

DISCUSSION PAPER

1. TITLE

Compensation of Principals

2. ISSUE

The principal of a corporation or other similar entity (such as an association, society or limited liability partnership) is generally a worker under the *Workers Compensation Act* ("Act"). Unlike other workers, where a principal "receives nominal or no wages for the work done", policy sets out that the principal receives wage loss benefits based on an estimate of a reasonable wage for the work. In these situations, a principal's firm pays little or no premiums in respect of the coverage received.

At issue is a review of policy on the composition of principals' earnings to determine if policy should continue to treat principals differently from other workers. This review does not consider changes to the ways in which WorkSafeBC ("WCB") compensates proprietors and partners.

3. BACKGROUND

3.1 Legislation

In the majority of cases, principals of corporations and other similar entities (such as societies, associations and co-operatives) meet the definition of a worker under the *Act*, as most principals are considered to work under a contract of service to their firms. Correspondingly, as corporations and other similar entities are persons in law, such firms are the employers of principals who perform work for their company. As a result, most such firms must register with the WCB to pay assessment premiums in respect of work done by principals and/or other workers.

For temporary partial disabilities, temporary total disabilities and permanent partial disabilities the *Act* provides that the minimum compensation payable to a worker is a set amount per week (currently \$337.98 per week), unless the worker's average earnings are less than that amount, in which case compensation is based on the worker's average earnings.¹ For permanent total disabilities, the *Act* provides that a worker's compensation is subject to a

¹ See sections 23, 29 and 30 of the *Act*.

minimum amount regardless of whether the worker's average earnings are lower than that amount.²

3.2 Assessment Policy and Practice

Before the introduction of the *Assessment Manual* in 2003, the *Assessment Policy Manual* provided guidance that where a principal reported less than \$12,000 per year in earnings, the Assessment Department was to perform an "evaluation for services" and 'bump up' the principal's reported payroll so that the firm would pay premiums based on \$12,000 per year in earnings.³ This policy caused controversy, especially with principals of small 'start up' companies. As a result, in 2000 a memo was issued to staff providing that the policy would no longer be followed.

When the *Assessment Manual* was introduced in 2003, the "evaluation for services" provision from the old manual was not included, as it was no longer being followed. From 2000 forward, corporations and similar entities have been assessed based on the actual payrolls of principals and other workers. If a principal has no earnings, no assessment premiums are collected from the employer for that principal's work.

3.3 Claims Policy and Practice

Policy provides guidance on setting the average earnings of principals, setting out that principals will be compensated based on the "earnings rate reported by the employer".⁴ As an exception, policy provides that principals who receive nominal or no wages from their companies will be compensated based on an estimate of a reasonable wage for their work.

Prior to 2000, the estimation of earnings referenced in the policy was accomplished by using the "evaluation for services" earnings amount determined by the Assessment Department. This resulted in principals with lower earnings being compensated based on earnings of \$12,000 per year. However, once the Assessment Department no longer enforced the "evaluation for services" assessment, it became more problematic to set average earnings for such principals when they made a claim.

Since 2000, in order to estimate a principal's average earnings, WCB adjudicators first look beyond the principal's T4 to identify other ways in which a principal may draw payments from his or her firm. In these cases, dividends or payment of shareholders' loans may be included in average earnings in the exceptional cases when they can be shown as payment for labour, although current policy is silent on their use for compensation purposes.

² See section 22 of the *Act*.

³ The \$12,000 reflected the minimum Personal Optional Protection amount at the time.

⁴ See policy #68.90 Principals - Composition of Earnings in the *Rehabilitation Services & Claims Manual* ("RS&CM"), Vol. II.

When such payments have not been made, or are not shown to be payments for labour, the WCB may use "class average" figures to determine average earnings. Class averages are created and maintained by the WCB's Statistical Services section. These figures are estimates of the average monthly wage of workers by occupation and region in the province, derived from both Statistics Canada data and the WCB's own data. As a result, principals with nominal or no earnings may receive benefits as if they are an average worker working in their industry and region of BC.

