

Going International:

# Your **Global** **Payrolling** **Guide** for **Canada**

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# Introduction: Canadian Payrolling



In Canada, employers that do not operate in federally regulated industries (e.g. banking, air travel, rail, etc.), are governed by provincial or territorial laws. There are 13 provinces and territories across Canada, including:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Quebec
- Saskatchewan
- Yukon

Employment law and statutory entitlements can vary greatly by province/territory. This guide will summarize the information that employers should consider when engaging a worker in Canada.

## Official Language

The official language in all Canadian provinces/territories except for Quebec is English. In Quebec, French is the official language. Quebec's Charter of the French Language requires French to be used in contracting, on websites, and in commercial advertising, among others. However, many companies provide both an English and French version.

Many Canadians are bilingual. According to Canada's Office of the Commissioner of Official Languages, the top five languages spoken in Canada are:

1. English
2. French
3. Mandarin
4. Cantonese
5. Punjabi

## Employee Income Tax

Canadian workers are taxed at both the federal and provincial/territorial level much like the U.S. At the federal level, Canadian workers are taxed as follows:

15%	For the first \$48,535 of taxable income, plus
20.5%	On the next \$48,535 of taxable income (the portion of taxable income over \$48,535 up to \$97,069), plus
26%	On the next \$53,404 of taxable income (the portion of taxable income over \$97,069 up to \$150,473), plus
29%	On the next \$63,895 of taxable income (the portion of taxable income over \$150,473 up to \$214,368), plus
33%	On taxable income over \$214,368

In addition, Canadian workers are taxed by their province/territory as follows:

Newfoundland and Labrador	8.7% on the first \$37,929 of taxable income, + 14.5% on the next \$37,929, + 15.8% on the next \$59,574, + 17.3% on the next \$54,172, + 18.3% on the amount over \$189,604
Prince Edward Island	9.8% on the first \$31,984 of taxable income, + 13.8% on the next \$31,985, + 16.7% on the amount over \$63,969
Nova Scotia	8.79% on the first \$29,590 of taxable income, + 14.95% on the next \$29,590, + 16.67% on the next \$33,820, + 17.5% on the next \$57,000, + 21% on the amount over \$150,000
New Brunswick	9.68% on the first \$43,401 of taxable income, + 14.82% on the next \$43,402, + 16.52% on the next \$54,319, + 17.84% on the next \$19,654, + 20.3% on the amount over \$160,776
Quebec	Go to <a href="#">Income tax rates</a> (Revenue Québec Web site).
Ontario	5.05% on the first \$44,740 of taxable income, + 9.15% on the next \$44,742, + 11.16% on the next \$60,518, + 12.16% on the next \$70,000, + 13.16 % on the amount over \$220,000

Manitoba	10.8% on the first \$33,389 of taxable income, + 12.75% on the next \$38,775, + 17.4% on the amount over \$72,164
Saskatchewan	10.5% on the first \$45,225 of taxable income, + 12.5% on the next \$83,989, + 14.5% on the amount over \$129,214
Alberta	10% on the first \$131,220 of taxable income, + 12% on the next \$26,244, + 13% on the next \$52,488, + 14% on the next \$104,976, + 15% on the amount over \$314,928
British Columbia	5.06% on the first \$41,725 of taxable income, + 7.7% on the next \$41,726, + 10.5% on the next \$12,361, + 12.29% on the next \$20,532, + 14.7% on the next \$41,404, + 16.8% on the amount over \$157,748
Yukon	6.4% on the first \$48,535 of taxable income, + 9% on the next \$48,534, + 10.9% on the next \$54,404, + 12.8% on the next \$349,527, + 15% on the amount over \$500,000
Northwest Territories	5.9% on the first \$43,957 of taxable income, + 8.6% on the next \$43,959, + 12.2% on the next \$55,016, + 14.05% on the amount over \$142,932
Nunavut	4% on the first \$46,277 of taxable income, + 7% on the next \$46,278, + 9% on the next \$57,918, + 11.5% on the amount over \$150,473





## Government Pension

The Canadian Pension Plan (“CPP”) provides eligible retirees with a monthly, taxable benefit to replace one’s income after retirement. The plan is funded by contributions from working employees and their employers. Currently, CPP contributions are paid as a percentage of a worker’s pensionable earnings (subject to statutory minimums and maximums) as follows:

- 5.95% paid by the employer
- 5.95% paid by the employee (via a deduction from wages)

These rates are set to increase gradually through 2023. Also, an additional contribution is set to go into effect between 2024 and 2025 for a portion of pensionable earnings over the year’s maximum. TCW Global will keep track of these changes and update this guide accordingly.

The only exception to the CPP is for workers in Quebec. Quebec has its own pension plan called the Quebec Pension Plan (“QPP”). Workers in Quebec and their employers make contributions to the QPP instead of the CPP. As of 2021, QPP contributions are paid as a percentage of a worker’s pensionable earnings (subject to statutory minimums and maximums) as follows:

- 5.90% paid by the employer
- 5.90% paid by the employee (via a deduction from wages)



**Canada’s total land area includes thousands of adjacent islands, notably Newfoundland in the east and those of the Arctic Archipelago in the north.**

**BRITANNICA<sup>1</sup>**



## Employment Insurance Benefits in Canada

Canadian workers and their employers are required to contribute to employment insurance (“EI”), which provides benefits to individuals who lose their jobs through no fault of their own. Employers are required to deduct from a worker’s wages EI premiums at the current rate of 1.58% of their insurable earnings up to a maximum of \$889.54. In addition, employers are required to pay 1.4 times that amount as an employer contribution.

