Latest information for

PAYROLL & COVID 19

QUESTIONS AND ANSWERS
FROM THE PAYROLL INFOLINE

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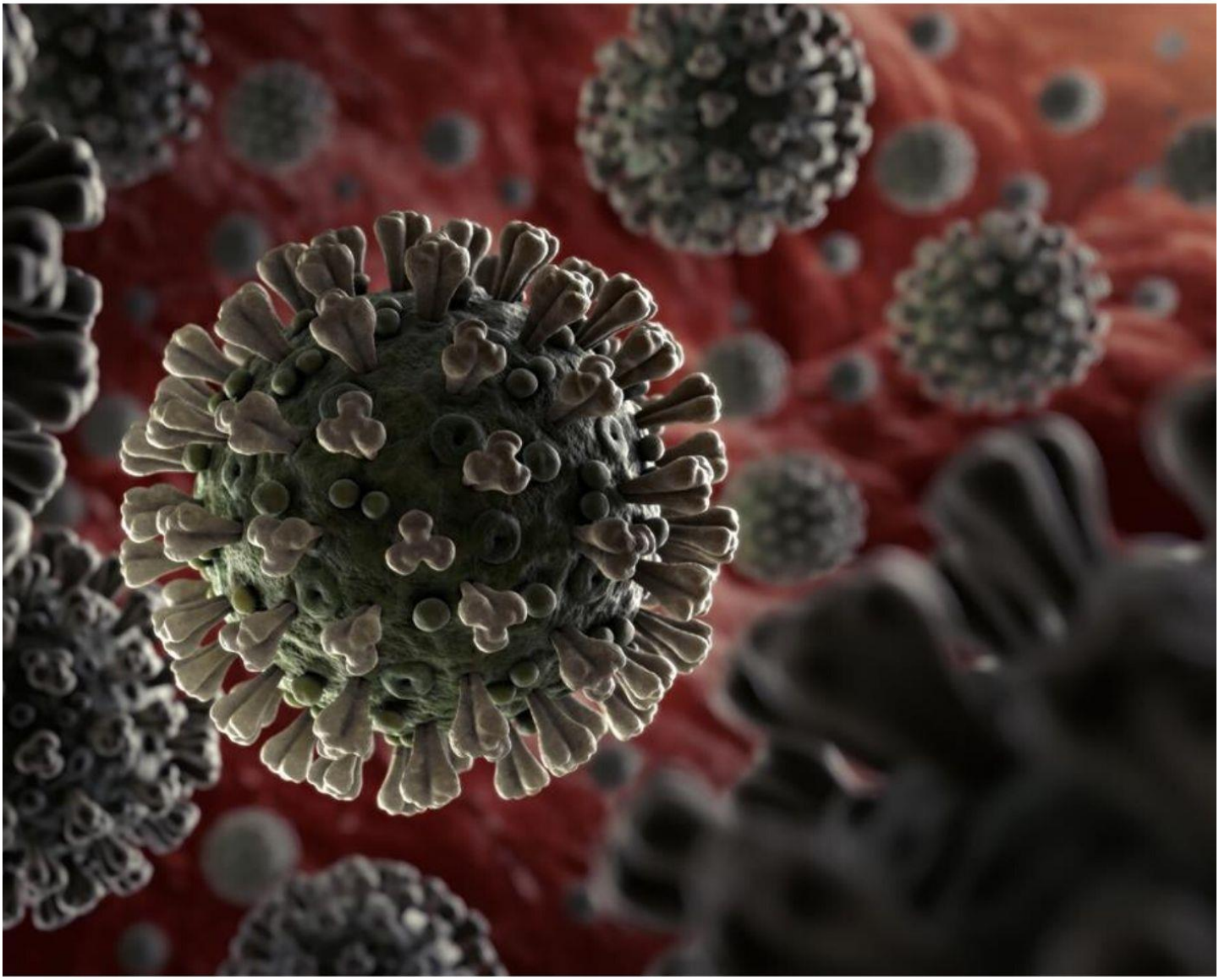

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ABOUT THE CANADIAN PAYROLL ASSOCIATION

Accurate and timely payroll is the right of every working Canadian and essential to the success of all 1.5 million employers across the country.

Every year, payroll professionals are relied on by employers and governments to deliver the accurate and timely payment of $1.02 trillion in wages and taxable benefits, and $345 billion in statutory remittances — and payroll professionals rely on the Canadian Payroll Association to make that happen.

We provide members with world-class education, resources and tools to navigate more than 200 federal and provincial regulatory requirements, and oversee the mission critical payroll function. More than 10,000 professionals have earned our Payroll Compliance Practitioner (PCP) certification, and 3,500 have earned the Certified Payroll Manager (CPM) certification. In 2019, the Association's Payroll Infoline which is staffed by a team of payroll experts with more than 200 years of payroll experience, answered more than 42,000 compliance related inquiries.

We are actively engaged with governments and stakeholders from coast- to-coast. By advocating for sensible legislation that decreases complexity and makes the provision of payroll more efficient, the Association represents the interests of both payroll and business.

For more information about the Canadian Payroll Association, visit payroll.ca.