Where principals provide evidence showing low earnings information to the WCB, some believe that the compensation they receive based on the class average amount is too low, and does not reflect their actual earnings. When advised of the compensation rate, some principals re-state their earnings to the Canada Revenue Agency ("CRA") at a higher level, to provide the WCB evidence of higher earnings amounts.⁵ If they are able to do so within the 75-day time limit to reconsider a decision set out by the *Act*, WCB can accept the new evidence and adjust such principals' compensation. If a principal is unable to re-state earnings within 75 days, he or she can provide the new information to the Review Division or to the Workers' Compensation Appeal Tribunal in a review or an appeal of the average earnings decision.

At times, some principals delay providing verifiable evidence of their earnings to the WCB. This may be because a principal has not yet filed tax information with the CRA, or because the principal wishes to re-state his or her earnings to the CRA, as described above. In such cases, policy allows the WCB to set a "provisional rate" until evidence of earnings is supplied.⁶ In determining the amount of compensation payable using a provisional rate, policy provides that such rates are set having regard to the worker's circumstances and the statutory minimum for compensation.

3.4 Frequency

In 2006, there were 35 claims where a corporation paid no premiums, but wage loss was paid on the claim. However, due to the WCB's system limitations, it is difficult to obtain data on paid benefits to principals with nominal or no earnings, and the number of these claims may be higher.

4. DISCUSSION

4.1 Composition of a Principal's Earnings

Some principals pay themselves through their firms by means other than earnings reported on a T4 statement, such as payment of dividends or

⁵ The WCB generally uses CRA-reported earnings as the evidence for determining a worker's average earnings.

⁶ See policy #65.04 Provisional Rate in the *RS&CM*, Vol. II.

repayment of a shareholder's loan. Policy is currently silent on how to treat these payments, but in practice the WCB uses them to calculate average earnings on an exceptional basis, where it is shown that they are payment for labour. Including a statement in policy providing that the WCB has discretion to include these payments in average earnings would increase clarity on how they are treated.

In practice, the WCB compensates principals based on their earnings from all sources, and not what their firms report to the Assessment Department as assessable payroll. This approach is consistent with the intent of the *Act*, as compensation is generally provided based on a worker's earnings from all sources of employment, not what a single employer reports as payroll.⁷ As policy currently provides that principals will be compensated based on what the employer reports as earnings, to promote consistency with the *Act* a minor change would be necessary to provide that compensation for principals is based on the earnings of the principal.

4.2 Alignment of Assessments and Compensation

A challenge faced by the WCB under the current structure of policy and practice is that principals can receive compensation based on estimates of the value of their work in situations where they have little or no earnings and as a result, their companies pay little or no assessment premiums. Although there is no legislated link between compensable earnings and assessable payroll, the workers' compensation system generally pays workers' benefits based on similar amounts that are assessable for their employers.

Generally, where a worker has coverage, the earnings of the worker are roughly reflected by the premiums collected from the employer on the reported payroll of the worker. Changing policy to compensate principals based on their actual earnings and not an estimate would promote greater consistency between compensation payable and premiums collected, particularly if practice is established to provide the Assessment Department with information about principals' earnings when they re-state their earnings to the CRA.

4.3 Defining "Principals"

Policy does not clearly describe the term "principal," and including a description in policy would provide greater clarity as to the identity of principals. In practice, most directors, officers and shareholders of corporations and similar entities would be called principals of their firms, although someone who simply owns shares in a corporation but does not actually have responsibility or control would not be called a principal.

⁷ This idea has been referenced in several former Appeal Division Decisions and Review Division Decisions over the years. See for example Review Division decision #7999/#7801.

5. OTHER JURISDICTIONS

The PRD reviewed how other Canadian workers' compensation jurisdictions treat principals for average earnings purposes.

