
- Mon. May 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*)

Reminder: Minimum Wage Rates Rising on Apr. 1

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

- *Canada Labour Code*: \$16.65/hour (currently: \$15.55)
- 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: \$16.77/hour (currently \$15.70)

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.

Alberta Government Repeals Temporary Layoff Extension related to COVID-19

Effective February 16, 2023, the Alberta government repealed a provision in the *Employment Standards Code* that extended the maximum period for a temporary layoff to 180 days if the layoff was related to COVID-19.

The government implemented the provision on June 18, 2020 in response to the COVID-19 pandemic.

With the repeal, the Code requires that a temporary layoff is a maximum of 90 days in a 120-day period regardless of the reason for the layoff. Layoffs that exceed that timeframe become a termination.

ESA Amendments make National Day for Truth and Reconciliation a Statutory Holiday in B.C.

The British Columbia Legislative Assembly has passed amendments to the *Employment Standards Act* that make September 30, the National Day for Truth and Reconciliation, a statutory holiday in the province beginning this year.

The amendments were included in Bill 2, the *National Day for Truth and Reconciliation Act*, which received royal assent on March 9, 2023.

As a statutory holiday, employers will 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.

B.C. Government Tables Pay Transparency Legislation

In March, the British Columbia government tabled pay transparency legislation that it says will help close the gender pay gap in the province.

Bill 13, the *Pay Transparency Act*, received first reading in the province's Legislative Assembly

on March 7, 2023. It would require all employers to include wage or salary ranges on all jobs that they publicly advertise. It would also prohibit employers from asking prospective employees for pay history information and from punishing employees who disclosed their pay to co-workers or potential job applicants. The new employer obligations would take effect November 1, 2023.

“Everyone deserves fair working conditions. Being transparent about the wages an employer pays its workers brings us one step closer to reducing the gender pay gap,” Labour Minister Harry Bains said in a news release.

The bill would also require employers to prepare and publicly post annual reports on their gender pay gap on or before November 1 each year. The requirement would be phased in over several years. Beginning November 1, 2023, it would apply to BC Public Service Agency and Crown corporations with more than 1,000 employees. On November 1, 2024, it would apply to all employers with at least 1,000 employees. As of November 1, 2025, the requirement would apply to all employers with at least 300 employees. On November 1, 2026, it would apply to all employers with at least 50 employees. The requirement would apply to smaller employers after 2026.

Beginning in 2024, the Ministry of Finance would publish an annual report by June 1 on gender pay in British Columbia. It would include differences among prescribed groups of individuals in relation to pay, trends in relation to pay differences, and the number of reports of employers not complying with the legislation.

The government is developing regulations that will provide more detail about how employers will be required to report on the pay gap. In the news release, the government noted that the pay gap disproportionately affects Indigenous women, women of colour, and immigrant women, as well as women with disabilities and non-binary people. In developing reporting regulations, the government said it would look at ways demographic data could be safely collected from employees using the province’s Gender and Sex Data Standard and work underway that follows a new *Anti-Racism Data Act*.

Pay discrimination is prohibited under the province’s *Human Rights Code*.

Manitoba Revises its Minimum Wage Adjustment Support Program

Employers who qualify for Manitoba’s Small Business Minimum Wage Adjustment Program now receive their payment in one lump sum instead of bi-weekly payments.

On March 1, 2023, the Manitoba government streamlined the application process for employers, allowing them to receive support in one payment. The government launched the program for small businesses last fall to help offset the effect of recent minimum wage increases. The subsidy is available from October 1, 2022 to March 31, 2023. The government is accepting applications until March 31, 2023.

Other changes to the program allow small businesses that employ minimum wage seasonal (summer) employees to apply for support.

For more information on the program, see
<https://www.gov.mb.ca/jec/busdev/financial/sbwa/index.html>.

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.

Reminder: Ontario WSIB *Reconciliation Form* Due by Mar. 31

Just a reminder... Employers who pay their Workplace Safety and Insurance Board (WSIB) premiums monthly must file a *Reconciliation Form* with the WSIB no later than March 31, 2023. Online filing is available. For more information on online filing, see <https://www.wsib.ca/en/businesses/premiums-and-payment/completing-reconciliation-form>.

