

Reporting assessable earnings

You're required to report your workers' assessable earnings by the end of February each year. This includes the earnings of all workers, regardless of their occupations in your business.

Assessable earnings are the gross earnings of each worker up to the annual maximum assessable amount specified by WCB's Board of Directors.

Your WCB premiums are based on these assessable earnings, and they may include the following:

- Gross employment income you report on T4s (listed in box 14).
- Earnings of subcontractors you hire who do not have a current WCB account.
- Earnings of casual labourers.
- A fair market value for unpaid labour, including family members.
- Earnings not reported in box 14 of the T4, such as tips (if recorded in your financial records), bonuses or certain other taxable benefits (refer to tables in this fact sheet).

For farming and ranching operations, there are different requirements and exemptions for workplace insurance. Please visit the *farming coverage fact sheet* or contact us at 1-866-922-9221 for more details.

The five most common errors in calculating assessable earnings

1. Contractors'/subcontractors' earnings

You could be responsible for workers' compensation insurance for any contractors/subcontractors you hire. If your contractors cannot provide a clearance letter or special coverage, the labour portion of their contract is to be included in your assessable earnings.

Example: You hire a janitor to clean your office, and that person does not have a WCB account. The janitor is considered your worker while working for your business.

Confirm the WCB-Alberta status of any subcontractor by clicking [here](#).

2. Wages not reported

Other earnings are sometimes overlooked because a T4 isn't issued or the earnings aren't considered to be assessable for WCB purposes.

These other earnings that should be included are casual or short-term workers, unpaid labour (a value of service is required and to be included in your assessable earnings), and recorded tips/gratuities. A comprehensive list of what is considered assessable earnings is included below.

3. Directors'/shareholders' earnings

Directors—Under Alberta's *Workers' Compensation Act*, directors of legal entities such as corporations and associations are not covered by WCB unless they have applied and been approved for optional personal coverage.

Earnings of directors are often mistakenly included when reporting workers' assessable earnings. The earnings of your own company's director(s) are not assessable earnings and not reportable. Any director of a legal entity not eligible for a WCB account, is deemed the worker of the principal. The principal is then responsible for reporting their earnings.

Please see the [personal coverage](#) section of our website for more information.

Shareholders/family members—Only registered directors have the option to be covered for WCB purposes (see above). The earnings of shareholders who work for the corporation and who are not registered directors must be included when reporting assessable earnings to WCB. There is the exception for family members on farms when all of the shareholders are from the same family.

4. Excess earnings

Premiums are not paid on earnings exceeding the maximum assessable earnings (MAE) amount per worker (\$98,700 for 2022/\$102,100 for 2023). This amount is adjusted yearly by WCB's Board of Directors and is shown each year on your annual return. Gross individual earnings over the MAE are not assessable but should be reported as excess earnings on your annual return.

Example: *A worker's gross earnings for 2022 was \$100,000. The maximum assessable earnings for 2022 was \$98,700. The employer would report \$98,700 assessable earnings for this worker. The excess earnings are \$1,300 and should be deducted as excess earnings in your WCB annual return.*

5. Prorating assessable earnings

If you have an account in just one industry classification, the earnings of all your workers, including administration staff, must be included in that industry.

If your account is classified in more than one industry, and if earnings for administration staff cannot be directly allocated to one industry classification or another, those earnings must be prorated across all industry classifications on the account.

Assessable earnings

Please report all assessable earnings. Items listed on T4 statements are assessable. This list is intended as a guide for employers and may not be all-inclusive. If you have any questions about what earnings are assessable, please contact WCB.

- Advance from employer on future earnings
- Bonuses
- Box 71 - Status Indian
- Canada Emergency Wage Subsidy (CEWS) when paid to a worker for hours worked
- Canada Recovery Hiring Program (CRHP)
- Casual wages
- Commissions
- Convention costs (non-accountable allowances)
- Director's earnings (labour portion for directors of legal entities not eligible for a WCB-Alberta account)
- Disability payment (unless worker repays employer)
- Executor's fees
- Financial counselling fees (if provided by employer)
- Finders' fees—solicited (if obtaining contracts for company)
- Frontline pay (Frontline pay reflects the increase in wages that employers provided to frontline workers during the provincial shutdown)
- Gifts from the employer including suggestion awards (excl. Christmas/wedding gifts <\$500)
- Government sponsored programs which do not cover Workers' Compensation
- Hardest-Hit Business Recovery Program (HHBRP)
- Honouraria
- Hospitalization or medical service premiums paid by the employer (only if a taxable benefit)
- Hourly wages
- Loss of income (from sickness, accident, disability or income maintenance insurance plan) if employer pays this income
- Maternity/paternity top-up benefits
- Operating benefits and ownership benefits portion of personal use of employer's automobile
- Part-time wages (scheduled, hourly wages paid to employees who do not work full-time but have a predetermined work schedule)
- Pay in lieu of notice
- Personal or living allowance paid by employer
- Personal use portion of aircraft
- Premiums on group term life insurance policy (if reported on T4)
- Prizes or promoted contests from employer (if reported on T4)
- Recreational facilities, social or athletic club fees (if taxable benefit reported in box 14 of T4)
- Rent—free or low rent (difference between what is charged and fair market value)
- Salary (monthly or annual)
- Stock option benefits (if included on T4s)—this is not assessable if recorded on T4PS as this is considered investment income.
- Temporary foreign worker
- Tips and gratuities recorded in employer records (debit/credit card transactions, T4s, etc.)
- Tourism and Hospitality Recovery Program (THRP)
- Training-on-the-job program offered by WCB
- Transportation passes (paid by employer and considered a taxable benefit)
- Travelling expenses of spouse
- Tuition fees paid by employer
- Vacation pay
- Value of service for unpaid labour