Legislation in six other jurisdictions does not provide for automatic worker coverage for principals. Instead, if principals want coverage they are required to take out some form of optional coverage, similar to BC's Personal Optional Protection ("POP") for proprietors or partners.⁸ This makes them inappropriate for comparison to BC.

In Saskatchewan and New Brunswick, principals are covered and compensated as other workers are, unless they do not take regular earnings from their companies. Where principals are not paid on a regular pre-determined basis in Saskatchewan or are non-salaried in New Brunswick, these jurisdictions allow principals to purchase optional coverage. While this approach would address the issue of principals with nominal or no earnings in BC, our *Act* would not permit the sale of POP to such principals, as they have worker status.

The Yukon is distinct in that principals of limited companies automatically have coverage, but can apply to be excluded from coverage. If a principal has coverage, he or she is assessed and compensated based on T4'd amounts, except if the principal has no earnings. In such cases, the Yukon may assess the principal based on the "value of service". This aspect of the system is similar to the pre-2000 situation in BC.

In Newfoundland, principals are workers if they are active in the company, and their compensation is based on the earnings declared for assessment purposes.

6. OPTIONS AND IMPLICATIONS

Option 1: Status quo

Under this option, no changes would be made to policy.

Implications

- Principals would continue to receive compensation based on an estimate of a reasonable wage for their work in situations where they had nominal or no earnings. The firms of such principals would continue to pay little or no assessment premiums for their work.
- Policy would remain silent on how dividend and shareholder loan repayments are treated in determining average earnings.

⁸ Alberta, Manitoba, Ontario, Quebec, Prince Edward Island, and the Northwest Territories and Nunavut.

- Policy would continue to provide that compensation is based on the earnings reported by the employer, and not the earnings of the principal.
- There would be no description of the term "principal" in policy.

Option 2: Compensate principals based on their actual earnings

Under this option, in situations where a principal received nominal or no wages, the principal would no longer be compensated based on an estimate of a reasonable wage for the work. The proposed policy would:

- provide that a principal will be compensated based on his or her actual earnings, as other workers are;
- describe the usual earnings used to calculate a principal's earnings;
- set out the WCB's discretion to include dividend and shareholder loan payments in a principal's average earnings, reflecting current practice; and
- contain a description that identifies principals.

Draft policy reflecting this option is found in Appendix A of this paper.

Implications

- Policy would provide that a principal would be compensated based on earnings, as other workers are.
- Principals with nominal or no earnings would receive lower wage loss payments than they do currently. As a result, more such principals may re-state taxable earnings to the CRA to increase their average earnings. This could also result in an increased number of provisional rates being set, as some principals may delay reporting their earnings to the WCB while they re-state their earnings to the CRA.
- Principals' compensation would more closely reflect the premiums collected from their firms, particularly if practice is established to notify the Assessment Department when principals re-state their earnings to the CRA, to ensure that appropriate premiums are collected based on principals' re-stated payroll amounts.
- Policy would confirm the WCB's discretion to use dividends and/or shareholder loan payments in average earnings in cases where such payments are shown to be payment for labour.
- Principals with no earnings (and whose firms pay no premiums in respect of their coverage) who have worker status would still receive health care benefit coverage in the event of a work-related injury or disease.
- In cases where a principal receives permanent total disability benefits, the amount of the payment would be subject to the minimum for compensation as set out in the *Act*, even if the principal had lower earnings.
- Policy would contain a description for the term "principal".

7. CONSULTATION

Stakeholders are invited to provide feedback on the discussion paper, options, draft policy, and any additional comments that may be relevant to the issue.

Stakeholder comments will be accepted until **August 17, 2007**. When responding, please provide your name, organization, and address. Comments may be submitted at our web site, or sent by mail, fax or e-mail to:

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WorkSafeBC's governing body, the Board of Directors, will consider the options expressed by stakeholders before it adopts any amendments to the current policies.

Please note that all comments become part of the Policy and Research Division's database and may be published, including the identity of organizations and those participating on behalf of organizations. The identity of those who have participated on their own behalf will be kept confidential according to the provisions of the *Freedom of Information and Protection of Privacy Act*.

