

POLICY NUMBER: POL-14

Chapter:
EMPLOYER SERVICES

Subject:
ASSESSABLE PAYROLL

Effective Date:
November 15, 1994

Last Update:
June 20, 2017

PURPOSE STATEMENT:

The purpose of this policy is to explain how the Workers Compensation Board determines the portion of an employer's assessable payroll subject to assessment.

REFERENCE:

Workers Compensation Act R.S.P.E.I.1988, Cap. W-7.1, Section 46, 47, 63, 72, 76.
Workers Compensation Act R.S.P.E.I.1988, Cap. W-7.1, General Regulations Section 4.
Workers Compensation Board Policy, POL-42, Employer Classification.

DEFINITION:

In this policy:

"Assessable payroll" means the portion of an employer's payroll subject to assessment.

"Maximum annual earnings" means a maximum annual earnings amount set by the Workers Compensation Board on the first day of January, 1996, and adjusted each year by the percentage increase in the Consumer Price Index for Charlottetown and Summerside for all items for the twelve-month period ending on the June 30 previous as determined by the Workers Compensation Board in August of each year on the basis of monthly reports published in that respect by Statistics Canada for that period.

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“Member of the family” means a spouse, parent, grandparent, step-parent, child, step-child, grandchild, brother, sister, half-brother, half-sister, or a person who stands in the place of a parent to the worker or to whom the worker stands in the place of a parent.

“Non-resident employer” includes a body corporate or firm in which:

- a) the head office is not in the province,
- b) the chief place of business is not in the province, or
- c) the payroll or wages records with respect to work done in the province are not kept in the province.

POLICY:

1. The following categories of remuneration are included in an employer’s assessable payroll and are subject to assessment:
 - a) Regular employment wages/salaries (gross);
 - b) Other taxable remuneration paid to a worker by the employer including commissions, gratuities, holiday pay, vacation pay, sick pay, overtime pay, bonuses, and piecework fees;
 - c) Taxable benefits and credits paid to a worker for labour under a contract of service including car allowances, employer-supplied accommodations, meal allowances, room and board; and
 - d) All other taxable benefits as defined by the Canada Revenue Agency as employment.

 2. The following categories of remuneration are not included in an employer’s assessable payroll and are therefore not subject to assessment:
 - a) Award payments (e.g. for an idea or suggestion);
 - b) Employer contributions to employment benefits;
 - c) Employer contributions to RRSP;
 - d) Gifts in lieu of cash or payments in the form of merchandise;
 - e) Long term service awards/severance;
 - f) Tuition reimbursements from employer; and
 - g) Uniforms.

 3. Where the wages paid to a worker by an employer exceed the maximum annual
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earnings level for the year, the excess amount is deducted from the total payroll and is not included in an employer's assessable payroll.

Minimum Annual Assessment

4. Registered employers who are residents of Prince Edward Island will pay a minimum assessment of \$50 regardless of actual assessable payroll.

Registered employers who are non-residents of Prince Edward Island will pay a minimum assessment of \$100 regardless of actual assessable payroll.

5. Where a registered employer reports actual assessable payroll of \$0.00 at the end of an assessment year, the employer will be charged the minimum annual assessment as a service fee for maintaining an active account.
6. A registered employer who is assigned multiple operations by the Workers Compensation Board, who is subject to assessments for at least one of the assigned operations, will not be charged the minimum annual assessment when an actual assessable payroll of \$0.00 is reported for any of the remaining operations.
7. A registered employer who is assigned multiple operations by the Workers Compensation Board will be charged one minimum annual assessment upon reporting an actual assessable payroll of \$0.00 for all assigned operations.

Member of the Family

8. Any members of the family employed by a business, who are in receipt of wages and who are not owners, directors or officers in the business, are considered workers.

Wages paid to family members must be included in the assessable payroll reported to the Workers Compensation Board and are subject to assessment.

Sub-Contractors

9. The labour portion of amounts paid to sub-contractors, who are not registered with the Workers Compensation Board or who are registered but are not in good standing with the Workers Compensation Board, is included in an employer's assessable payroll.

Multiple Business Activities

10. A single employer may be classified by the Workers Compensation Board as having multiple business activities as outlined in Workers Compensation Board policy, POL-42, “Employer Classification.”

Assessable payroll for each classification assigned must include wages for non-office personnel who intermingle between two or more activities based on a record of actual hours worked for respective classifications.

Supportive Business Activities

11. Wages paid to a worker engaged in supportive business activities as defined by Workers Compensation Board policy, POL-42, “Employer Classification,” are included in the employer’s assessable payroll.

Interjurisdictional Agreement General Principles on Assessments

12. The Workers Compensation Board, as a signatory to the Interjurisdictional Agreement on Workers’ Compensation agrees to the general principles described in the Agreement as follows:
- a) As a general principle, each Canadian workers compensation jurisdiction agrees to assess those employers who are liable to pay assessments for the work performed by their workers in that jurisdiction only.
 - b) Such assessments shall be levied according to the policy of the jurisdiction at the assessment rate for the industry in which the employer's operations are classified in each jurisdiction in which the employer is subject to assessment.
 - c) Where a worker's total earnings do not exceed the maximum earnings covered by the jurisdiction, assessments shall be levied on the full amount of the worker's earnings in that jurisdiction.
 - d) Where a worker's total earnings exceed the maximum rate of earnings covered by the jurisdiction, such assessments shall be levied only on that part of the worker's earnings in the jurisdiction which are proportionate to the maximum annual assessable earnings in that jurisdiction for the duration of the period of employment in that jurisdiction, using one of the formulas prescribed in the

Interjurisdictional Agreement on Workers' Compensation.

- e) When computing earnings for assessment purposes, where a worker, usually resident and employed in one jurisdiction by an employer, is sent by that employer to work in another jurisdiction, the worker shall continue to be covered under the statutory authority or policy of the jurisdiction of origin until reaching the jurisdiction of destination, and shall similarly be covered by the jurisdiction of origin on leaving the jurisdiction of destination and the worker's earnings while travelling shall be assessed accordingly. This provision does not apply where the worker's employment is such that coverage exists under the statutory authorities of the jurisdictions through which the worker travels and in which the employer reports the operations and earnings paid to the Boards of such jurisdictions.

HISTORY:

June 20, 2017 - Non-substantive changes to clarify the types of remuneration subject to assessment.

September 26, 2016 - Non-substantive changes. Reviewed by Chief Executive Officer and Director; no other revisions required.

January 26, 2010 - Amended to add information on the general principles on assessments of the Interjurisdictional Agreement on Workers' Compensation.

June 22, 2006 - Amended to incorporate additional information on minimum annual assessment.

March 30, 2006 - Updated to clarify assessable payroll status for wages paid to family members, wages paid to sub-contractors, wages paid to workers intermingled across multiple business activities and wages paid to workers engaged in supportive business activities.

September 22, 2005 - The policy was updated as a result of the 60 month policy review process.

May 18, 2000 - Replaced "Board" with "Workers Compensation Board" and amended format.

February 4, 1999 - Reviewed and reaffirmed with the Board of Directors.

Board of Directors Approval Date: November 15, 1994
