

HIRING YOUR FIRST EMPLOYEE

Employee vs Contractor

Understanding the **differences**, as defined by the CRA.

- Who pays for insurance coverage for the job?
- Does the worker have the ability to hire their own assistant?
- Does the worker have the ability to profit from a job?
- Who sets the hours of work?
- Who provides the tools?



Set up payroll

1. Register your business to obtain a "Business Number" with the CRA.

search "[How To Register](#)" on [canada.ca](#) OR call 1-800-959-5525

2. Set up your Payroll Account Registration with the CRA.

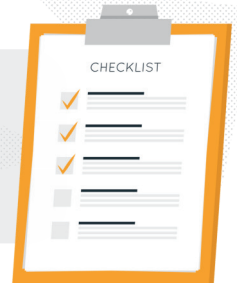
Register *before* the first remittance due date (15th day of the following month you began withholding deductions from employees pay)



Store your records

Start a **secure file** for your new employee to track their records. For ex:

- ✓ Time sheets
- ✓ Employee contract
- ✓ SIN
- ✓ T4 slips
- ✓ Performance reviews
- ✓ Completed TD1 forms (to be used in calculating employee's deductions and tax withholdings)

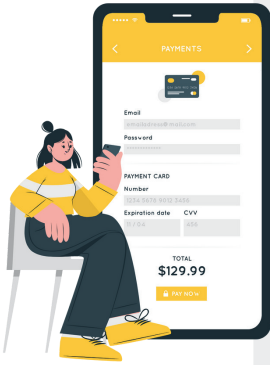


Employer responsibilities for payroll:

- ✓ Open and maintain CRA payroll program account
- ✓ Employer's contribution must be calculated and remitted to the CRA
*CPP is matched with employee's deduction, and EI has a changing percentage rate based on employee's gross earnings.
- ✓ Complete T4s on an annual basis
*T4s and summary are due to the CRA by February 28th.
- ✓ Complete and submit Records of Employment, when or if required.



Pay considerations



1. **Deduct** CPP, EI, Vacation Pay and Income Tax from all wages paid out.
2. Full-time employees receive full-time wage for **statutory holidays**; part-time are paid based on a calculation that changes with legislation.
3. **Vacation pay** must be paid at its current rate to employees
*either each pay or periodically, and payment with each pay must be written on their pay stubs.
4. If your business is **not incorporated**, the owner is **not** included in payroll.



Consider using a payroll company to handle deducting and remitting source deductions and tax forms, ROEs, T4s, etc.

Other employer responsibilities:



Acquire **business insurance** coverage for your employee.



The rules on payroll **change constantly**. Ensure you are **up to date** on the regulatory changes to ensure your payroll is submitted correctly and within legal requirements.

WSIB

(Workplace Safety and Insurance Board)



- WSIB is **insurance** to provide wage replacement for someone who gets injured on the job.
- Rates are industry-based.
- Register within **10 days** of hiring Your first employee. Some exceptions apply.
- **Some industries are exempt.**
Call to ask what your industries group rate is or if you're required to obtain WSIB for employees.
Find out at: wsib.ca/en/businesses/registration-and-coverage/do-you-need-register-us
or Call: 1-800-387-0750

Employment Standards

- No matter the business type or size, you must abide by **Occupational Health and Safety Act (OHSA)**.
*enforced by the **Ministry of Labour**.
Call: 1-877-576-4444.
- Understand and display the **Employment Standards Act** poster at your work.
*It sets out rights for employees and requirements for most workplaces in Ontario.
Call: 1-800-531-5551.

