

Prorating assessable earnings

There are times when you must divide your workers' earnings across industries or across provinces to ensure you're being charged the right premium.

This involves prorating your workers' earnings if you have workers in Alberta whose duties include:

- Temporarily working in another Canadian jurisdiction or industry and whose combined earnings exceed the Alberta maximum assessable earnings.
- Providing administrative, clerical or management support services for more than one business.
- Trucking or airline crews working in other Canadian jurisdictions.

Maximum Assessable Earnings (MAE)

Year	Maximum assessable earnings
2019	\$98,700
2018	\$98,700 (examples below use the 2018 maximum where required)

Prorating earnings between jurisdictions

If you have workers whose total annual earnings exceed Alberta WCB's maximum (see first table), and part of those earnings are being reported to a WCB in another Canadian jurisdiction, the assessable earnings must be prorated according to how much was paid in each Canadian jurisdiction.

1. Divide the Alberta earnings by the combined earnings (the Alberta earnings also include earnings for Alberta based workers working outside of any Canadian jurisdiction).
2. Multiply the amount from step 1 by the Alberta WCB MAE. This is the prorated assessable earnings reportable to WCB.

Example: In 2018 a worker earns \$70,000 for work in Alberta and \$30,000 for work in BC.

Step 1	$\frac{\$70,000 \text{ (Alberta earnings)}}{\$100,000 \text{ (combined earnings)}} = 0.7 \text{ (proration factor)}$	
Step 2	Alberta MAE (2018)	\$98,700
	Multiplied by amount from step 1	x 0.7
	Assessable earnings in Alberta	\$69,090

Prorating administrative earnings between industries

If you have workers' compensation coverage in two or more industries, you must:

- Keep separate assessable earnings records for workers in each industry.
- Prorate earnings for workers that provide administrative, management or clerical support for more than one industry.

Example: Employer with \$30,000 in assessable earnings (AE). \$10,000 AE in Industry 1 and \$15,000 AE in Industry 2. Administrative wages of \$5,000.

	Industry 1	Industry 2
AE excluding admin.	\$10,000	\$15,000
% of AE excluding admin.	40%	60%
% X admin. AE	0.40 X \$5,000 = \$2,000	0.60 X \$5,000 = \$3,000
Total AE for industry	\$10,000 + \$2,000 = \$12,000	\$15,000 + \$3,000 = \$18,000

Prorating assessable earnings for truckers and airline staff

The assessable earnings of truckers and airline staff who only work part of the time in Alberta are reported on a percentage basis. This can be done by using a ratio of Alberta kilometers to total kilometers for trucking or block hours for airlines.

This will help determine a reasonable estimate of the percentage of gross earnings related to their work in Alberta.

In trucking, you may apply to report your workers' total assessable earnings to WCB in the workers' home province. This eliminates the need to prorate earnings between each province your workers travel in.

For more information on this special arrangement, please contact WCB directly or see the [Alternative Assessment Procedure for interprovincial transportation](#) fact sheet.

To calculate the assessable earnings amount in Alberta:

1. If the driver supplies their own vehicle, calculate the labour portion of the contract by multiplying the total gross earnings by 25 per cent. This equals the earnings.
2. Divide the kilometers driven in Alberta by the total kilometers driven (proration factor).
3. If the earnings amount from step 1 is equal to or less than the Alberta MAE, multiply the earnings amount from step 1 by the amount from step 2. If the earnings amount exceeds the Alberta MAE, multiply the MAE by the amount from step 2. This is the Alberta assessable earnings.

Example: 2018 gross earnings of \$400,000 and the operator provides own vehicle and drives 68,000 km in Alberta and 200,000 km total.

Step 1	$\$400,000 \times 25\% = \$100,000$ (earnings)
Step 2	$68,000 \text{ km} / 200,000 \text{ km} = 0.34$ (proration factor)
Step 3	$\$98,700$ (Alberta MAE) $\times 0.34$ (proration factor) = $\$33,558$ (Alberta assessable earnings)

