

Province of Employment Guidelines™



The National Payroll Institute’s mission statement is Payroll Leadership through Advocacy and Education. The Institute is committed to providing the payroll-related services payroll professionals and their employers need to ensure compliance with over 200 legislative requirements that impact payroll.

All references to legislative requirements are current at the time of publication; however, government legislation shall prevail if there are any discrepancies between the guidelines and government statutes or regulations.

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INTRODUCTION

As the authoritative source of Canadian payroll knowledge, one of the objectives of the National Payroll Institute (NPI) is to publish guidelines that can be referenced as NPI Payroll Best Practices for payroll practitioners and their employers.

A challenge for many payroll professionals is having their employers understand that payroll is mission critical and requires in-depth knowledge and skills to ensure compliance.

The NPI guidelines can assist organizations with preparing for a payroll audit. They can also provide benchmarking tools for designing and/or implementing Payroll Best Practices.

These guidelines were created by a task force of NPI staff and subject matter expert payroll professionals, ensuring both the accuracy of the information and the practicality of its application, based on real-life experiences within various organizations.

The NPI would like to thank the subject matter experts for their participation on the task force and their contributions to these guidelines.

NPI members should direct any legislative questions on these guidelines to:



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KEYWORD SEARCH AND HYPERLINKS

When viewing any of the NPI's guidelines online, readers can search for keywords appearing within the document. For example, if information is required on a certain word or phrase, type the word or phrase in the search window (activated by pressing the "Ctrl" and "F" keys simultaneously on most applications).

These guidelines contain **hyperlinks** within the document itself. All government forms, guides and websites discussed within the guidelines can also be accessed using these hyperlinks, which were active at the time of publication.

There is a quiz at the end of the document to **test your knowledge**.

PROVINCE OF EMPLOYMENT GUIDELINES

Determining the province of employment of an employee may at first seem rather simple; yet, it can be one of the more complex areas of payroll administration. An employee's province of employment may be different from their province of residence, and different still from the province/territory under which they are covered for employment/labour standards, pension legislation and workers' compensation.

The NPI's Province of Employment Guidelines can be used as Payroll Best Practices to assist practitioners with understanding multi-jurisdictional legislation and ensuring compliance within their organization.

The guidelines will use the term "province of employment," which is also meant to include the determination of the "territory of employment" where applicable.

An employee's province of employment is either:

1. the province where the employee physically reports to work at the employer's permanent or deemed establishment; or
2. the province where the employer's business is located and from where the employer pays the employee's wages when the employee does not physically report to the employer's establishment.

Note:

The employee's province of residence, although used by the government when an employee files a personal tax return, should never be assumed to also be the province of employment. When an employee files a personal income tax return, the province of taxation will revert to the province in which they are a resident on December 31 of a given taxation year.

Determining an employee's province of employment will be examined for the purpose of understanding:

- Permanent or deemed establishment
- Source deductions
- Year-end reporting
- The employee's personal income tax return
- Quebec issues
- Employer payroll taxes
- Employment/labour standards
- Pension standards
- Workers' compensation legislation

Examples will illustrate how to apply the legislation, especially in more complex scenarios. For your convenience, there is also a table at the end of these guidelines in **Appendix 4** which summarizes the legislative requirements.

PERMANENT OR DEEMED ESTABLISHMENT

- A. The province of employment is the province where the employee physically reports to work at the employer's permanent or deemed establishment.

Example:

Louise lives in Alberta but physically reports to work at the employer's establishment in British Columbia. Louise's province of employment would be British Columbia, even if her reporting manager happens to be in Alberta or any other jurisdiction.

- B. If the employee does not report to a permanent or deemed establishment, then the employee's province of employment is the province or territory where the employer's business is located and from where the employee is paid.

Example:

David lives in Alberta and travels throughout British Columbia visiting clients for his employer. Unlike Louise, he does not report to work at any establishment of the employer. The organization's payroll department is located at its office in Ontario. David's province of employment would be Ontario, even if his reporting manager happens to be in Alberta or any other jurisdiction.

SPECIAL CONSIDERATIONS

Both the Canada Revenue Agency (CRA) and Revenu Québec (RQ) provide definitions of "establishment" for the purposes of taxation. For example, the use of substantial machinery or equipment at a particular work site is often enough for the location to qualify as an establishment.

Example:

A construction site may be considered to be an employer's establishment if there is substantial machinery or equipment at the site.

Sales employees working from their own home who have general authority to contract for the employer are also sometimes deemed to be working out of an establishment of the employer, depending on the situation.

Example:

Ann works from her home in Alberta as a sales person who has authority to contract on behalf of her employer for both the head office in Alberta and for the general office in British Columbia. Since Ann's home becomes recognized as a deemed establishment of the employer's, Ann's province of employment is considered Alberta.

See **Appendix 2** for **Regulation 100(4)** and **Regulation 400(2)** of the federal *Income Tax Regulations* and **Appendix 3** for sections 12 to 16.2 of the *Quebec Taxation Act* for more details regarding the definitions of "establishment" and "deemed establishment".

ADMINISTRATIVE POLICY FOR FULL-TIME REMOTE WORKERS

As of January 1, 2024, the CRA has expanded its definition for employees who are not required to physically report to work at an employer's establishment. The new administrative policy, lightens the burden for affected employers and employees without any unintended consequences for provincial tax or benefits administration. Employers are able to determine the province of employment of an employee when a full-time remote work agreement exists between the employer and the employee and indicators to consider whether the employee is reasonably "attached to an establishment of the employer.

FULL-TIME REMOTE WORK AGREEMENT

Generally, the CRA considers a full-time remote work agreement to exist between the employer and the employee when the following arrangements are made:

- the agreement is either temporary or permanent;
- the employer directs or allows employees to perform their employment duties full-time (100%) remotely; and
- the employment duties are to be performed at one or more locations that are not establishments of the employer

The employer and the employee must be able to justify that a full-time remote work agreement was made.

For the purposes of the administrative policy, the term "employee" refers to an employee who does not have to report for work at an establishment of their employer, such as a full-time teleworker or a travelling representative.

PRIMARY AND SECONDARY INDICATORS

Primary and secondary indicators are used to consider whether the employee is reasonably "attached to an establishment of the employer."

The primary indicator to determine if an employee can reasonably be considered "attached to an establishment of the employer" is whether the employee would physically report to work or carry out the functions related to their employment duties at that establishment if it were not for the full-time remote work agreement.

For employees who physically reported to an employer's establishment immediately before entering a full-time remote work agreement, that establishment is the one to which they would be reasonably considered to be attached unless the employee's circumstances or the nature of their duties have changed.