APPENDIX A

DRAFT REHABILITATION SERVICES & CLAIMS MANUAL VOLUME II POLICY

ADDITIONS IN BOLD AND DELETIONS STRUCKTHROUGH

#68.90 PRINCIPALS – COMPOSITION OF EARNINGS

~~In determining average earnings of principals of companies for compensation purposes, regard is primarily had to the earnings rate reported by the employer. Where the principal receives nominal or no wages for the work done the Board will estimate what it considers to be a reasonable wage for that work.~~

Assessment Manual Policy Item AP1-1-1 sets out who may be a principal. Principals' earnings are calculated based on earnings from employment, including earnings shown on official statements issued by the firm for income tax purposes and management fees. When determining the composition of a principal's earnings, the Board may consider dividends and the repayment of a principal's loan to the employer as earnings in cases where it is shown that the amount received by the principal represents payment for the principal's labour.

~~If reported earnings are being received by a principal's or shareholder's spouse or child, then it should normally be considered for compensation purposes that the earnings belong to the spouse or child and not the principal or shareholder. The same applies if information of this nature has been provided on Income Tax Reports.~~

In making reports of this nature for Income Tax purposes, the company is asserting that the principal's ~~or shareholder's~~ spouse or child did work in the business and did earn the money paid. The Board is required to consider any evidence which may show that this assertion is incorrect and to make its own determination. However, the Board is entitled to rely upon this assertion unless there is good evidence to the contrary. Even if, upon investigation, the evidence shows that the spouse or child did not work for the company, that in itself does not mean that the payments to the spouse or child were earnings of the principal ~~or shareholder~~. There could be any number of other reasons why the company might make payments to the spouse or child.

In compensating the principal of a small limited company, the Board's obligations extend only to the losses suffered in the capacity of employee. Wage-loss compensation cannot be paid to reflect any detrimental effect that the injury may have on the company's business.

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RE: Coverage under Act – Descriptions of Terms	ITEM: AP1-1-1
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BACKGROUND

1. Explanatory Notes

Items AP1-1-2 to AP1-1-7 of this *Manual* deal with determining the status of persons under Part 1 of the *Workers Compensation Act*. This Item provides very general descriptions of the main terms used in those Items.

2. The Act

Section 1:

“employer” includes every person having in their service under a contract of hiring or apprenticeship, written or oral, express or implied, a person engaged in work in or about an industry ...

“worker” includes

- (a) a person who has entered into or works under a contract of service or apprenticeship, written or oral, express or implied, whether by way of manual labour or otherwise;
- (b) a person who is a learner, although not under a contract of service or apprenticeship, who becomes subject to the hazards of an industry within the scope of Part 1 for the purpose of undergoing training or probationary work specified or stipulated by the employer as a preliminary to employment;
- (c) when serving a municipality, an urban area, an improvement district or a regional district under the *Local Government Act*, a board of school trustees, a francophone education authority as defined in the *School Act*, a library board, a parks board, the city of Vancouver or a board or commission having the management or conduct of work or services on

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behalf of a municipality, urban area, improvement district, regional district, board of school trustees, francophone education authority as defined in the *School Act*, library board, parks board or the city of Vancouver, a member of a fire brigade or an ambulance driver or attendant working with or without remuneration;

- (d) in respect of the industry of mining, a person while the person is actually engaged in taking or attending a course of training or instruction in mine rescue work under the direction or with the written approval of an employer in whose employment the person is employed as a worker in that industry, or while, with the knowledge and consent of an employer in that industry, either express or implied, he or she is actually engaged in rescuing or protecting or attempting to rescue or protect life or property in the case of an explosion or accident which endangers either life or property in a mine, and this irrespective of whether during the time of his or her being so engaged the person is entitled to receive wages from the employer, or from any employer, or is performing the work or service as a volunteer;
- (e) further, in respect of the industry of mining, a person while he or she is engaged as a member of the inspection committee, appointed or elected by the workers in the mine, to inspect the mine on behalf of the workers;
- (f) an independent operator admitted by the Board under section 2 (2)

Section 2:

- (1) This Part applies to all employers, as employers, and all workers in British Columbia except employers or workers exempted by order of the Board.
- (2) The Board may direct that this Part applies on the terms specified in the Board's direction

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- (a) to an independent operator who is neither an employer nor a worker as though the independent operator was a worker, or
- (b) to an employer as though the employer was a worker.

