

MEMO

From: **Lepore & Company**Date: **December 14, 2012**Re: New WSIB Regulations in Construction Industry•Comments:

We have had many questions in the last couple of weeks regarding the new WSIB regulations in the construction industry. Basically, WSIB has changed the rules and it is now mandatory for the wages of the owners/sole proprietors/ executive officers to be in the calculation of the WSIB premiums.

Sole proprietor or sole worker in the company, this means that you must REGISTER for WSIB as of January 1, 2013 and start paying WSIB premiums.

To calculate the amount of the insurable earnings when a “wage” isn’t paid – you will use the amount of the contract. There are a few options:

- When there are adequate records to determine the labour portion of the contract – this is the amount used as insurable earnings
- Where there are inadequate records to determine the labour portion of the contract, there are a couple of options to determine the insurable earnings
 - Labour portion of the contract is unclear AND there is no evidence that the contractor supplied major materials and/or heavy equipment, **100% of the contract** value will be used as insurable earnings.
 - Labour portion of the contract is unclear AND there is evidence of major materials supplied, **60% of the contract** value will be used as insurable earnings.
 - Labour portion of the contract is unclear AND there is evidence of heavy equipment used (with or without major materials), **33 1/3% of the contract** value will be used as insurable earnings

Exceptions to new Regulations:

- Contractors to who work solely in home renovation, who work directly for the homeowner, and are paid directly by the home owner

- The second exemption is for corporations/partnerships with workers, corporations without workers but with multiple executive offices and partnerships without workers.
 - The above business may select **one executive officer or partner** to apply for an exemption. This individual must not perform any construction work (although periodic site visits are permitted).

Partnerships/Corporations with workers and Executive Officers – The officers are treated as “deemed workers” and must calculate their gross insurable earnings from the following:

- Employment income received (T4 Statement)
- Other insurable employment income reported (T4A, Statement of Pension, Retirement, Annuity, other income)
- Dividends (T5)
- Directors fees issued by the corporation to the executive officer

The employer may estimate the amount of the yearly earnings and prorate for the reporting period to the WSIB.

There is a minimum amount of insurable earnings for sole proprietors, partners and executive officer. Each year the **minimum amount is set at 1/3 the annual maximum** amount of insurable earnings. The maximum amount of insurable earnings is the same as for average earnings set for benefit purposes. The WSIB maximum insurable earnings ceiling for 2013 is \$83,200 ($1/3 = 27,733$ yearly minimum).

The above are just brief descriptions from the most asked questions. Please see the WSIB website for more detailed explanations. Please use the above to determine what situation you are in, please call WSIB directly for any specific situations. WSIB phone number is 1-800-387-0750.