Secondary considerations can also assist in determining the province of employment.

- The establishment where the employee attends or would attend in-person meetings, through any type of communication.
- The establishment where the employee receives or would receive work-related material or equipment or associated instructions and assistance.

- The establishment where the employee comes or would come in-person to receive instructions from their employer regarding their duties, through any type of communication.
- The establishment that is responsible for or supervises the employee, as indicated in the contractual agreements between the employer and the employee.
- The establishment to which the employee would report based on the nature of the duties performed by the employee.

Generally, all the indicators need to be reviewed together to determine whether the employee is reasonably considered to be “attached to an establishment of the employer”.

Example:

Joshua works remotely from a home office in Alberta for an organization that pays its employees through its head office in Ontario. The organization has a physical establishment in Alberta, but for the work-from-home agreement, Joshua would report to work at this location. Additionally, the manager is located in Alberta and all work-related communication, materials and equipment come from this location. Therefore, the province of employment for payroll withholding will be Alberta.

WHAT IS CONSIDERED A REASONABLE ATTACHMENT DETERMINATION

To be considered “reasonable” by the CRA, the determination that the employee is attached to an establishment based on the indicators above must be supported by the facts of the employee’s employment situation. This determination cannot be used to avoid source deductions or employer contributions in a province or territory.

MORE THAN ONE ESTABLISHMENT OF THE EMPLOYER

In situations where an employee can be reasonably considered attached to more than one establishment of the employer, the same indicators should be used to determine which establishment of the employer the employee can be reasonably considered as more closely attached.

As a result of this change, employers must review the employment contracts for remote employees.

Revenu Québec (RQ) harmonized their **province of employment administrative policy** with the CRA by introducing new measures for employees who are not required to physically report to work at an employer’s establishment.

SOURCE DEDUCTIONS

Based on the employee's province of employment, an employer is required to calculate and remit source deductions for:

- Canada/Quebec Pension Plan (C/QPP)
- Employment Insurance (EI)
- Quebec Parental Insurance Plan (QPIP)
- Income taxes

Note:

Employees may be subject to the Northwest Territories/Nunavut Payroll Tax even if their province of employment is not the Northwest Territories or Nunavut. See the section on the **Northwest Territories/Nunavut Payroll Tax** in these guidelines for more details.

Employees should be asked to complete a Personal Tax Credits Return (**TD1**) based on the province of employment. A Source Deductions Return (**TP-1015.3-V**) should be completed if the province of employment is Quebec. These provincial forms are to be completed in addition to the federal TD1.

EMPLOYEE PHYSICALLY REPORTS TO WORK AT EMPLOYER'S ESTABLISHMENT

When an employee is required to physically report to work at either the employer's permanent or deemed establishment, the employee's province of employment is the province where they physically report to work.

Example:

Louise lives in Alberta but physically reports to work at the employer's establishment in British Columbia. Louise's province of employment would be British Columbia even if her reporting manager happens to be in Alberta or any other jurisdiction. In this case, the British Columbia Payroll Deductions Tables must be used. When Louise files her personal income tax return, the CRA will reconcile the income taxes she paid as a BC employee with the income taxes she owes according to her province of residence on December 31 of that year (Alberta).

Example:

An organization's head office is in Ontario. Their employee works from a home office in Alberta, but occasionally has to report to the organization's Alberta office. In this case, the Alberta Payroll Deductions Tables must be used.

EMPLOYEE NOT REQUIRED TO PHYSICALLY REPORT TO WORK AT EMPLOYER'S ESTABLISHMENT

When an employee is not required to physically report to work at either the employer's permanent or deemed establishment, the employee does not have the authority to contract (see **Special Considerations**), and a full-time remote work agreement exists, the new **administrative policy for full-time remote worker** would ascertain the province of employment based on primary and secondary indicators. If the new administrative policy is not applicable, the employee's province of employment is the province where the business is located and from where their salary is paid.

The province of residence (where the employee resides) is not a factor for determining the province of employment. The location from where a third party service provider processes the employer's payroll is also not a factor for determining the province of employment.

Example:

Tony works from his own home in the province of Alberta and does not physically report to work at an establishment of the employer. If the payroll department is in Ontario, Tony would be treated as an Ontario employee for the purpose of calculating income taxes as well as the employer's liability towards the Employer Health Tax (**EHT**). Although the CRA will reconcile the income taxes paid when Tony files his personal income tax return as a resident of Alberta, no reconciliation would be made for any employer taxes.

Example:

Audrey works from her own home in the province of Alberta. Her employer's head office is in British Columbia and they outsource their payroll to a third party service provider who is situated in Ontario. Audrey's province of employment for source deductions is British Columbia.

Note:

The location from where a service provider processes the employer's payroll is not a factor when determining the province of employment.

WORKING IN MULTIPLE PROVINCES

If an employee works part of a pay period in one province and part in another province, use the tables for the location in which the majority of the work was performed.

Example:

Nancy gets paid on a weekly basis and works at her employer's store in British Columbia on Mondays, Tuesdays and Wednesdays, and at her employer's store in Alberta on Fridays and Saturdays each week. Nancy's province of employment is British Columbia, since that is where she works the majority of the time.

If the time is equal, use the province of employment for the last location.

Example:

Nancy's hours were cut and she now only worked Monday and Tuesday in British Columbia and Friday and Saturday in Alberta. Since the time worked in each province was equal, Nancy's province of employment is Alberta, since this is the last location of the pay period.

If equal time was spent working in Quebec and another province, RQ would consider the entire pay period as having been worked in Quebec, even if Quebec was not the last location.

Example:

Pierre worked Mondays and Tuesdays in Quebec and Fridays and Saturdays in Ontario. Pierre's entire pay period would be considered as having been worked in Quebec.

BEYOND THE LIMITS OF ANY PROVINCE

If you have employees working in Canada but you do not have a permanent or deemed business establishment in Canada, the employees are considered employed in Canada beyond the limits of any province for purposes of tax at source. In this case, use the **T4032OC**—Payroll Deductions Tables – In Canada Beyond the Limits of any Province or Outside Canada.

Example:

Your Canadian resident employees work as salespeople from their own homes in Ontario and British Columbia and you do not have a permanent or deemed establishment in Canada. The sales employees do not have the authority to contract. In this case, use the **T4032OC**—Payroll Deductions Tables – In Canada Beyond the Limits of any Province or Outside Canada.

Appendix 1 of the CRA's **T4001**—Employer's Guide – Payroll Deductions and Remittances contains a helpful table titled 'Which payroll tables should you use?'; this table can also be found in **Appendix 1** of these guidelines.