POLICY

The following, very general, descriptions may assist in understanding the various categories of persons to whom this *Manual* refers. These descriptions must be read in the context of the *Act* and the *Manual*.

- *Employer* – An employer is a person or entity employing workers. The employer may be a sole proprietor, a partner in a partnership, a corporation, or another type of legal entity. “Employer” is defined under section 1 for purposes of Part 1 of the *Act*. An employer is an “independent firm”.
- *Worker* – A worker is an individual who performs work under a contract with an employer and has no business existence under the contract independent of the employer. “Worker” is defined under section 1 for purposes of Part 1 of the *Act*. A worker cannot be an “independent firm”.
- *Independent Operator* – “Independent operator” is not defined in the *Act*. The term is referred to in section 2(2) of the *Act* as being an individual “who is neither an employer nor a worker” and to whom the Board may direct that Part 1 applies as though the independent operator was a worker. An independent operator performs work under a contract, but has a business existence independent of the person or entity for whom that work is performed. An independent operator is an “independent firm”.
- *Labour Contractor* – The Board has created the term “labour contractor” to assist it in determining whether an individual is an employer, worker or independent operator. A labour contractor who is a worker cannot be an “independent firm”. For more information about “labour contractors”, see Item AP1-1-7.

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- *Firm* – A firm is any person or entity carrying on a business.
- *Independent Firm* – The Board has created the term “independent firm” to identify those persons who are either required by the *Act* to register with the Board as employers of workers, or from whom, as unincorporated employers or independent operators, the Board will accept a registration through the purchase of Personal Optional Protection for themselves. An independent firm performs work under a contract, but has a business existence under the contract independent of the person or entity for whom that work is performed. An independent firm may be an individual, a corporation or another type of legal entity. A worker cannot be an “independent firm”. For more information about “independent firms”, see Item AP1-1-3.
- *Independent Contractor* – An independent contractor is an independent firm.
- ***Principal*** – A principal is an individual who has the direct or indirect power or ability to control or influence the operations of a corporation or similar entity, through the ownership of voting securities, by contract, or otherwise. An officer, director or shareholder active in the operation of a corporation or similar entity is presumed to be a principal of that firm. However, the Board may find that such an individual is not a principal where it is shown that the individual does not possess direct or indirect power or ability to control or influence the firm's operations.

This Manual also commonly uses the term “firm” to refer generally to persons engaged in business or work. Depending upon the context, this may refer to an “independent firm”, a “labour contractor” or some other category of persons.

PRACTICE

For any relevant PRACTICE information, readers should consult the Assessment Department’s Practice Directives available on the WCB website.

EFFECTIVE DATE:

AUTHORITY:

ss.1 and 2, *Workers Compensation Act*.

