

COMPENSATION PRACTICE AND QUALITY DEPARTMENT

PRACTICE DIRECTIVE # C9-10

TOPIC: Workers Deducting Business and/or Equipment Expenses
ISSUE DATE: August 1, 2006

Objective

The purpose of this practice directive is to assist WorkSafeBC officers in applying Policy item #68.61, *Workers Deducting Business and/or Equipment Expenses*, of the *Rehabilitation Services & Claims Manual*, Volume II (“RSCM”) to determine average earnings for workers who deduct business and/or equipment expenses. It also addresses specific issues related to fishers who deduct business and/or equipment expenses, as per RSCM Policy item #68.62, *Fishers*.

Law & Policy

Section 33(1) of the *Workers Compensation Act* (“Act”) provides:

“The Board must determine the amount of average earnings and the earning capacity of a worker with reference to the worker’s average earnings and earning capacity at the time of the worker’s injury.”

RSCM Policy item #68.61 describes the principles underlying the determination of average earnings for workers who deduct business and/or equipment expenses. It also provides different rules that apply in determining short-term and long-term average earnings.

RSCM Policy item #68.62, describes a similar process for calculating the average earnings of fishers who deduct business and/or equipment expenses.

Application

This PD applies to all injuries that occur on or after August 1, 2006.

Overview

Policy item #68.61 states that, where a worker receives payment for providing services, out of which, business and/or equipment expenses must be paid, the “average earnings” referred to in section 33(1) of the *Act* are based on the “labour component” of the worker’s remuneration. The policy also provides that the labour component is the portion of the worker’s earnings that remain after deductions are made for business expenses and/or costs associated with equipment.

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In the short-term, deductions are only made from gross earnings if the worker provides “equipment that is a required component of the contract of service”. In these cases, the equipment is categorized as either “light”, “medium” or “heavy” equipment. A corresponding percentage (15%, 40% or 75%) is then applied to date of injury earnings to arrive at initial average earnings.

In the long-term, deductions are made in respect of equipment that is a required component of the contract of service. This includes actual costs associated with operating the equipment, capital cost allowance (up to a maximum 15% of the purchase price of the equipment) and accrued interest. Business expenses are also deducted if they were incurred to operate the worker’s business.

See Appendix A for an overview of workers who deduct business and/or equipment expenses.

Adjudicative Guidelines

A. Application

In arriving at average earnings for workers who deduct business and/or equipment expenses, Board officers should give consideration to other law or policy requirements that may affect the composition of average earnings, independent of Policy item #68.61.

First, if a worker receives a “special expense or allowance” from the employer, the amount in respect of this should be removed from the composition of average earnings by applying Policy item #68.23, *Special Expenses or Allowances*. A special expense or allowance is not a business or equipment expense and is not captured under Policy item #68.61.

For example, the worker may be paid a vehicle allowance or vehicle expense reimbursement¹. This allowance or reimbursement is excluded from the composition of average earnings as it falls under Policy item #68.23. The payment of a separate allowance or expenses related to use of the vehicle does not make that vehicle a required component of the contract of service. In other words, Policy item #68.61 does not apply to the vehicle.

Second, reimbursements made to a worker for materials or supplies consumed in the course of completing the job are not included in average earnings.² Since these payments are in respect of materials or supplies, they are not part of the labour component of the worker’s remuneration. The full amount of the reimbursement is excluded.

¹ Other “special expenses or allowances” may include: tool allowances, safety boot, clothing, dry-cleaning, vehicle and travel allowances. See Policy item #68.23.

² For example, if a worker employed as a painter is paid \$5,000 for completing a job, \$4,000 of which is for painting and \$1,000 of which is reimbursement for supplying the paint, the worker’s wage rate is based on \$4,000.

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If payments made to the worker include wages for other workers, these amounts are also excluded, since they do not represent the worker's own earnings.

The average earnings for casual workers who deduct business and/or equipment expenses are determined in accordance with Policy item #68.61, part b) of Policy item 68.61, from the outset of the claim. Section 33.5 of the *Act* directs that casual workers' average earnings in both the short-term and long-term are based on earnings in the 12-month period immediately preceding the date of injury.³ Thus, operating expenses and equipment expenses are considered for casual workers from the outset of the claim, to ensure that the average earnings reflect only the labour component of the casual worker's gross earnings.

B. Short-Term Average Earnings

Actual business expenses are not deducted in determining initial average earnings. Thus, in the short-term, average earnings are determined by taking into account "equipment that is a required component of the contract of service".

Policy item #68.61 states that equipment that is a required component of the contract of service, "*is normally required to fulfill the contract, and represents a portion of the worker's costs in providing the service.*" In some cases, it will be obvious whether a piece of equipment is a required component of the contract of service (e.g., a dump truck). In cases where it is not clear (e.g., cases involving motor/passenger vehicles), WorkSafeBC officers should refer to Appendix B for a more detailed discussion.

Where a worker does not supply equipment that is a required component of the contract of service, no deduction is made from the worker's date of injury earnings to arrive at the labour component in the short-term.