SEASONAL WORK

Determining the province of employment for a seasonal employee follows the same rule. If a full-time remote work agreement exists, the new **administrative policy for full-time remote worker** would ascertain the province of employment based on primary and secondary indicators.

Otherwise, an employee's province of employment is either:

1. the province where the employee physically reports to work at the employer's permanent or deemed establishment; or
2. the province where the business is located and from where the employee's wages are paid when the employee does not physically report to an employer's establishment.

Example:

The employee is a resident of Newfoundland and Labrador who obtains seasonal work in Alberta. The organization has permanent establishments in Newfoundland and Labrador as well as in Alberta. As the employee is officially reporting to work at the employer's establishment in Alberta, the province of employment is Alberta.

TEMPORARY TRANSFERS

If an employee is temporarily sent to an employer's establishment in another province, the employer must first determine whether the work in the new location is considered temporary in nature and a continuation of the employee's functions in the usual location. If so, the province of employment would remain as the usual location.

If, on the other hand, the work in the new location is a stand-alone project, for which the employee did not, and will not, work on before and after the time worked in the usual location, the province of employment would have to be reassessed by the employer.

Example:

Katie normally reports to work in Alberta as the organization's Information Technology (IT) specialist. She is temporarily sent to the employer's establishment in British Columbia to help set up a new IT system. Katie's province of employment would remain Alberta.

Thomas supervises construction projects in Alberta. His employer sends him to British Columbia for two months to work on a new building. Since this is a new project and is unrelated to his supervisory work in Alberta, the province of employment for these two months would be British Columbia.

OTHER INCOME

The taxation of income other than employment income, such as pension benefits paid to former employees, pensioners or survivors, is based on the province of residence, regardless of where the employee's province of employment used to be.

Example:

Before she retired, Quinn used to work from her own home office in Montreal. Because her employer did not have an office in Quebec, her employment income was subject to New Brunswick source deductions where the payroll was processed from. Her monthly pension benefits, however, are subject to Quebec provincial taxes based on her province of residence. As a result, her employer must **obtain a Quebec identification number** from Revenu Québec in order to deduct and remit taxes on her pension and issue her a Relevé 2 information slip.

NORTHWEST TERRITORIES/NUNAVUT PAYROLL TAX

Employees who work in either the Northwest Territories and/or Nunavut may be subject to a 2% Payroll Tax, which the employer is responsible for deducting from their pay.

Note:

Your employees may be subject to the **Northwest Territories Payroll Tax** and/or the **Nunavut Payroll Tax** even if their province of employment is not the Northwest Territories or Nunavut.

No tax is payable by an employee who normally works outside the Northwest Territories/ Nunavut and who does not earn more than \$5,000 in the Northwest Territories and Nunavut during the year.

Example:

Carl works at his employer's office in Manitoba but goes to Nunavut for two weeks each year to train staff. Since his salary for these two weeks is less than \$5,000, it is not subject to the Nunavut Payroll Tax.

If the employee earns more than \$5,000 in a calendar year in either territory, the payroll tax is payable on the full amount of remuneration earned while in the territory.

Example:

This year, Carl must conduct a month-long training assignment and earns a total of \$6,000 while in Nunavut. Because his salary for this month is more than \$5,000, Carl's employer must deduct the 2% Payroll Tax on the \$6,000 starting with his first Nunavut pay period.

If an employee works more than half of their total working time for the calendar year in either the Northwest Territories and/or Nunavut, their entire remuneration earned both within and outside of the territories becomes subject to the payroll tax.

Example:

Carl is paid \$30,000 while working in Manitoba over a five-month period. He then works on a project for the same employer, in Nunavut, over a period of seven months for which he is paid \$35,000. Because more than half of the time was spent working in Nunavut, the entire \$65,000 is subject to the 2% payroll tax for a total of \$1,300.

YEAR-END REPORTING

The province of employment declared in Box 10 of the T4 information slip must always match the province of employment for which income taxes were assessed.

If the employee was deemed to be a Quebec employee, a Relevé 1 (RL-1) information slip would also be required, even if the employee was not a resident of Quebec. A retiree who collects pension income in the province of Quebec would require a T4A information slip as well as a Relevé 2 (RL-2) information slip.

Please see the section in these guidelines on **Quebec** for more information about special year-end reporting considerations, especially where taxable benefits are concerned.

PERSONAL INCOME TAX RETURN

When the employee files their personal income tax return, the CRA (and RQ if necessary) will reconcile the income taxes deducted from the employee according to their province of employment and the income taxes due according to their province of residence as at December 31 of that taxation year.

An employee who lives in one province but works in another may be subject to excessive tax deductions at source. If so, they can request a letter of authority for a reduction in tax deductions by submitting form **T1213—Request to Reduce Tax Deductions at Source** to the CRA and/or form **TP-1016-V—Application for a Reduction in Source Deductions of Income Tax for an individual or self-employed person** to Revenu Québec.

On the other hand, an employee who lives in one province but works in another may not have enough tax deducted. If this is the case, the employee could request additional tax deductions on the CRA's **TD1** form – Personal Tax Credits Return and/or RQ's **TP-1015.3-V—Source Deductions Return**.

QUEBEC ISSUES

Having a different province of employment from the province of residence is more complex when Quebec is involved.

A QUEBEC RESIDENT PHYSICALLY REPORTS TO WORK AT AN EMPLOYER'S ESTABLISHMENT OUTSIDE OF QUEBEC

When a Quebec resident physically reports to work at an employer's establishment outside of Quebec, the province of employment is where the employee is physically working. The employee will not be considered a Quebec employee by the employer.

Example:

Henri lives in Gatineau, Quebec, but physically reports to work at his employer's establishment in Ottawa, Ontario. His province of employment for source deductions is Ontario.

As a result, Henri's employer must:

- deduct CPP instead of QPP contributions.
- deduct EI premiums using the non-Quebec rate.
- not deduct QPIP premiums (even though Henri would have a right to claim QPIP benefits).
- deduct federal income taxes using the regular (non-Quebec) income tax tables.
- deduct Ontario provincial income taxes.
- include Henri's salary when calculating the employer's contribution to the Employer Health Tax (EHT).
- include Henri's salary when calculating the employer's Workplace Safety Insurance Board (WSIB) of Ontario's premiums.
- issue a T4 information slip with Ontario as the province of employment.
- not issue an RL-1 information slip.
- advise their group insurance provider that Henri is a resident of Quebec and ensure that any employee-paid premiums are including the 9% Quebec insurance tax (see the section in these guidelines on **Group Insurance Tax**).
- not report benefits which are taxable only in the province of Quebec.