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- CROSS REFERENCES:** See also Coverage under *Act* – Types of Relationships (AP1-1-2), Coverage under *Act* – Distinguishing Between Employment Relationships and Relationships Between Independent Firms (AP1-1-3), Coverage under *Act* – Employers (AP1-1-4), Coverage under *Act* – Workers (AP1-1-5), Coverage under *Act* – Independent Operators (AP1-1-6), Coverage under *Act* – Labour Contractors (AP1-1-7), Exemptions from Coverage (AP1-2-1), Personal Optional Protection (AP1-2-3), Extending Application of the *Act* (AP1-3-1), Fishing (AP1-4-1), Coverage under Federal Statutes or Agreements Between the Provincial and Federal Governments (AP6-97-1) in the *Assessment Manual*, and Introduction – Workers and Employers Covered by the *Act* (policy item #3.00), Coverage of Workers (policy item #5.00), Definitions of “Worker” and “Employer” (policy item #6.00), Nature of Employment Relationship (policy item #6.10), Federal Government Employees (policy item #8.10) in the *Rehabilitation Services & Claims Manual*, Volume II.
- HISTORY:** **This Item results from the 2002 “editorial” consolidation of all assessment policies into the *Assessment Manual*.** ~~New policy.~~
- APPLICATION:** Volumes 1 - 6 of the *Workers’ Compensation Reporter*. ~~This Item results from the 2002 “editorial” consolidation of all assessment policies into the *Assessment Manual*.~~

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RE: Coverage under Act – Employers

ITEM: AP1-1-4

BACKGROUND

1. Explanatory Notes

The POLICY in this Item sets out the guidelines for determining who is an employer in certain specific situations.

2. The Act

See Item AP1-1-1.

POLICY

(a) General

An employer is a person or entity employing workers. The employer may be a sole proprietor, a partnership, a corporation, or another type of legal entity. An employer may also be an independent contractor who employs workers or a labour contractor who employs workers and elects to be registered as an employer. An employer is an “independent firm” for purposes of Item AP1-1-3.

(b) Proprietors and partners

Proprietors and partners of an unincorporated business are employers if the business has workers and independent operators if the business does not have workers. They do not have personal compensation coverage unless they have Personal Optional Protection.

The children of a proprietor or partner who are paid by the proprietorship or partnership and have an employment relationship are considered to be workers, regardless of age. Spouses of single proprietors have been exempted from

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coverage, but the spouse of a partner who is working for the partnership and is paid for his or her services is a worker.

(c) Principals of corporations or similar entities

As the incorporated entity is considered the employer, a director, shareholder or other principal of the company who is active in the operation of the company is generally considered to be a worker under the *Act*. A spouse, child or other family member of a principal or a shareholder for whom earnings are reported for income tax purposes is considered to be active in the business and a worker.

If a sole, active principal of a limited company is injured at a time when the company was not registered as an employer with the Board, the principal will not be considered a worker at that time and a claim by the principal or his or her dependents will be denied. For the same reason, a claim from one of several principals of a company that was unregistered at the time of the injury, or in the case of fatality, his or her dependents, will be denied unless the evidence indicates that the principal was not personally responsible for the failure to register. ~~The term "principal" covers persons who would be proprietors or partners in the business if the business were not incorporated.~~

In determining whether a principal was personally responsible for a failure to register, the factors considered include whether the principal was:

- a minority or majority shareholder;
- a director of the company;
- carrying out management functions or simply doing work that an employee would normally do; and
- responsible for doing other functions equivalent to those associated with the Board, such as dealing with income tax or employment insurance.

If an injured principal of a company is denied compensation benefits under this policy, that principal's earnings prior to the date of injury are not assessed. Claims from a responsible principal of a company that has registered but has

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defaulted in paying assessments, or his or her dependents, will be honoured but a deduction from the resulting benefits will be made to offset the debt.

Active officers of a society, cooperative, trade union or similar entity are considered workers in the same manner as principals of a limited company.

However, elected officials in provincial/municipal government, school or library boards, and similar agencies are not considered workers or employers and are therefore not covered under the *Act* in their capacity as elected officials. Personal Optional Protection is not available to these individuals.

(d) Limited partnerships

For assessment purposes, only the “general” partners of limited partnerships registered under the *Partnership Act* will be registered as the employer. The general partners are responsible for the payment of assessments and to fulfill all other employer obligations under the *Act*.

Limited partners are neither considered workers nor employers as they do not participate in the business and are confined to providing investment. If they become active in the business they are regarded as general partners and would be subject to the provision of the *Act*.