Amendments Exempt Election Officials from certain P.E.I. ESA Provisions

Effective March 4, 2023, the Prince Edward Island government implemented regulatory amendments that exempt certain election officials from statutory holiday and rest period provisions in the *Employment Standards Act*.

The amendments to the *Employment Standards Act* Exemption Regulations were published in the March 4, 2023 *Royal Gazette*. They exempt returning officers, election clerks, and election officers appointed under the *Election Act* from sections 6 to 10 and 16 of the *Employment Standards Act*:

Reminder: CNESST Statement of Wages Due this Month

Just a reminder... The Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) requires employers to submit a *Déclaration des salaires* form before March 15, 2023. Employers must file it online. More information on online filing is available at <https://www.cnesst.gouv.qc.ca/fr/demarches-formulaires/employeur/dossier-dassurance-lemployeur/declaration-salaires>.

Yukon ESA Amendments Propose Renaming National Aboriginal Day Statutory Holiday

In March, the Yukon government tabled legislation that would rename one of the statutory holidays listed under the jurisdiction's *Employment Standards Act*.

Bill 25, an *Act to Amend the National Aboriginal Day Act (2023)*, proposes to change the name of National Aboriginal Day to National Indigenous Peoples Day. The holiday occurs on June 21 every year. The bill received first reading on March 6, 2023.

Provincial/Territorial Budget Round-up

Alberta: Feb. 28/23. No new payroll-related changes proposed.

British Columbia: Feb. 28/23. No payroll-related changes proposed.

Manitoba: Mar. 7/23. The budget proposed the following changes:

1. Basic Personal Amount Rising: The basic personal amount would increase from \$10,855 to \$15,000, effective for the 2023 tax year.

2. Changes to Personal Income Tax Brackets: The province's personal income tax income bracket thresholds would increase, beginning January 1, 2024, as follows:

- The upper limit of the tax bracket for the 10.80% tax rate would rise from \$36,842 to \$47,000.
- The tax bracket for the 12.75% tax rate would rise from \$36,842.01 - \$79,625 to \$47,000.01 - \$100,000.
- The tax bracket for the 17.40% tax rate would rise from \$79,625.01 and over to \$100,000.01 and over

3. Payroll Tax Thresholds Rising: The thresholds that apply to the province's Health and Post-Secondary Education Tax Levy would increase next year. The tax applies to employers who have a permanent establishment in the province.

Beginning January 1, 2024, the threshold for registering for the levy would rise from \$2 million of annual remuneration to \$2.25 million. The thresholds that determine which tax rate employers pay would also go up.

Beginning January 1, 2024, employers with an annual payroll between \$2.25 million and \$4.5 million would pay the tax at a rate of 4.3% of accumulated payroll exceeding \$2.25 million. Currently, this rate applies to employers with an annual payroll between \$2 million and \$4 million. Employers with an annual payroll of more than \$4.5 million would pay the tax at a rate of 2.15% of monthly payroll. Currently, the 2.15% rate applies to employers whose annual payroll is more than \$4 million.

The government also proposed reducing the tax rates for the levy next year if the province's fiscal performance is better than expected. The tax rates would be reduced from 4.3% to 4% on payroll between \$2.25-million and \$4.5-million and from 2.15% to 2% on total payroll if payroll exceeds \$4.5-million. Any changes would be announced before January 1, 2024.

For more information on the budget, see <https://www.manitoba.ca/budget2023/index.html>.

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

Nunavut: Feb. 23/23: No payroll-related changes proposed.