Henri's employer should also provide Henri with the amount of employer-paid premiums, including the 8% Ontario insurance tax, for Health and Dental to allow him to self-report these on his Quebec income tax return.

At the end of the year, employees must file their income tax return based on where they reside on December 31. As a Quebec resident, Henri may receive a refund from the CRA for the Ontario income taxes paid, as well as for the higher EI premium rate. However, there will be a liability to RQ for QPP contributions (which has a higher rate than CPP), QPIP premiums and provincial income taxes. To offset the Quebec provincial taxes payable, the employee may transfer up to 45% of the tax shown on T4 information slips from payers outside of Quebec. This is done by entering the desired transfer amount on line 438 of the federal T1 return and line 454 of the Quebec TP1 return.

Alternatively, Henri could be informed of his ability to set up **instalment payments with RQ** for Quebec provincial income taxes which will be due when he files his personal income tax return as a Quebec resident.

Henri's employer may also offer to:

- take additional federal taxes as per a signed request on the **TD1** form; or
- deposit the difference into a separate savings account of the employee's choice.

In either case, the employee should be made aware that, in all likelihood, they will have an income tax liability to the Quebec government upon filing a provincial income tax return.

Since the taxability of benefits differs between the CRA and RQ, the employee's T4 information slip may not contain all of the information required for the employee to file a Quebec income tax return. For example, employer-paid insurance premiums for health and dental are not taxable federally and are therefore not included in Box 14 of the T4 information slip. However, since these are considered as taxable benefits provincially in Quebec, the employee must self-report these on their Quebec income tax return. To that end, the employer should provide a letter to the employee at the end of the year confirming the amounts of any such benefits, including all applicable consumption, insurance, or sales taxes.

In the event that the T4 information slip includes taxable amounts that should not be considered taxable benefits provincially in Quebec (such as employer-provided or reimbursed transit passes), the employee should be given a letter stating the amounts that were included on the T4 information slip. The employee should be advised that these amounts are not to be included as taxable income on their Quebec income tax return and should attach a copy of the letter to the return to justify this exclusion.

A NON-QUEBEC RESIDENT PHYSICALLY REPORTS TO WORK AT AN EMPLOYER'S ESTABLISHMENT IN QUEBEC

An employee who physically reports to work at an employer's establishment in the province of Quebec will be subject to all of the regular statutory deductions of that province, regardless of where they reside. As a result, the employer must deduct QPP contributions, QPIP premiums and Quebec provincial income taxes, as well as EI premiums using the corresponding Quebec premium rate. All of the regular Quebec employer payroll taxes will also apply. Again, the CRA reconciles these amounts when the employee files their personal income tax return; however, no reconciliation is done for employer payroll taxes.

Example:

Gloria lives in Ottawa, Ontario but physically reports to work at her employer's establishment in Gatineau, Quebec. Her province of employment for source deductions is Quebec.

As a result, Gloria's employer must:

- deduct QPP instead of CPP contributions;
- deduct EI premiums using the Quebec rate;
- deduct QPIP premiums (even though Gloria would have no right to claim QPIP benefits);
- deduct federal income taxes for a Quebec employee;
- deduct Quebec provincial income tax;
- include Gloria's salary when calculating all Quebec employer payroll taxes:
 - contributions to the Quebec Health Services Fund (QHSF);
 - contributions to the Commission des normes du travail (CNT);
 - contributions to the Workforce Skills Development and Recognition Fund (WSDRF);
 - compensation tax (where applicable);
- include Gloria's salary when calculating the employer's premiums for Commission des normes, de l'équité, de la santé et de la sécurité au travail (CNESST);
- issue a T4 information slip with Quebec as the province of employment;
- issue an RL-1 information slip;
- advise their group insurance provider that Gloria is a resident of Ontario and ensure that no insurance tax is applied to any employee-paid premiums; however, the employer-paid premiums would include the 9% Quebec insurance tax (see the section in these guidelines on **Group Insurance Tax**);
- report all benefits which are taxable in the province of Quebec;
- not report any benefits which are not taxable provincially in the province of Quebec on the RL-1 information slip.

The CRA will reconcile income taxes paid when Gloria files her personal tax return as a resident of Ontario. She may receive a refund after including Quebec provincial taxes on line 437 of her T1 and attaching her RL-1 information slip.

A QUEBEC RESIDENT DOES NOT PHYSICALLY REPORT TO WORK AT ANY EMPLOYER'S ESTABLISHMENT

When a Quebec resident does not physically report to work at any employer's establishment, the employee does not have the authority to contract (see **Special Considerations**), and a full-time remote work agreement exists, the new **administrative policy for full-time remote worker** would ascertain the province of employment based on primary and secondary indicators. If the new administrative policy is not applicable, the employee's province of employment is the province where the business is located and from where their salary is paid.

Example:

If the payroll department that processes Henri's pay is situated in Calgary, the province of employment would be Alberta and all of the same considerations above would apply.

AN EMPLOYEE WHO DOES NOT REPORT TO ANY EMPLOYER ESTABLISHMENT, BUT WHOSE PAY IS PROCESSED IN THE PROVINCE OF QUEBEC

If the organization's payroll is processed in the province of Quebec, any employee who is not required to physically report to work at any of the employer's establishments must be treated as a Quebec employee. As a result, the employer must deduct QPP contributions, QPIP premiums and Quebec provincial income taxes, as well as EI premiums using the corresponding Quebec premium rate. All of the regular Quebec employer taxes will also apply. Again, reconciliation at year-end is done when the employee files their personal income tax return; however, no reconciliation is done for employer payroll taxes.

Example:

Your employee does not have to report to any of your places of business, but you pay the employee from your office in Quebec. In this case, use the Quebec Payroll Deductions Tables. The employee is not subject to CPP contributions, but would be subject to Québec Pension Plan (QPP) contributions as well as Québec Parental Insurance Plan (QPIP) premiums, Quebec provincial income taxes, federal income taxes for Quebec employees, and Employment Insurance (EI) premiums using the premium rate for Quebec employees.

AN EMPLOYEE WHO DOES NOT REPORT TO ANY EMPLOYER ESTABLISHMENT

Revenu Québec harmonized their province of employment administrative policy with the CRA by introducing measures for employees who are not required to physically report to work at an employer's establishment in Quebec. The measures are applicable to employees of a full-time remote work agreement that exists between the employer and the employee. See **Administrative policy for remote workers**.

REQUESTING A RULING

Employers should request a ruling from the CRA and/or RQ if they are unable to determine the province of employment. See the Resources section in these guidelines for the link on how to request a ruling.