Earnings are assessable to the annual maximum amount per worker regardless of the period of time spent working during the year (e.g., two months, six months, 12 months, etc.).

If a worker is employed by two or more employers within the same year, their earnings can't be prorated between the employers. For premium purposes, each employer is treated separately.

Non-assessable earnings (do not report the following)

This list is intended as a guide and may not be all-inclusive. If you have any questions about what earnings are not assessable, please contact WCB.

- Adult training expenses
- Allowances of elected members
- Armed forces travelling and separation allowances
- Assignment of compensation benefits (workers benefits paid to the employer where the worker continues to receive earnings from the employer while on compensation)
- Canada Emergency Response Benefit (CERB)
- Canada Emergency Rent Subsidy (CERS)
- Canada Emergency Student Benefit (CESB)
- Canada Recovery Sickness Benefit (CRSB)
- Canada Emergency Worker Subsidy (CEWS) is not assessable if an employer pays a worker that is not working or is furloughed
- Capital gains dividends, and investment income from T3, T4PS, T5 or T5013 slips
- Clergy expense allowance (within reason)
- Convention costs
- Critical Worker Benefit
- Death benefits (i.e., if company paid money to bereaved family to cover funeral expenses or transportation of the deceased)
- Deferred compensation
- Directors' earnings of your own company
- Dividends (paid to shareholder)
- Employment insurance benefits
- Finders' fees (non-solicited)
- Government sponsored programs which cover Workers' Compensation
- Investment income (i.e., dividends and T4PS profit sharing are investment income)
- Juror's fees
- Moving expenses
- Municipal councilors (not covered by a deeming order)
- Northern benefits (non-taxable isolation pay)
- Partners' earnings from the partners' own business
- Pension and retirement benefits like severance package given to retiring employees (i.e., one month pay for every year of service)
- Pension plan contributions by employer
- Premiums paid by employer for private health services plan or group sickness/accident insurance plan
- Profit sharing premiums
- Proprietor's earnings from the proprietors own business
- Rental of equipment from documented workers (does not include power saw allowance)
- Representation or other special allowances of ambassadors, ministers, etc.
- Retiring allowances
- Room and board (work camp only)
- School teachers (with valid teaching certificate) teaching academic courses
- School trustees (not covered by a deeming order)
- Severance/separation
- Special allowances received by persons working in foreign countries
- Subsidized meals (if not included on T4s)
- Subsidized school services
- Temporary Wage Subsidy (TWS)
- Tips and gratuities, if not recorded in employer's records. (i.e., non-recorded cash tips paid directly to workers by customer)
- Unpaid trade union executives (not covered by a deeming order)
- Transportation to the job
- Travelling expense allowance (government and other)
- Uniforms and special clothing/equipment
- Voluntary activity (ensure it is not a value of service activity and that a deeming order is not in effect)

Unauthorized deductions

It's illegal to deduct from your workers' earnings either directly or indirectly to pay for any portion of a premium owed to WCB.

Financial penalties for under-reporting earnings

It's important to check your assessable earnings estimate throughout the year. If your estimate isn't accurate, you must revise it before December 31 of the current year to avoid penalties.

We provide you with a 50% margin of error, and penalties are assessed on earnings that exceed this margin.

This means that if your actual assessable earnings exceed 150 per cent of your estimate (as of December 31), a 10% penalty plus interest (based on the bank rate as of January 1, 2023, which carries throughout the year) is levied on the premium portion that exceeds 150% of the estimate.

No penalties or interest apply if your actual is less than your estimate. Revisions to your assessable earnings can be made through WCB's myWCB online services.

Example: Your 2022 estimate is originally \$85,000. On October 3, 2022, you revise it to \$100,000. No further revisions occur and on February 15, 2023, you report your 2022 actual assessable earnings of \$160,000.

Your maximum reportable assessable earnings without penalty or interest:

\$100,000 (your last estimate received by us up to December 31, 2022)	x	150% (allowable margin of error)	=	\$150,000
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The portion of your earnings that exceed your margin of error:

\$160,000 (actual 2022 earnings reported)	-	\$150,000 (maximum allowed before penalty applies)	=	\$10,000
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Penalty:

\$10,000 (your excess amount)	x	your premium rate	x	10% + bank interest rate (from January 1, 2023 - February 15, 2023)
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On your next invoice, you will be assessed for the earnings that exceed your estimate [(\$60,000) x (your premium rate)], plus the above penalty and interest, with the total or the installment due for 2023.

