

EMPLOYEES WORKING REMOTELY

New CRA administrative guidelines

As of January 1, 2024, Canadian Revenue Agency (CRA) is providing administrative guidance for employers to determine the province of employment for full-time employees who are working remotely.

When an employer pays employment income such as salaries, wages or commissions, the employee's province or territory of employment (POE) must be determined so that the proper deductions are withheld. This depends on whether the employee "reports for work" at any of the employer's establishments, determined by:

- the type of income – employment income or non-employment income (ie. Pension income, retiring allowance, RRSP, CPP/QPP)
- the residency status of the employee
- the establishment of the employer where the employee reports for work

For income tax, CPP and EI withholding purposes, an "establishment of the employer" is any place or premises in Canada that is owned, leased or rented by this employer where employees report to work or from which employees are paid. For purposes of the POE, this does not need to be a permanent physical location. For example, a temporary physical location for a construction company that has one or more construction sites is where the field office is located.

Remote working agreement

Under CRA's new administrative guidelines, the employee will also be considered to be reporting for work at an establishment of the employer where a full-time remote working agreement was made and where the employee can be reasonably considered "attached to an establishment of the employer". Generally, CRA considers a full-time remote working agreement to exist between the employer and the employee when the agreement is either temporary or permanent; the employer directs or allows employees to perform their employment duties full-time (100%) remotely; and/or when 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 also be able to justify that a full-time remote work agreement was made.

NOTE: Generally, an employee's home office is not considered an establishment of the employer.

NOTE: The new guidance also clarified that the term 'employee' also refers to a worker who doesn't have to report for work at an establishment of their employer, such as a full-time teleworker or a travelling representative.

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Indicators in determining the employer's establishment

CRA also outlined that indicators to consider if an employee is “attached to an establishment of the employer”. The indicators need to be reviewed together and must be done based on a thorough review of the facts in each specific case.

The primary indicator is whether the employee would physically come to work to carry out the functions related to their employment duties at that establishment, if it was not for the full-time remote work agreement.

Secondary indicators assist the employer in determining the establishment of the employer where the employee, if it was not for the full-time remote work agreement, would physically come to work to carry out the functions related to their employment duties.

1. The establishment where the employee attends or would attend in-person meetings, through any type of communication
2. The establishment where the employee receives or would receive work-related material or equipment or associated instructions and assistance
3. 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
4. The establishment that is responsible for or supervises the employee, as indicated in the contractual agreements between the employer and the employee
5. The establishment to which the employee would report based on the nature of the duties performed by the employee

To be considered “reasonable” by the CRA, the employer's determination that the employee is attached to an establishment based on the

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

For more information, refer to CRA at [Determine Province of Employment](#)

Province of Employment Tips

POE is different from province of residence: If the employee's POE is not the same as their province or territory of residence, they may have not enough tax deducted or too much tax deducted.

Learn more: [Increase or reduce income tax deducted at source](#)

POE in Quebec: If an employer has employees whose province of employment is Quebec, regardless of the employee's province or territory of residence, the employer must deduct QPP contributions instead of CPP contributions as well as QPIP contributions.

CONTACT US

Johnstone's Benefits

3095 Woodbine Drive
North Vancouver, BC V7R 2S3

Phone: 604 980 6227
Toll Free: 1 800 432 9707
Fax: 604 983 2935

Website: www.jbenefits.com

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