



ASSESSABLE PAYROLL

Each year, employers report payroll to the Workers Compensation Board of Manitoba (WCB) which is used to calculate how much the employer is required to pay in premiums for their workers compensation insurance coverage.

Payroll includes workers' earnings, casual labour earnings and the labour portion of contract workers' payments. (For more information specific to contract workers, see the FAQ Assessment Schedule for Contract Labour on the WCB website). Employers are asked to report both their gross payroll and their assessable payroll. For most businesses, these amounts are the same.

What is the difference between payroll and earnings?

For the purposes of the WCB, earnings refer to what each individual worker is paid for their work. Payroll refers to the total earnings of all covered workers combined (not including individuals with Personal Coverage) and may include earnings for individuals who are not issued a T4 slip by the business.

What is the difference between gross payroll and assessable payroll?

The amount that employers report, per worker, is subject to a cap, or maximum assessable earnings level. Employers are not charged a premium on the portion of a worker's earnings that exceeds the maximum assessable earnings. For example, if the maximum assessable earnings in 2020 are \$127,000, and all your workers earn less than that amount, then the gross payroll and the assessable payroll are the same amount.

If any individual worker(s) earn in excess of \$127,000 in 2020, then the employer should report those individuals' earnings only up to the maximum as assessable earnings.

The total amount is considered the gross payroll and the capped earnings are considered the assessable payroll.

Example of how to apply the maximum assessable earnings level:

A business has two workers in 2020. It is anticipated one worker will earn \$130,000 and the other worker will earn \$105,000. The 2020 maximum assessable earnings per worker is \$127,000.

The employer's gross payroll is \$235,000 ($\$130,000 + \$105,000 = \$235,000$).

The employer's assessable payroll is \$232,000 ($\$127,000 + \$105,000 = \$232,000$).

\$232,000 is the amount the WCB will use to determine the employer's premium.

What is the maximum level of assessable earnings?



In 2020, the maximum level of assessable earnings is \$127,000. For workers with earnings in multiple provinces and with total earnings in excess of the maximum assessable earnings, they can have their earnings prorated amongst all provinces.

Does the maximum assessable earnings level apply to all types of coverage?

The maximum assessable earnings level does not apply to the Personal Coverage available for purchase by sole proprietors, partners or directors - these individuals are subject to a Maximum Optional Coverage level which in 2020 is \$513,990.

For additional information about Personal Coverage, see the Personal Coverage section on the WCB website.

If my premium is based on the maximum, are workers' benefits also limited to the maximum?

Wage loss benefits payable to injured workers are not limited by the maximum assessable earnings level. Individuals with Personal Coverage will have their wage loss benefits limited to the amount of coverage purchased (up to the Maximum Optional Coverage level).

Is there a minimum level of assessable earnings for workers?

No, there is no minimum level of assessable earnings for workers.

What earnings are considered assessable versus not assessable?

Assessable payroll includes workers' earnings, casual labour earnings and the labour portion of contract workers' earnings. In general, if the earnings are taxable by Canada Revenue Agency (CRA) and reported on the worker's T4, the earnings should be included in the amounts you report to the WCB. If you do not have to report the earnings to CRA, they are generally not considered assessable earnings and do not need to be included in your payroll calculations for the WCB.

Appendix A provides examples of both assessable and non-assessable earnings.

Note: the examples of assessable and non-assessable payroll may change at any point if the CRA changes their policies around what earnings are considered taxable or the WCB determines other remuneration to be subject to assessment.

Appendix A



Assessable Earnings

Any T4'd earnings or non T4'd earnings reported to CRA (Canada Revenue Agency). In addition, the following items would also be assessable:

Exchange of labour for services
Family members (when earnings are recorded in business records but not to CRA)
Volunteer Fire & ambulance workers (premium based on headcount, not earnings)

Non-Assessable Earnings

Board of Director (municipal operations), not T4'd, paid for meetings & inspection duties
Death benefits
Dividends (paid to shareholders on a T5)
Excess earnings (earnings above the yearly maximum assessable earnings level)
Expense allowance paid to a volunteer
Honorariums
Municipal Councilors (without Order in Council)
Out of Province earnings reported to other WCB(s)
Outworker earnings as defined by <i>The Workers Compensation Act of Manitoba</i>
Pension and retirement benefits
Reimbursement of expenses (non-taxable)
Retiring allowances paid at termination/Long service/Loss of office compensation
Severance/Separation pay based on years of service
Shareholder loans repaid
Sick pay credit paid by employer
Earnings of directors of a corporation
Partners earnings of a registered partnership
Sole Proprietors earnings
Student awards, honorariums, bursaries, scholarships providing they are not received as a condition of employment
WCB benefits

This publication is provided for general information. It is not intended to be legal advice, and should not be relied on as such. For more specific information, see *The Workers Compensation Act and Regulations and WCB Policies*. These documents are available on the WCB website at wcb.mb.ca.