Where it has been determined that equipment is a required component of the contract of service, the labour component is determined by deducting, from the date of injury earnings, a percentage, which is deemed to represent the costs associated with operating the equipment in the short-term. The percentage that will be applied depends on what category that required equipment falls into:

- 15% for "light" equipment,
- 40% for "medium" equipment, and
- 75% for "heavy" equipment.

Policy item #68.61 contains some examples of light, medium, and heavy equipment. In determining the appropriate category, consideration should be

³ RSCM Volume II, Policy item #67.10, *Casual Pattern of Employment*, provides that there is no 10-week rate review for casual workers. The casual worker exception to the general rule applies to the initial payment period, thus, average earnings determined at the outset of the claim are also the worker's long-term average earnings.

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given to the significance of the equipment, relative to the worker's labour, as a portion of the average earnings⁴. The following list of questions may be helpful:

- What was the cost associated with the initial purchase of the equipment?
- What is the cost associated with operating/maintaining the equipment?
- What is the grade of the equipment (home application versus industrial or professional application)?
- What is the relative portability/size of the equipment?
- What is the relative scarcity of the equipment (custom-manufactured versus mass production)?

Where equipment involves ongoing operating expenditures such as fuel and maintenance, it is generally captured by one of the equipment categories. For example, professional grade chain saws used by fallers require frequent replacement of the chains and are considered "light equipment." However, some equipment that does not give rise to ongoing operating expenses, such as hand tools, is not captured under any of the equipment categories in Policy item #68.61, and no deduction would be made in respect of it in the short-term⁵.

C. Long-Term Average Earnings

Actual costs associated with operating equipment that is a required component of the worker's service contracts in the long-term (including capital cost allowances) may be deducted. Business expenses may also be deducted.

(a) Costs Associated with Equipment

Where equipment is a required component of the worker's service contracts in the long-term, certain items will be deducted from gross earnings to arrive at the labour component. These items include:

- *Equipment operating costs.* This may include, for example, fuel, insurance and maintenance.

⁴ Regard should be had, not only to the equipment in question, but also to how it is used to carry out the terms of the contract. A contract for one worker can be very different than for another, even if similar pieces of equipment are used, which would potentially justify categorization into different categories. For example, Worker A is a courier and is required to supply a motor vehicle. Since the vehicle is utilized more extensively, it would be categorized in the "medium" equipment category. Worker B may be required to use a vehicle to transport light materials to the workplace once a day. In this case, the vehicle would most likely fall into the "light" equipment category.

⁵ Further consideration may be given to whether hand tools are a required component of the contract of service in the long-term and a deduction (most likely for CCA) may be made.

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- *Accrued interest.* Policy item #68.61 states that interest accrued (whether paid or not) as the result of debt in respect of equipment owned by a worker is deducted from gross income.
- *Capital cost allowance (“CCA”)* – also know as depreciation.

If a worker does not declare a CCA, an amount in respect of equipment depreciation will not be deducted from the worker’s gross earnings.

If a worker declares a CCA, the worker will be asked to provide the purchase price for any equipment that is a required component of the contract of service. The amount that will be deducted from gross earnings in respect of equipment depreciation will be the LESSER of:

- The actual amount declared as CCA in respect of the required equipment, or
- 15% of the purchase price of the required equipment.

If the worker declares a CCA in excess of 15% of the purchase price of the equipment, the amount declared by the worker up to 15% will be deducted. The amount that exceeds 15% will not be deducted and thus must be “added-back”⁶ to the worker’s gross earnings for long-term average earnings purposes.

(b) Business Expenses

Policy item #68.61 states that, “*the Board decides which costs and/or expenses will be deducted from gross earnings to determine the labour component*”. It also provides that:

“Generally, where a worker may deduct business expenses and/or costs associated with equipment from his or her earnings for business or tax purposes, this suggests that the worker’s earnings include payment in respect of such costs and/or expenses.”

This does not create an onus on the worker to demonstrate that an expense should not be deducted from his or her average earnings. Nor does it allow WorkSafeBC officers to deduct every expense from gross earnings simply because it has been declared to the Canada Revenue Agency (“CRA”). However, it does provide WorkSafeBC officers with flexibility to accept and deduct an expense, if it appears reasonable. For a detailed discussion of factors to consider in determining whether an expense appears reasonable, see Appendix C.

⁶ An “add-back” is synonymous with not making a deduction in respect of an expense. Where a worker declares an expense to the Canada Revenue Agency that is not considered by WorkSafeBC to have been incurred to operate the business, the expense is not deducted for average earnings purposes and must be “added back” to the worker’s earnings.

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Where WorkSafeBC officers have doubt regarding whether a business expense appears reasonable, Policy item #68.61 provides the following four questions to be considered:

1. Did the worker's gross earnings for the time period under review include payment in respect of the expense?
2. Did the worker incur the expense directly as a result of supplying equipment and/or materials to the employer?
3. Did the expense result from the worker operating his or her business?
4. Would the worker incur the expense regardless of the nature of the employment?