GROUP INSURANCE TAX

Both the province of employment and province of residence are considered in the determination of insurance tax. The following table illustrates the tax rate to apply to both employer-paid and employee paid premiums based on province of residence and province of employment.

Three jurisdictions include a provincial sales tax or levy on certain types of insurance.

- Manitoba 7%.
- Ontario 8%
- Quebec 9%

Note:

Although premiums may be exempt from tax in one province, they may be taxable in another province. Please ensure to review each applicable chart. For example, if an employee's province of employment is Ontario, but they reside in Quebec, review both the Ontario and Quebec charts to ensure proper taxation in each jurisdiction.

MANITOBA	Province of residence	Province of Employment	Employer-paid premiums	Employee-paid premiums
	Manitoba	Manitoba	Subject to 7% Manitoba tax*	Subject to 7% Manitoba tax*
	Outside Manitoba	Manitoba	Exempt from Manitoba tax	Exempt from Manitoba tax
	Manitoba	Outside Manitoba (Exception)	Subject to 7% Manitoba tax* (Exception)	Subject to 7% Manitoba tax*
	Outside Manitoba	Outside Manitoba	Exempt from Manitoba tax	Exempt from Manitoba tax
	Manitoba	Ontario	Exempt from Manitoba tax Subject to 8% Ontario tax	Subject to 7% Manitoba tax*
	Manitoba	Quebec	Exempt from Manitoba tax Subject to 9% Quebec tax	Subject to 7% Manitoba tax

* Health and dental premiums are not subject to the retail sales tax.

ONTARIO	Province of residence	Province of Employment	Employer-paid premiums	Employee-paid premiums
	Ontario	Ontario	Subject to 8% Ontario tax	Subject to 8% Ontario tax
	Outside Ontario	Ontario	Subject to 8% Ontario tax	Exempt from Ontario tax
	Ontario	Outside Ontario	Exempt from Ontario tax	Exempt from Ontario tax
Outside Ontario	Outside Ontario	Exempt from Ontario tax	Exempt from Ontario tax	

QUEBEC	Province of residence	Province of Employment	Employer-paid premiums	Employee-paid premiums
	Quebec	Quebec	Subject to 9% Quebec tax	Subject to 9% Quebec tax
	Outside Quebec	Quebec	Subject to 9% Quebec tax	Exempt from Quebec tax
	Quebec	Outside Quebec	Exempt from Quebec tax	Subject to 9% Quebec tax
Outside Quebec	Outside Quebec	Exempt from Quebec tax	Exempt from Quebec tax	

EMPLOYER PAYROLL TAXES

As with employee source deductions, a payer's obligations regarding employer payroll taxes are generally determined by the employee's province of employment. The employer payroll taxes in question include:

- British Columbia Employer Health Tax (**BCEHT**)
- Ontario's Employer Health Tax (**EHT**)
- **Manitoba Health and Post-Secondary Health Tax Levy**
- **Newfoundland and Labrador's Health and Post-Secondary Education Tax**
- Quebec:
 - Québec Health Services Fund (**QHSEF**)
 - Contributions to the Financing of the Commission des normes du travail (**CNT**)
 - Contributions to the Workforce Skills Development and Recognition Fund (**WSDRF**)
 - **Compensation Tax** (certain financial institutions only)

Example:

Michelle lives in Quebec but physically reports to work each day in the province of Ontario. Since her province of employment is Ontario, Michelle's employer must match her CPP contributions and pay their portion of EI, based on Michelle's premiums. The employer is also responsible for the Ontario EHT. Since Michelle is not considered a Quebec employee, her salary is not subject to any of Quebec's employer payroll taxes.

Example:

George lives in British Columbia and works from his home as a sales person. All contracts, however, must go through the national office and no merchandise is actually stored in his home. The employer has agreed to pay for George's BC Medical Service Plan (MSP), resulting in a taxable benefit. Since the payroll department is located in Montreal, George's province of employment is Quebec. As a result, the employer must match George's QPP contributions and pay the employer portion of EI and QPIP premiums based on George's EI premiums and insurable earnings for QPIP purposes. As well as the CNT and the WSDRF, his remuneration is subject to QHSEF, even though the employer has agreed to pay for the BC MSP.

HEALTH TAXES/LEVIES

Five jurisdictions impose employer paid health taxes or levies on assessable remuneration paid to employees, which are included in the previously mentioned employer taxes.

BRITISH COLUMBIA EMPLOYER HEALTH TAX (BCEHT)

EHT is applied to remuneration paid to an employee who either:

- reports to work at a physical establishment of the employer in British Columbia;
- is attached to an establishment of the employer in British Columbia; or
- does not report to work at an establishment of the employer but is paid from or through an establishment in British Columbia.

MANITOBA HEALTH AND POST SECONDARY EDUCATION TAX LEVY (HE LEVY)

The HE Levy is applied to remuneration paid to an employee who:

- reports to work at a permanent establishment of the employer in Manitoba; and/or
- is not required to report to work at a permanent establishment of the employer but is paid from or through a Manitoba permanent establishment.

NEWFOUNDLAND HEALTH AND POST SECONDARY EDUCATION TAX (HAPSET)

HAPSET is applied to remuneration paid or credited to or on behalf of each employee who reports for work to or who is paid by an employer through an establishment in the province of Newfoundland and Labrador.

ONTARIO EMPLOYER HEALTH TAX (EHT)

EHT is applied to remuneration paid to an employee who either:

- reports to work at a physical establishment of the employer in Ontario;
- is attached to an establishment of the employer in Ontario; or
- does not report to work at an establishment of the employer but is paid from or through an establishment in Ontario.

QUEBEC HEALTH SERVICES FUND (QHSEF)

QHSEF is applied to remuneration paid to an employee who:

- reports to work at a physical establishment of the employer in Quebec; or
- does not report to a physical establishment but is paid from an establishment in Quebec.

DETERMINING WHICH HEALTH TAX APPLIES

In some situations, a ruling from the Ministry of Finance may be required to determine whether an employee's wages are included in the health tax assessable remuneration. Determining which jurisdiction's health tax to apply may be especially difficult in Newfoundland and Labrador, Ontario and Manitoba where legislation refers to employees "paid through" or "attached to a permanent establishment." An employee's province of employment for income tax purposes may be different than the province they are deemed to be paid through or attached to.

Example:

Geraldine works in Saskatchewan, does not report to an establishment of her employer and is paid from Ontario. Geraldine's province of employment for income tax and T4 purposes is Ontario. However, Geraldine reports directly to a manager in a permanent establishment of the employer located in Manitoba and her remuneration is allocated to the operating statement of this location.

