

**Alberta WCB
Policies &
Information**

Chapter:

**INSURANCE COVERAGE FOR WORKERS AND
EMPLOYERS**

Subject:

PREMIUMS

Authorization:

BoD Resolution 2020/01/02

Date:

January 28, 2020

APPLICATION 4: ASSESSABLE EARNINGS

1. *What earnings are assessable for WCB purposes?*

For WCB purposes, assessable earnings include:

- wages
- salaries
- commissions
- the labour portion of contract earnings
- bonuses
- holiday pay
- recorded tips and gratuities
- pay in lieu of notice
- a value of service
- taxable benefits
- earnings paid to workers participating in WCB's Vocational Rehabilitation Training on the Job Program
- any other remuneration or allowance WCB determines is assessable

These amounts are assessable up to any annual maximum assessable earnings amount per worker in effect for the year of assessment, regardless of the period of time that the worker was engaged during the year (see Appendix F).

For compensable earnings, see Policy 04-01, *Establishing Net Earnings*. For dividends paid to directors, see Policy 06-02, Part II, Application 2.

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2. *What is a value of service and why is it used by WCB?*

A value of service is the reasonable value for work or service provided by a worker who is unpaid, or who receives token remuneration. It provides a basis for determining premiums for covering unpaid workers.

Employers must report this value of service to WCB for all unpaid workers. Employers who have an approved application to cover volunteers must report assessable earnings that reflect a reasonable value of service rendered by the volunteer workers. For information on how WCB establishes compensation rates for unpaid workers and volunteers, see Policy 04-01, Part II, Application 2.

Each employer who exchanges labour with others must report a reasonable value for the labour exchanged (see Policy 06-01, Part II, Application 1).

If, in WCB’s opinion, the amount reported is not reasonable, it will use an amount based on the usual rate of pay for similar work. The value of service reported cannot be below the provincial minimum wage.

3. *How does WCB determine the assessable amount for contractors, subcontractors, and other deemed workers?*

When individuals perform contract or subcontract work for a principal and are deemed to be workers of their principal under s.16 of the *WCA*, or by direction of WCB, the principal is required to pay a premium based on the labour portion of the contract, determined as follows:

- 100% of the total contract or subcontract price when only labour is supplied
- 50% of the total contract or subcontract price if a portable welder and operator is supplied

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*Assessable amount for
contractors, subcontractors,
and other deemed workers
(continued)*

- 25% of the total contract or subcontract price when an operator is supplied with equipment such as trucks or backhoes
- other percentages established by WCB or that can be substantiated by the employer, subject to WCB approval

Where applicable, the principal should provide a breakdown of labour, equipment, and materials used.

Assessable earnings for deemed workers are generally reportable from the date workers commence. However, assessable earnings for individuals deemed workers by direction or Order of WCB are reportable from the later of the effective date of the direction or Order or the date the work commenced.

For additional information, please see Application 5, Reporting Requirements and Policy 06-01, *Employers and Workers*.

4. *How are assessable earnings determined for volunteer firefighters, ambulance drivers, and ambulance attendants?*

Assessable earnings for volunteer firefighters, ambulance drivers, and ambulance attendants are determined by:

- the amount, if any, paid to each firefighter for attendance at fires, drills, training, and meetings,
- the amount, if any, paid to ambulance drivers and ambulance attendants for services performed, and
- any other form of remuneration paid by the municipality, county, improvement district, or special area.

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5. *What portion of earnings for school teachers, principals, and vice-principals must be reported to WCB?* The earnings of principals and vice-principals attributable to administrative duties must be reported, as they are covered under the *WCA* while performing these. As teachers are not normally covered unless they are teaching courses in industrial education or home economics, only the portion of their earnings attributable to teaching these courses are reportable [see *WC Regulation*, s.3(1)(a) and (b), and Policy 06-01, Part II, Application 3].
- When coverage for exempt industries is in effect to cover teachers, principals, and vice-principals while teaching other courses, their total gross earnings are reportable up to any maximum assessable earnings amount in effect for the year of assessment (see Appendix F). This applies to teachers, principals, and vice-principals of private schools and colleges which require optional coverage for all workers (see Policy 06-02, Part II, Application 1).
6. *How are assessable earnings determined for school trustees and municipal councillors?* When optional coverage is in effect for school trustees and municipal councillors, all earnings received for their services are assessable up to any maximum assessable earnings amount in effect for the year of the assessment (see Policy 06-01, Part II, Application 3). When they are paid only a token honorarium, a reasonable value of service is required.
7. *How are assessable earnings determined for workers of a trade union?* When WCB has approved coverage for exempt industries for a trade union, all earnings of trade union employees and elected officials paid to them by the union are assessable up to any maximum assessable earnings amount in effect for the year of the assessment.

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8. *What earnings are not assessable?*

The following forms of remuneration are not assessable:

- assignment of compensation benefits (when the employer pays the worker and is reimbursed by WCB)
- severance pay based on length of service
- separation pay to assist a worker to find other work
- dividends paid to shareholders of a corporation (for dividends paid to directors, refer to Policy 06-02, Part II, Application 2)
- shareholders' loans repaid by a corporation
- reimbursement of actual travel, board, lodging, and meal expenses
- earnings of directors of corporations or societies who are acting in the capacity of directors
- earnings of partners in partnerships with personal coverage in effect or when working in the capacity of an employer
- earnings of proprietors with personal coverage in effect
- earnings of employers when working in the capacity of an employer
- earnings of members of associations, boards, authorities, commissions, or foundations when working in the capacity as such members
- any other remuneration or allowance WCB determines is not assessable

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9. *When is this policy application effective?*

This policy application (Application 4 – Assessable Earnings) is effective April 1, 2020, except when noted otherwise in a specific policy section(s).

Previous versions

- [Policy 0603 Part II - September 2018](#)
- [Policy 0603 Part II - April 2018](#)
- [Policy 0603 Part II - August 2015](#)
- [Policy 0603 Part II - January 2014](#)
- [Policy 0603 Part II - January 2004](#)
- [Policy 0603 Part II - June 2002](#)
- [Policy 0603 Part II - January 2002](#)
- [Policy 0603 Part II - February 1999](#)
- [Policy 0603 Part II \(consolidated manual 1st Issue\) - June 1998](#)