COVID-19 ANSWERS TO EMPLOYER QUESTIONS FROM THE CANADIAN PAYROLL ASSOCIATION

In response to the outbreak of COVID-19, on March 11, 2020, the Federal Government of Canada has announced several measures to assist eligible employers and employees.

- The announcement included the following measures pertaining to payroll that will allow the government to:

- Provide support to workers in quarantine or who have been directed to self-isolate and who will claim Employment Insurance (EI) sickness benefits by waiving the mandatory one-week waiting period so they can be paid from the first week of their claim. Currently Employment Insurance (EI) sickness benefits can provide up to 15 weeks of financial assistance if you cannot work for medical reasons. If eligible, employees could receive up to 55 per cent of their earnings to a maximum of $573 a week. The government is also exploring additional measures to support other affected Canadians, including income support for those who are not eligible for EI sickness benefits.

- Introduce enhancements to the Work-Sharing program to help support employers and their workers who are experiencing a downturn in business due to COVID-19. These enhancements will double the length of time that employers and workers are eligible to use work-share from 38 to 76 weeks and streamline processes so help can be accessed as soon as possible. Employers may access information on the Work Sharing program from the government's website.

- Employment and Social Development Canada has also devoted a website to COVID-19 containing additional information on topics such as:
    - Employment Insurance;
    - Occupational Health and Safety; and
    - Work Sharing Program.

On March 18, 2020, the Government of Canada announced other measures, including the waiving of the requirement for claimants to provide a medical note when applying for EI sickness benefits, the introduction of an Emergency Care Benefit and an Emergency Support Benefits.

More information is available here: https://www.canada.ca/en/department-finance/economic-response-plan.html

SUMMARY OF QUESTIONS

Click on a question below to go directly view the answer.

RECORD OF EMPLOYMENT (ROE):

- BLOCK 16 – Reason for issuing the Record of Employment (ROE)
- Our employee returned from an international trip and was quarantined for two weeks. What is the reason code to use on the ROE?
- If employees are sent home because the company is temporarily closing, what would be the reason code on the ROE?
- We are going to have to close parts of our business because of COVID-19. What code do we use on the ROE?
- What is the reason code on the ROE for employees who refuse to report to work due to risk of exposure to COVID-19?

LAYOFF AND EI BENEFITS:

- Is a doctor's note required to access EI Sickness Benefits?
- Can an Employer top up an employee's Sick Benefits?
- As a result of COVID-19, schools are closed and employees may place their children in a daycare, where such service is still operational. If employees are provided with an allowance to cover the daycare expenses, is this allowance considered a taxable benefit?
- We are continuing to pay employees who cannot return home from another country or who are in self-isolation. Are their earnings and hours considered taxable and insurable?
- An employee is caring for a family member who has tested positive for COVID-19. Should the employee apply for EI benefits under compassionate care leave?
- Are there any special measures related to the work sharing program?
- Are all affected employees entitled to EI benefits?
- What about employees that can't work due to businesses being closed for COVID-19 safety?
- If the business is closing due to COVID-19, do we have to pay employees a notice period and do they have to follow required layoff notice before termination?

RECORD OF EMPLOYMENT

BLOCK 16 – Reason for issuing the Record of Employment (ROE):

REMINDER: When issuing an ROE, do not complete the Block 18 – Comments section. Any comments will remove the ROE from the automation process and will slow down the claims process.

Question: Our employee returned from an international trip and was quarantined for two weeks. What is the reason code to use on the ROE?

Answer: For an employee who is under quarantine or self-quarantine due to COVID-19, an ROE must be issued with the reason code "D" for illness or injury (there is no specific ROE code for quarantine).

Question: If employees are sent home because the company is temporarily closing, what would be the reason code on the ROE?

Answer: The reason code on the ROE would be "A" – Shortage of work / End of contract or Season.

Question: We are going to have to close parts of our business because of COVID-19. What code do we use on the ROE?

Answer: If the termination is due to "Shortage of work" use Code "A" Shortage of work.

Question: What is the reason code on the ROE for employees who refuse to report to work due to risk of exposure to COVID-19?

Answer: Employers are recommended to use Code N (Leave of absence).

LAYOFF AND EI BENEFITS

Question: Is a doctor's note required to access EI Sickness Benefits?

Answer: Typically, a signed medical certificate is required to access EI benefits. However, as of March 15, 2020, a medical certificate is no longer necessary for individuals required to go into quarantine by a public-health official or by law. These workers only need to declare that they have been placed in quarantine to access sickness benefits.

On March 18, 2020, the Government of Canada announced that the requirement to provide a medical note for all claimants who apply for sickness benefits will be waived. This measure is not in place.

Question: Can an Employer top up an employee's Sick Benefits?

Answer: Yes, an employer can register a Supplementary Unemployment Benefit Plan (SUBP) with Service Canada to top up an employee's EI benefits during a period of unemployment due to a temporary layoff and/or sickness.