In this case, although Geraldine is paid from Ontario, she is attached and paid through an establishment in Manitoba and her remuneration is subject to the Manitoba HE Levy. As such, Ontario would probably consider Geraldine's remuneration exempt for EHT; however, the employer should contact EHT directly to confirm the specifics of the employment arrangements.

EMPLOYMENT/LABOUR STANDARDS

As for employment/labour standards (for example, rights to vacation, statutory holidays, overtime, etc.), the employee is protected under the legislation of the jurisdiction where the work is performed, regardless of the province of employment or residence.

Example:

Charles lives in Quebec but physically reports to work at his employer's establishment in Ontario. He would be covered under Ontario's employment standards.

Example:

Adele used to work at her employer's establishment in Alberta but has moved to Manitoba for personal reasons. Her employer decided to permit Adele to work from home instead of continuing to physically report to the head office in Alberta, even though Adele's manager is still in Alberta. Adele is now covered under Manitoba's labour standards, even though the province of employment remains Alberta, since this is where the payroll is processed from.

Note:

Employees who are covered under federal jurisdiction, for example banks and airlines, fall under the Canada Labour Code, Part III. Employees who are part of a union are covered under the terms of their collective agreement.

PENSION STANDARDS

With regards to Registered Pension Plans (RPPs), the pension standards for active plan members would be those of the province of employment, and not necessarily the province where the work is performed nor the province of residence.

Example:

Ashram physically reports to work at his employer's establishment in New Brunswick and is a member of his employer's registered pension plan. Ashram is covered under the pension standards of New Brunswick, which include eligibility and vesting rights. If Ashram then retires and moves to Nova Scotia, his monthly pension benefits would be subject to Nova Scotia income tax deductions at source.

Example:

Elizabeth works from her own home in Saskatchewan responding to customer concerns. She does not physically report to work at her employer's establishment and her province of employment is Alberta, since that is where her employer's place of business is and where she is paid from. Similarly, she is covered under Alberta's pension legislation as a member of the employer's pension plan.

WORKERS' COMPENSATION

The employer's premiums for workers' compensation are generally based on the province where the employee is physically working.

Example:

Lawrence is physically reporting to work at his employer's establishment in Prince Edward Island (PEI). As a result, he is covered under PEI's workers' compensation legislation.

Example:

Suzanne is working out of her own home in Quebec but is being paid as an Ontario employee. The employer's obligation would be to the CNESST. The CNESST would need to be contacted and, if premiums were to be assessed, the Ontario employer would need to **obtain a Quebec identification number** from Revenu Québec in order to make the CNESST remittances, even if they have no business establishment in Quebec.

Note:

In the event that the employee works out of two or more provinces, each workers' compensation board should be contacted, since premiums may need to be pro-rated.

FEEDBACK

The NPI appreciates your comments and welcomes your suggestions as we seek to continually improve our member resources. Please direct any feedback on these guidelines to:

Janet Grossett, CPM, CAE
Manager, Compliance Services and Programs
The National Payroll Institute
Email: guidelines@payroll.ca

TEST YOUR KNOWLEDGE

Please read each scenario and select the correct tax tables for source deduction purposes. (The answers are provided and explained on the next page.)

1. Leo lives in northern Manitoba but physically reports to work at his employer's establishment in Nunavut from Mondays to Fridays. The payroll department is located in British Columbia.
 - A. Manitoba
 - B. Nunavut
 - C. British Columbia
2. Luisa lives and works out of her own home in Ontario as the organization's translator. Although, her reporting manager is located in New Brunswick, CRA's new **administrative policy for full-time remote worker** is not met. The payroll department is located in Quebec. Her employer also has an office in Ontario; however, Luisa never reports to work there.
 - A. Ontario
 - B. New Brunswick
 - C. Quebec
3. José lives in Saskatchewan and works from home on Mondays and Fridays as the organization's graphic designer. He works out of his employer's office in Alberta from Tuesdays to Thursdays. The payroll department is located in Nova Scotia.
 - A. Alberta
 - B. Saskatchewan
 - C. Nova Scotia
4. Jamal lives and works at his employer's establishment in Prince Edward Island where he does research. His employer is sending him to the Yukon for the month of July to help train staff at the employer's new office, unrelated to the research. The payroll is processed out of Newfoundland and Labrador. For the month of July, his province of employment is:
 - A. Newfoundland and Labrador
 - B. Prince Edward Island
 - C. Yukon

5. Claire works from her own home in the Northwest Territories as the organization's financial analyst. The employer does not currently have a permanent or deemed establishment in Canada and Claire's payroll is processed in the United States.
 - A. Northwest Territories
 - B. The *In Canada Beyond the Limits of any Province or Outside Canada Payroll Deductions* Tables
 - C. United States income tax

ANSWERS

1. Leo lives in northern Manitoba but physically reports to work in his employer's establishment in Nunavut from Mondays to Fridays. The payroll department is located in British Columbia.
 - A. Manitoba
 - B. Nunavut**
 - C. British Columbia

The correct answer is B. The employee physically reports to the employer's establishment in Nunavut.
2. Luisa lives and works out of her own home in Ontario as the organization's translator. Although her reporting manager is located in New Brunswick, CRA's new **administrative policy for full-time remote worker** is not met. The payroll department is located in Quebec. Her employer also has an office in Ontario; however, Luisa never reports to work there.
 - A. Ontario
 - B. New Brunswick
 - C. Quebec**

The correct answer is C. Since CRA's new administrative policy is not met, the province of employment is the province where payroll is processed from when the employee does not physically report to work at the employer's establishment.
3. José lives in Saskatchewan and works from home on Mondays and Fridays as the organization's graphic designer. He works out of his employer's office in Alberta from Tuesdays to Thursdays. The payroll department is located in Nova Scotia.
 - A. Alberta**
 - B. Saskatchewan
 - C. Nova Scotia

The correct answer is A. The employee physically reports to work at the employer's establishment in Alberta.
4. Jamal lives and works at his employer's establishment in Prince Edward Island where he does research. His employer is sending him to the Yukon for the month of July to help train staff at the employer's new office, unrelated to the research. The payroll is processed out of Newfoundland and Labrador. For the month of July, his province of employment is:
 - A. Newfoundland and Labrador
 - B. Prince Edward Island
 - C. Yukon**

The correct answer is C. The job the employee will be doing in the Yukon is not considered a continuation of the job in Prince Edward Island.