(e) Out-of-province corporations

A firm which is not incorporated either in BC or federally in Canada, but claims to be incorporated in another jurisdiction will be treated the same as a firm legally incorporated in BC.

(f) Property managers

In all situations, a property management firm must register as an employer of its own direct workers. The main question that arises is whether it needs to register for the staff in the buildings that it manages.

Apartment management firms usually work on a “cost plus” basis. They pay the caretakers, managers, and other expenses for which they are reimbursed out of the owner’s rental income, and receive a fee from the owner. In these situations, the property management firm may choose to register as the employer.

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If the property management company chooses to register for the buildings it administers, it is responsible for all the employer obligations under the *Act*. The building owner is not then required to register. The property management firm must pay assessments on the on-site building personnel, casual temporary workers engaged in the repair or maintenance of the building as well as its own office staff who do any work in the property management field. This applies to all buildings it manages. If the property management firm has another business activity, such as a real estate operation, the multiple classification rules apply.

If the property manager does not register for a building it manages, that building's owner is regarded as the employer of any on-site personnel engaged in the operation of the building as well as any casual workers directed by the property management firm for the purpose of repair or maintenance of the building.

If a property management firm is paid a fixed fee by the owner or owners of a commercial or apartment building, out of which it hires such persons as janitors, caretakers, managers, and pays other expenses, and has the potential to incur a gain or loss, the firm is regarded as the employer. The property management firm will have to register and pay assessments on the earnings of all workers engaged in the operation of the building as well as its own office staff. If it operates on a "fixed fee" basis for some buildings and acts as an agent on other buildings, the multiple classification rules will apply.

This policy does not apply to hotels, motels and similar properties.

(g) Small log suppliers

Sawmills may purchase logs from small log suppliers such as farmers clearing their own land or other individuals who hold timber cutting licenses. Regardless of whether the sawmill or the supplier selects and pays the contractors who cut down and move the logs, the party who makes the contractual agreement with the contractor will be considered the contractor's employer. The employer will be directly responsible for assessments on non-registered contractors.

PRACTICE

For any relevant PRACTICE information, readers should consult the Assessment Department's Practice Directives available on the WCB website.

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EFFECTIVE DATE:

AUTHORITY:

CROSS REFERENCES:

ss. 1 and 2, *Workers Compensation Act*.

See also Coverage under *Act* – Terms (AP1-1-1), Coverage under *Act* – Types of Relationships (AP1-1-2), Coverage under *Act* – Distinguishing Between Employment Relationships and Relationships Between Independent Firms (AP1-1-3), Coverage under *Act* – Workers (AP1-1-5), Coverage under *Act* – Independent Operators (AP1-1-6), Coverage under *Act* – Labour Contractors (AP1-1-7), Exemptions from Coverage (AP1-2-1), Personal Optional Protection (AP1-2-3), Classification – Multiple (AP1-37-2), Payroll – Categories (AP1-38-2) with regard to principals of corporations and Payroll – Out-of-Province Employers (AP1-38-4) in the *Assessment Manual*.

HISTORY:

This Item results from the 2002 “editorial” consolidation of all assessment policies into the *Assessment Manual*. The POLICY in this Item continues the substantive requirements of the policies and items referred to in the HISTORY as they existed prior to the Effective Date, with any wording changes necessary to reflect legislative and other changes since the policies and items referred to in the history were issued. Replaces in part Policies No. 20:10:30, 20:30:20, 20:30:30, 20:30:50, 20:40:50, 20:50:10, 40:10:30 and 40:20:60 of the *Assessment Policy Manual* and Decisions No. 138, 229, 255 and 335 of volumes 1 - 6 of the *Workers’ Compensation Reporter*.

APPLICATION:

~~This Item results from the 2002 “editorial” consolidation of all assessment policies into the *Assessment Manual*. The POLICY in this Item continues the substantive requirements of the policies and items referred to in the HISTORY as they existed prior to the Effective Date, with any wording changes necessary to reflect legislative and other changes since the policies and items referred to in the history were issued.~~