SUB plans must be registered before their effective date and must meet the requirements set out in subsection 37(2) of the EI Regulations. **They must:**

- Identify the group of employees covered and the duration of the plan
- Cover a period of unemployment caused by one, or a combination of, the following:
  - Temporary stoppage of work,
  - Training,
  - Illness, injury or quarantine
- Require employees to apply for and be in receipt of EI benefits in order to receive payments under the plan
- Require that the combined weekly payments from the plan and the portion of the EI weekly benefit rate does not exceed 95 per cent of the employee's normal weekly earnings
- Require it to be entirely financed by the employer
- Require that, on termination, all remaining assets of the plan will be reverted to the employer or be used for payments under the plan or for its administrative costs
- Require that that the plan be submitted to the Commission prior to its effective date and that written notice of any change to the plan be given to Service Canada within 30 days after the effective date of the change
- Provide that employees have no vested right to payments under the plan except during a period of unemployment specified in the plan
- Provide that payments in respect of guaranteed annual remuneration, deferred remuneration or severance pay will not be reduced or increased by payments received under the plan

If all the conditions are met, the plan will be registered under the employer's business number and a notification of the approval will be provided to the employer. Any amounts paid prior to the plan being registered will be treated as earnings and may be deducted from the employee's EI benefits.

Question: As a result of COVID-19, schools are closed and employees may place their children in a daycare, where such service is still operational. If employees are provided with an allowance to cover the daycare expenses, is this allowance considered a taxable benefit?

Answer: The daycare allowance paid by the employer is a personal allowance and therefore taxable and subject to the Canada Pension Plan (CPP), Employment Insurance (EI) and income tax. The allowance would be reported on Box 14 and Code 40 of the T4.
For Revenue Quebec purposes the amount would be subject to the Quebec Pension Plan (QPP), the Quebec Parental Insurance Plan (QPIP), and Quebec Provincial Tax and would be reported in Boxes A and L of the RL-1.

Question: We are continuing to pay employees who cannot return home from another country or who are in self-isolation. Are their earnings and hours considered taxable and insurable?

Answer: If the employer maintains the employee's salary, the payment is treated as a salary continuance which is subject to all statutory withholdings: C/QPP, EI, QPIP as well as federal and provincial income taxes. The hours and earnings are considered insurable.

Question: An employee is caring for a family member who has tested positive for COVID-19. Should the employee apply for EI benefits under compassionate care leave?

Answer: An employee can apply with Service Canada for Family Caregiver or Compassionate Care EI benefits and may be eligible for those benefits if they meet all entitlement conditions. As a caregiver, you don't have to be related to or live with the person you care for or support, but they must consider you to be like family.

Family caregiver benefits provide:

- Up to 35 weeks for taking care of a critically ill or injured person under 18
- Up to 15 weeks for a critically injured person 18 or over
- Compassionate care benefits provide up to 26 weeks, for a person of any age who requires end-of-life care.

To receive the Family caregiver benefit for adults or children, the caregiving recipient's life must be at risk as a result of illness or injury and there must have been a significant change in their baseline state of health.

To receive the compassionate care benefit, the caregiving recipient must have a serious medical condition and be at significant risk of death within 26 weeks.

An employee can receive benefits during the 52 weeks following the date the person is certified by a medical doctor or nurse practitioner to be critically ill or injured or in need of end-of-life care. You can take the weeks of leave within this time frame either all at once or in separate periods.

The weeks of leave can be shared by eligible caregivers, either at the same time or one after another.

Question: Are there any special measures related to the work sharing program?

Answer: The Government of Canada has put in place temporary special Work-Sharing (WS) measures for employers affected by the downturn and to support employers and workers affected by COVID-19.

These measures extend the duration of Work-Sharing agreements by an additional 38 weeks — for a total of 76 weeks. The mandatory waiting period has also been waived so that employers with a recently expired agreement may immediately apply for a new agreement, without waiting between applications and ease Recovery Plan requirements for the duration of the WS agreement.

More details on Work Sharing are available on the following website: https://bit.ly/3b4xKVW

Question: Are all affected employees entitled to EI benefits?

Answer: If an employee is directly affected by COVID-19 (that is, they are sick or in quarantine) and is requesting EI sickness benefits, they can contact the Employment Insurance special campaign line at 1-833-381-2725. This campaign is exclusively dedicated to enquiries from clients who are directly affected by the COVID-19. The Commission will determine the EI benefit entitlement.

Question: What about employees that can't work due to businesses being closed for COVID-19 safety?

Answer: If the employer chooses to close the business for COVID-19 safety reasons, this will be treated as a layoff. An ROE must be issued using Code "A" Shortage of Work – Layoff.

Question: If the business is closing due to COVID -19, do we have to pay employees a notice period and do they have to follow required layoff notice before termination?

Answer: There is no requirement to pay notice pay when there is a temporary layoff. Each jurisdiction has legislation that limits the length of time a layoff can be in place before it is considered a permanent ending of employment by the employer. The labour and employment standards of most jurisdictions distinguish between layoff and termination of employment.

For more information please refer to the CPA's Payroll Best Practice Guidelines on Termination (member login required).

Please note that certain jurisdictions will be taking a closer look at their Labour and Employment Standards and Occupational Health and Safety policies. Should these change, please constantly check our Late Breaking Payroll News for the latest up-to-date information (member login is required).