5. Claire works from her own home in the Northwest Territories as the organization's financial analyst. The employer does not currently have a permanent or deemed establishment in Canada and Claire's payroll is processed in the United States.
 - A. Northwest Territories
 - B. The In Canada Beyond the Limits of any Province or Outside Canada Payroll Deductions Tables
 - C. United States income tax

The correct answer is B. The employee does not physically report to work at the employer's establishment and payroll is not being processed in Canada.

Note:

An employer should request a ruling from the CRA and/or RQ if still unable to determine the province of employment. (See the **Resources** section in these guidelines for the link on how to request a ruling.)

RESOURCES

NATIONAL PAYROLL INSTITUTE

[Payroll Guidelines \(payroll.ca → Resources → Payroll Guidelines\)](#) (member login required)

CANADA REVENUE AGENCY

- **T4001—Employer’s Guide – Payroll Deductions and Remittances**
- **RC4120—Employer’s Guide – Filing the T4 Slip and Summary**
- **RC4157—Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary**
- **TD1—Personal Tax Credits Return**
- **T1213—Request to Reduce Tax Deductions at Source**
- **T4032OC—Payroll Deductions Tables – Income tax deductions - In Canada Beyond the Limits of Any Province/Territory or Outside Canada**
- **Regulation 100(4) and Regulation 400(2) of the *Income Tax* Regulations**
- Income Tax Folio **S5-F1-C1 : Determining an Individual’s Residence Status**
- CRA information on **requesting a ruling**

REVENU QUÉBEC

- **TP-1015.G-V—Guide for Employers: Source Deductions and Contributions**
- **Quebec Health Services Fund (QHSE)**
- **Contributions to the Financing of the Commission des normes du travail (CNT)**
- **Contributions to the Workforce Skills Development and Recognition Fund (WSDRF)**
- **Compensation Tax for a Financial Institution that is a Corporation** (certain financial institutions only)
- **RL-1.G-V—Guide to Filing the RL-1 Slip: Employment and Other Income**
- **RL-2.G-V—Guide to Filing the RL-2 Slip: Retirement and Annuity Income**
- **TP-1015.3-V—Source Deductions Return**
- **TP-1016-V—Application for a Reduction in Source Deductions of Income Tax**
- **Instalment Payments** information
- **Quebec identification number** information
- Sections 12-16.2 of the ***Quebec Taxation Act***
- Requesting a ruling from RQ: send a letter to the **nearest tax centre**

EMPLOYMENT STANDARDS

- For non-unionized federally regulated employers (e.g., banks, airlines), please refer to the **Canada Labour Code, Part III**
- For non-unionized employers not governed under the CLC, please refer to the following Employment/Labour Standards government links:
 - **Alberta**
 - **British Columbia**
 - **Manitoba**
 - **New Brunswick**
 - **Newfoundland and Labrador**
 - **Northwest Territories**
 - **Nova Scotia**
 - **Nunavut**
 - **Ontario**
 - **Prince Edward Island**
 - **Quebec**
 - **Saskatchewan**
 - **Yukon**

OTHER PROVINCIAL GOVERNMENT SITES

- **British Columbia's Employer Health Tax (BCEHT)**
- **Ontario's Employer Health Tax (EHT)**
- **Manitoba's Health and Post Secondary Education Tax Levy**
- **Newfoundland and Labrador's Health and Post Secondary Education Tax**
- **Northwest Territories Payroll Tax**
- **Nunavut Payroll Tax**

APPENDIX 1 – WHICH PAYROLL TABLE SHOULD YOU USE?

(From the CRA's **T4001**—Employer's Guide – Payroll Deductions and Remittances)

Your employee is a...	Employee reports for work at an establishment of the employer in Canada	Employee works in Canada, but does not report for work at an establishment of the employer	Employee works in Canada, but employer does not have an establishment in Canada
Resident of Canada	Use the Payroll Deductions Tables for the province or territory where the employee reports for work.	Use the Payroll Deductions Tables for the province or territory where the employer's establishment is located and from which the employee's salary is paid.	Use the Payroll Deductions Tables for In Canada Beyond the Limits of Any Province or Outside Canada.
Deemed resident or sojourner (see Note)	Use the Payroll Deductions Tables for In Canada Beyond the Limits of Any Province or Outside Canada.	Use the Payroll Deductions Tables for In Canada Beyond the Limits of Any Province or Outside Canada.	Use the Payroll Deductions Tables for In Canada Beyond the Limits of Any Province or Outside Canada.
Part-year resident, for the part of the year he/she is resident in Canada (see Note)	Use the Payroll Deductions Tables for the province or territory where the employee reports for work.	Use the Payroll Deductions Tables for the province or territory where the employer's establishment is located and from which the employee's salary is paid.	Use the Payroll Deductions Tables for In Canada Beyond the Limits of Any Province or Outside Canada.
Part-year resident, for the part of the year he/she is non-resident (see Note)	Use the Payroll Deductions Tables for the province or territory where employment duties are performed.	Use the Payroll Deductions Tables for the province or territory where employment duties are performed.	Use the Payroll Deductions Tables for the province or territory where employment duties are performed.
Non-resident, including a commuter (see Note)	Use the Payroll Deductions Tables for the province or territory where employment duties are performed.	Use the Payroll Deductions Tables for the province or territory where employment duties are performed.	Use the Payroll Deductions Tables for the province or territory where employment duties are performed.

For more information, see Income Tax Folio **S5-F1-C1 : Determining an Individual's Residence Status**.

Note:

An employer should request a ruling from the CRA and/or RQ if still unable to determine the province of employment. (See the Resources section in these guidelines for the link on how to request a ruling.)

APPENDIX 2 – REGULATIONS 100(4) AND 400(2) OF THE INCOME TAX REGULATIONS

100(4) For the purposes of this Part, where an employee is not required to report for work at any establishment of the employer, he shall be deemed to report for work

- (a) in respect of remuneration that is salary, wages or commissions, at the establishment of the employer from which the remuneration is paid; or
- (b) in respect of remuneration other than salary, wages or commissions, at the establishment of the employer in the province where the employee resides at the time the remuneration is paid but, if the employer does not have an establishment in that province at that time, he shall, for the purposes of this paragraph, be deemed to have an establishment in that province.