Quebec: March 21/23: The budget proposed the following changes:

1. Personal Income Tax Rates Going Down

The budget proposes to reduce the provincial personal income tax rates for the first two taxable income brackets, effective for the 2023 tax year. The rate for the first income bracket would go down from 15% to 14%. The rate for the second income bracket would decrease from 20% to 19%. The tax rates for the remaining two income brackets would not change, as the following table shows:

2023 Taxable Income Bracket	Current 2023 Income Tax Rates	Proposed 2023 Income Tax Rates
\$0.01 - \$49,275.00	15%	14%
\$49,275.01 - \$98,540.00	20%	19%
\$98,540.01 - \$119,910.00	24%	24%
\$119,910.01 and over	25.75%	25.75%

Revenu Québec will publish updated source deduction tables and formulas for Quebec income tax that will apply as of July 1, 2023 to incorporate the tax rate reductions and their mid-year implementation.

The rate changes would also affect tax rates for lump-sum payments (e.g., retiring allowances, certain payments from a pension plan or deferred profit sharing plan, etc.). The rate for single payments that do not exceed \$5,000 would decrease from 15% to 14%, while the tax rate for lump-sum payments that are more than \$5,000 would be reduced from 20% to 19%.

With a change in the lowest tax rate, the conversion rate used to calculate certain personal tax credits claimed on a *Source Deductions Return* (TP-1015.3-V) would decrease from 15% to 14%.

The rate change would also affect the amount of income tax deducted at source from a self-employed fisher's remuneration. Deductions at source would be equal to 14% of the fisher's remuneration instead of 15%.

The changes to the rates would apply to wages and other amounts paid after June 30, 2023.

2. Tax Rate for Bonuses and Retroactive Increases Going Down

The budget proposes to reduce the tax rate employers use to calculate income tax deductions on a bonus or a retroactive pay increase for employees whose estimated annual pay, including the bonus or retroactive increase, does not exceed an annual threshold (\$17,183 for 2023) from 8% to 7%. The change would apply to amounts paid after June 30, 2023.

3. Maximum Amount for Certain Tax Credits Increasing

The budget proposes to increase the maximum amount that employees may claim on a *Source Deductions Return* (TP-1015.3-V) for certain personal income tax credits in 2023 to ensure that the amount that they can claim is not reduced because the conversion rate for tax credits is decreasing from 15% to 14%. For example, the maximum amount for a child under 18 enrolled in vocational training or post-secondary studies (per term) would increase from \$3,301 to \$3,537 to ensure the maximum tax reduction remained \$495. The amount for other dependants would increase from \$4,810 to \$5,154 to retain a maximum tax reduction of \$722.

Beginning in 2024, the tax credit amounts would again be annually indexed.

4. Changes proposed to Tax Credits for Volunteer Firefighters and Search and Rescue Volunteers

The budget proposes to increase the amount used to calculate tax credits for volunteer firefighters and search and rescue volunteers from \$3,000 to \$5,000, effective for the 2023 tax year. Beginning in 2024, the amount would be indexed. With the government proposing to reduce the tax rate for the first taxable income bracket from 15% to 14%, the rate used to determine the tax credits for volunteer firefighters and search and rescue volunteers would also decrease from 15% to 14%.

5. Changes to QPP Contributions for Older Workers

The budget proposes to make Quebec Pension Plan (QPP) contributions optional for workers aged 65 years and older who are receiving a QPP or Canada Pension Plan (CPP) pension and to eliminate contributions for workers over 72 years old. The changes would take effect in 2024.

i) Optional QPP Contributions for Older Workers

Beginning January 1, 2024, employees who are at least 65 years old and receiving a CPP or QPP retirement pension may opt to stop paying QPP contributions. A similar option exists under the CPP for workers who are at least 65 but under 70 and receiving a CPP or QPP retirement pension.

To make an election to opt out of QPP contributions, employees would have to complete a form (to be provided by Revenu Québec) and submit it to their employer. Employers would have to file the form with Revenu Québec if requested. If an employee submitted the form to opt out, the election would take effect on the first day of the month after the date the employee gave the form to the employer. Employers would stop deducting QPP contributions (and making employer QPP contributions) as of the first pay of the month following the month in which the employee submitted the form. An election to stop contributing to the QPP would remain in effect until the day the employee revokes it or until December 31 of the year in which the employee turns 72. Employees who change jobs would have to make a new election with their new employer.