The only exception to EI is for workers in Quebec. Quebec has its own employment insurance program, which has a current premium rate of 1.18% of a workers’ insurable earnings up to a maximum of \$664.34. Employers are required to pay 1.5 times that amount as an employer contribution as well.

## Parental Insurance (QUEBEC ONLY)

Workers in Quebec are also required to contribute to a parental insurance plan referred to as either “Provincial Parental Insurance Plan” or “PPIP” or otherwise “Quebec Parental Insurance Plan” or “QPIP.” The purpose of the program is to replace income for workers that take maternity, paternity, parental, or adoption leave. Like other government programs, it is funded through contributions by workers and their employers. Contribution premiums are paid as a percentage of a worker’s insurable earnings up to a maximum of \$83,500, in the following proportions:

- 0.692% paid by the employer up to a maximum of \$577.82
- 0.494% paid by the employee up to a maximum of \$412.49





## Minimum Wage & Overtime

Other than in federally regulated industries, minimum wage and overtime laws are set by the province/territory as outlined in the chart, below:

Province	Minimum Wage	Overtime	Overtime Rate
Alberta	\$15.00	8 hrs/day or 44 hrs/wk	1.5x
British Columbia	\$14.60	8 hrs/day or 40 hrs/wk	1.5x (2x after 12 hrs/day)
Manitoba	\$11.90	8 hrs/day or 40 hrs/wk	1.5x
New Brunswick	\$11.70	44 hrs/wk	15.45/hour (if hourly wage is more they are not eligible to receive overtime pay)
Newfoundland and Labrador	\$12.15	40 hrs/wk	1.5x
Northwest Territories	\$13.46	8 hrs/day or 40 hrs/wk	1.5x
Nova Scotia	\$12.55	48 hrs/wk	1.5x
Nunavut	\$16.00	8 hrs/day or 40 hrs/wk	1.5x
Ontario	\$14.25	44 hrs/wk	1.5x
Prince Edward Island	\$12.85	48 hrs/wk	1.5x
Quebec	13.10	40 hrs/wk	1.5x
Saskatchewan	\$11.45	40 hrs/wk	1.5x
Yukon	\$13.71	8 hrs/day or 40 hrs/wk	1.5x

# PTO and Holidays

Different provinces/territories recognize different holidays (referred to as “public holidays,” “statutory holidays,” or “general holidays” depending on the location). The chart below illustrates which areas recognize which holidays:

		Federal	Alberta	British Columbia	Manitoba	New Brunswick	Newfoundland and Labrador	Northwest Territories	Nova Scotia	Nanavut	Ontario	Prince Edward Island	Quebec	Saskatchewan	Yukon
1 Jan.	New Year’s Day	X	X	X	X	X	X	X	X	X	X	X	X	X	X
15 Feb.	Family Day		X	X		X					X			X	
15 Feb.	Louis Riel Day														
15 Feb.	Nova Scotia Heritage Day								X						
15 Feb.	Islander Day											X			
2 April	Good Friday	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5 April	Easter Monday												X*		
24 May	Victoria Day	X	X	X	X			X		X	X			X	X
24 May	National Patriot’s Day												X		
21 June	Nat. Indigenous Peoples Day						X								X
24 June	Saint John Baptiste Day												X		
1 July	Canada Day	X	X	X	X	X		X	X	X	X	X	X	X	X
1 July	Memorial Day						X								
9 July	Nanavut Day									X					
2 Aug.	British Columbia Day			X											
2 Aug.	New Brunswick Day				X										
2 Aug.	First Monday in August							X		X					
2 Aug.	Saskatchewan Day													X	
16 Aug.	Discovery Day														X
6 Sept.	Labour Day	X	X	X	X	X	X	X	X	X	X	X	X	X	X
11 Oct.	Thanksgiving Day	X	X	X	X			X		X	X		X	X	X
11 Nov.	Remembrance Day	X	X	X		X		X		X		X		X	X
11 Nov.	Armistice Day						X								
25 Dec.	Christmas Day	X	X	X	X	X	X	X	X	X	X	X	X	X	X
26. Dec.	Boxing Day	X									X				

\*In Quebec, the employer may choose between Good Friday and Easter Monday. Each province/territory has its own rules regarding eligibility for and calculation of holiday pay.





# Annual Leave

Other than in federally regulated industries, annual leave entitlements are established by provincial/territorial laws. In most provinces, workers are allowed two weeks of paid leave during the first few years of employment, which increases to three or more weeks of leave thereafter. Some provinces have additional requirements regarding how leave allotments may be broken up, the expiration of the leave, whether employers have any control over when the leave is taken, and when vacation pay must be issued.

## Termination of Employment Contract

“At will” employment is a uniquely American concept. There is no equivalent in Canada. Therefore, employment contracts may not be terminated at any time for any reason. Instead, employers are required to give employees notice of the termination unless there is just cause for the dismissal such as serious misconduct. The amount of notice required depends on the province and length of service. Workers have the right to make unjust dismissal complaints for increased benefits.



# Recent Employment News



- As of 9 January 2021 through 8 February 2021, in response to COVID-19, workers in Quebec are required to work remotely regardless of the nature of the business “unless their presence is necessary to pursue the organization’s activities,” which requires employers to demonstrate a compelling need to have employees physically present at a workplace.
- As of 1 November 2020, Alberta employers have the ability to make deductions from an employee’s wages without the employee’s consent to recover overpayments as a result of payroll errors or advanced vacation pay.
- The Manitoba minimum wage increased to \$11.90 on 1 October 2020.
- Many provinces have passed legislation to allow for unpaid, job-protected leave when workers are unable to work for reasons related to COVID-19.

## Interested in learning more about our global payrolling capabilities?

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**Questions? [Contact us](#) for any answers you may have.**

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