400(2) For the purposes of this Part, “permanent establishment” in respect of a corporation means a fixed place of business of the corporation, including an office, a branch, a mine, an oil well, a farm, a timberland, a factory, a workshop or a warehouse, and

- (a) where the corporation does not have any fixed place of business it means the principal place in which the corporation’s business is conducted;
- (b) where a corporation carries on business through an employee or agent, established in a particular place, who has general authority to contract for his employer or principal or who has a stock of merchandise owned by his employer or principal from which he regularly fills orders which he receives, the corporation shall be deemed to have a permanent establishment in that place;
- (c) an insurance corporation is deemed to have a permanent establishment in each province and country in which the corporation is registered or licensed to do business;
- (d) where a corporation, otherwise having a permanent establishment in Canada, owns land in a province, such land shall be deemed to be a permanent establishment;
- (e) where a corporation uses substantial machinery or equipment in a particular place at any time in a taxation year it shall be deemed to have a permanent establishment in that place;
- (e.1) if, but for this paragraph, a corporation would not have a permanent establishment, the corporation is deemed to have a permanent establishment at the place designated in its incorporating documents or bylaws as its head office or registered office;
- (f) the fact that a corporation has business dealings through a commission agent, broker or other independent agent or maintains an office solely for the purchase of merchandise shall not of itself be held to mean that the corporation has a permanent establishment; and
- (g) the fact that a corporation has a subsidiary controlled corporation in a place or a subsidiary controlled corporation engaged in trade or business in a place shall not of itself be held to mean that the corporation is operating a permanent establishment in that place.

Note:

An employer should request a ruling from the CRA and/or RQ if still unable to determine whether or not the particular work locations their employees report to qualify as permanent or deemed establishments. (See the **Resources** section in these guidelines for the link on how to request a ruling.)

APPENDIX 3 – QUEBEC TAXATION ACT

The *Quebec Taxation Act (Sections 12 to 16.2)* provides the following definitions of an establishment that should assist employers in determining whether or not the employees working in Quebec report to an official establishment.

ESTABLISHMENT OF A TAXPAYER

12. The establishment of a taxpayer means a fixed place where the taxpayer carries on the taxpayer's business or, if there is no such place, the taxpayer's principal place of business. An establishment also includes an office, a branch, a mine, an oil or gas well, a farm, a timberland, a factory, a warehouse or a workshop.

Corporation having an establishment in Canada

Without restricting the generality of the first paragraph, a corporation has an establishment in each province of Canada in which an immovable owned by the corporation and used principally for the purpose of earning or producing gross revenue that is rent is situated.

DEEMED ESTABLISHMENT

13. Where a taxpayer carries on business through an employee, agent or mandator, established in a particular place, who has general authority to contract for the employer or mandator or who has a stock of merchandise owned by such employer or mandator from which the employee, agent or mandator regularly fills orders which the employee, agent or mandator receives, the taxpayer is deemed to have an establishment in that place.

Exception

However, a taxpayer is not deemed to have an establishment for the sole reason that the taxpayer has business dealings through a commission agent, a broker or other independent agent or maintains an office or warehouse solely for the purchase of merchandise; similarly, the taxpayer is not deemed to have an establishment in a place solely because of the taxpayer's control over a subsidiary carrying on business in that place.

DEEMED ESTABLISHMENT

14. A corporation that has an establishment in Canada under this chapter and is the owner of land in a province is deemed to have with respect to such land an establishment in that province.
15. A taxpayer using at a particular place substantial machinery or material at a particular time in a taxation year is deemed to have an establishment at that place.
16. An insurance corporation is deemed to have an establishment at each place where it is registered or holds a permit to carry on business.
- 16.1. Where, in a taxation year, a corporation not resident in Canada operates a mine, produces, processes, preserves, packs or builds goods or a product in whole or in part, or produces or presents a public show, it is deemed to have an establishment at the place, in Canada, where it carries on one or the other of these activities.

SPORTS TEAM PLAYING OUTSIDE QUEBEC

16.1.1. Sections 15 and 16.1 do not apply in respect of a taxpayer’s activities relating to a business of the taxpayer that consists in operating a sports team that plays one or more of its matches or games, or that takes part in one or more competitions, outside Quebec, or to a sports club if, in connection with its activities, one of its members plays a match or game, or takes part in a competition, outside Quebec.

ESTABLISHMENT OF A PERSON NOT RESIDENT IN CANADA

16.1.2. For the purposes of subparagraph a of the first paragraph of section 21.32, section 125.1, the second paragraph of section 171, sections 217.15 and 740 and paragraph b.1 of section 1029.8.17, where a person is not resident in Canada but is resident in a country with which a tax agreement was entered into and in which the expression “permanent establishment” is defined, the establishment of the person means, notwithstanding sections 12 to 16.1, the permanent establishment of the person, within the meaning assigned by the tax agreement.

“province”

16.2. For the purposes of this chapter, the word “province” includes

- (a) the Nova Scotia offshore area, within the meaning of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act (Statutes of Canada, 1988, chapter 28);
- (b) the Newfoundland offshore area, within the meaning of the Canada-Newfoundland Atlantic Accord Implementation Act (Statutes of Canada, 1987, chapter 3);

If it can be determined that an employer’s work location in a specific jurisdiction meets any of the criteria as outlined in the legislation, then the establishment in question can be used in the determination of the province of employment.

Note:

An employer should request a ruling from the CRA and/or RQ if still unable to determine whether or not the particular work locations their employees report to qualify as permanent or deemed establishments. (See the **Resources** section in these guidelines for the link on how to request a ruling.)

APPENDIX 4 – PROVINCE OF EMPLOYMENT AT A GLANCE (SAMPLE SCENARIOS)

Scenario	Source Deductions	Employer Payroll Taxes	Employment/ Labour Standards	Pension Standards	Workers' Compensation
Employee lives in NL; works at employer's establishment in NL	NL	CPP, EI, NL Health & Post-Secondary Tax Levy	NL	NL	NL
Employee lives in BC; works at employer's establishment in AB	AB	CPP, EI	AB	AB	AB
Employee lives in AB and works from home ¹ ; payroll dept in MB	MB	CPP, EI, MB Health & Post-Secondary Tax Levy	AB	MB	AB
Employee lives in ON; works at employer's establishment in QC	QC	QPP, EI, QPIP, QHSE, CNT, WSDRF, compensation tax (if applicable)	QC	QC	QC
Employee lives in ON and works from home ² ; payroll dept in QC	QC	QPP, EI, QPIP, QHSE, CNT, WSDRF, compensation tax (if applicable)	ON	QC	ON
Employee lives in QC; works at employer's establishment in ON	ON	CPP, EI, EHT	ON	ON	ON
Employee lives in QC and works from home ³ ; payroll dept in ON	ON	CPP, EI, EHT	QC	ON	QC

¹ Employee works from home but does not have general authority to contract or store merchandise at home.

² Employee works from home but does not have general authority to contract or store merchandise at home.

³ Employee works from home but does not have general authority to contract or store merchandise at home.

Note:

This table is offered as a basic summary and should not be used in isolation of the detailed guidelines.

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