Employees would be permitted to revoke the election and restart QPP contributions. If they chose to revoke the election, QPP deductions would begin on the first day of the month following the month they revoked the election. The revocation would remain in effect until the date the employee filed a new election to stop contributing to the QPP.

Employees would only be allowed to make an election once a year. Although they would be allowed to revoke an election, they could not do it in the same year they made the election.

ii) Elimination of QPP Contributions for Workers over 72

Beginning January 1, 2024, employees over 72 years of age would no longer be required to make QPP contributions. As a result, all wages and earnings paid to workers as of January 1 in the year they turn 73 would not be subject to QPP contributions.

iii) Other QPP Proposals

The budget propose amendments to the *Act respecting the Québec Pension Plan* to ensure that if older workers opt to work part-time and subsequently have a lower income at the end of their career, their years of low earnings as of age 65 do not reduce the average earnings used to calculate their QPP retirement pension.

Other amendments would increase the maximum retirement pension eligibility age from 70 years to 72 years, beginning January 1, 2024.

6. Revenu Québec Developing Electronic Payroll Service

Budget documents state that Revenu Québec is developing an electronic payroll service that will allow employers to transmit digital data directly from their payroll systems to Revenu Québec each pay period. The initiative would reduce the administrative burden on employers by replacing the numerous statements and forms that employers are currently required to produce (e.g., RL-1s, RL-2, etc.). Revenu Québec plans to hold consultations on the project with its stakeholders.

7. FYI

- **HSF Contribution Holiday for Large Investment Projects:** The budget proposes a new 10-year holiday from employer contributions to the Health Services Fund (HSF) for qualifying corporations or partnerships that carry out large investment projects in Quebec. It would replace the tax holiday for large investment projects announced in the province's 2012 budget.
- **Tax Fairness and Fraud Prevention:** The budget proposes to provide \$116.9 million over five years to better ensure tax fairness, upgrade service delivery at Revenu Québec and prevent tax fraud.
- **Expanded Mandate for Retraite Québec:** The budget proposes to expand the mandate of Retraite Québec to include research into the financial situation of retirees and the retirement system in general.

More information on these proposals can be found on the Ministry of Finance's website at http://www.finances.gouv.qc.ca/Budget_and_update/budget/index.asp#documents

Yukon: Mar. 2/23: No payroll-related tax changes proposed. The government did announce that it would continue to fund a paid sick leave rebate program to ensure that employees and self-employed workers can afford to stay home from work when ill and that paying for sick leave does not cost employers more as they recover from the COVID-19 pandemic. It was scheduled to expire on March 31, 2023. For more information on the program, see <https://yukon.ca/en/paid-sick-leave-rebate-employers#about-the-program>.

Payroll Q & A

Question: Our employer offers free tickets to concerts and sporting events to our employees. We also often give free tickets to the events to our customers. If they attend, our employees who go to the event are expected to host them. Are the tickets we give to our employees a taxable benefit?

Answer: The Canada Revenue Agency's (CRA's) policy states that whether the tickets are a taxable benefit will depend on whether the employer provides them for free to employees for personal use or for business use. If the tickets are for the employee's personal use, they would be a taxable benefit.*

If the employer provides the tickets for free to an employee on the condition that the employee carry out employment duties at the event (e.g., hosting customers, etc.), the tickets would likely be for business use and there would be no taxable benefit. Employers must keep records to verify that they gave the employee the tickets for business purposes. The CRA advises that the records should identify the employee who was given the tickets and provide details on the personal or business use for the tickets, the number of tickets provided, and their value (including the GST/HST or combined GST-QST in Quebec).

If the tickets are a taxable benefit, the employer must include their value in the employee's remuneration for calculating C/QPP contributions and income tax deductions. The taxable benefit is not subject to EI or QPIP premiums. At year end, report the benefit on the employee's T4 in box (14) and in the "Other Information" area of the form. For Quebec, also report the taxable benefit in boxes (A) and (L) on the employee's RL-1.

**Note: Different rules apply if the tickets are provided as a gift under the CRA's gifts and awards policy. For more information on the policy, please see <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/gifts-awards-social-events/gifts-awards-long-service-awards.html>.*