Expenses that are incurred to operate, and generate income from, the business should be deducted from gross earnings. This must be distinguished from what is essentially a "personal expense".

This distinction becomes important because self-employed workers may be able to deduct certain expenses due to their status with CRA that WorkSafeBC nonetheless considers would have been incurred regardless of the worker's business. These types of expenses are incurred for the worker's personal benefit and should not be deducted from gross earnings. Examples include business-use-of-home expenses (since even non-business owners incur expenses related to utilities, property taxes, mortgage payments, etc.) and meals.

In some situations, a piece of equipment may not be considered a required component of the contract of service because it was not central to the work that the worker was hired to do. That piece of equipment may, nonetheless, give rise to expenses that are incurred to operate the business. For example, for a plumber, a computer would not be a required component of the contract of service. If, however, it is determined that the computer is used almost exclusively for the business (to print up advertising flyers and invoices, and order parts) and not for personal use, the costs associated with operating that equipment may be deducted as they are incurred to operate the business. CCA cannot, however, be deducted as it must first be related to equipment that is a required component of the contract of service.

In other situations, an issue may be raised that certain expenses (accounting fees, for example) were incurred for both personal (income tax return preparation) and business purposes (to prepare financial reports), and that the personal portion should not be deducted from gross income. Notwithstanding, pro-rating a business expense is unnecessary. The nature of the expense would have been considered when determining whether to accept it as a business expense or as a personal expense. The expense is, as a result, treated wholly as

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either a business or personal expense. In other words, if it is determined that the expense is incurred for the operation of the business, the entire expense is deducted, even if there is an incidental personal portion.

For guidance on business expenses that are commonly declared on workers' Statement Of Business Activities, see Appendix D.

D. Fishers

RSCM Policy item #68.62 addresses fishers who may deduct business expenses and/or costs associated with equipment. The principles outlined in Policy item #68.61 are largely reproduced in Policy item #68.62, with the following additional points:

- The purchase of food is not considered a business expense and is not deducted from gross income. Food is considered to provide a direct benefit to the fisher and is a measurable return from the fishing activities.
- The cost of maintenance for the vessel or other equipment used to harvest fish, as well as fuel, fishing nets and other appropriate costs are deducted from gross income.

There is no requirement for the worker to own the equipment before equipment expenses may be deducted. The equipment may be leased or some of the expenses may flow through a limited company owned by the worker. Where the worker's gross earnings contain payments received in respect of business expenses or costs associated with the provision of equipment, a deduction is made to determine the labour component.

To calculate the capital cost allowance, where the equipment has not been fully depreciated, the fisher is asked for the purchase price of the fishing vessel or other equipment used to harvest fish. If the fisher declares expenses that have been incurred to refit the fishing vessel, the capital cost allowance in respect of these costs is deducted from gross earnings, up to a maximum of 15%, in order to arrive at the labour component of the fisher's earnings.

A fisher may declare expenses related to equipment that is installed onto the vessel or that is used in the course of fishing, other than the vessel itself. Examples include global positioning systems (GPS), radios, computers and radar. These deductions (up to 15%) may be accepted if the claim owner is satisfied that these expenses relate to equipment that is used to harvest fish.

If the fisher deducts a CCA in respect of a motor vehicle, claim owners must ensure that the vehicle is actually used to harvest fish. For example, if a fisher uses the vehicle only to commute to the fishing vessel, it would not be considered equipment used to harvest fish, and a deduction would not be made in respect of it.

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E. The Binding Nature of Policy

Section 99(2) of the *Act* provides that WorkSafeBC officers must apply a policy that is applicable in the case before them. This means that if costs are associated with equipment is not a required component of the contract of service or an expense is not incurred to operate the business; it is not deducted from the worker's gross earnings for average earnings purposes.

If the policy criteria are not met, it is not relevant that the worker declared the equipment or expense for CRA purposes and thus did not pay income tax in respect of that expense.

CROSS REFERENCES:	See section 33.1(1) of the <i>Workers Compensation Act</i> , and <i>RSCM</i> Vol. II, Policy item #68.61, <i>Workers Deducting Business and/or Equipment Expenses</i> and #68.62, <i>Fishers</i>
HISTORY:	Practice formerly contained in PD #33A, Appendix "A", has been replaced by BPIS #C9-10, Appendix D.
APPLICATION:	This PD applies to all injuries that occur on or after August 1, 2006.

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Appendix A – Overview of Workers who Deduct Business and/or Equipment Expenses

SHORT-TERM AVERAGE EARNINGS

Is the equipment “required”?	Deductions
Yes	Deduct expenses as represented by the percentages in the “light”, “medium” and “heavy” equipment categories
No	None
Business Expenses	Deductions
Not Applicable	Actual business expenses are not considered in the short-term

LONG-TERM AVERAGE EARNINGS

Is the equipment “required”?	Deductions
Yes	• Deduct costs associated with operating the equipment
	• Deduct accrued interest
	• Deduct capital cost allowance – the lesser of: <ul style="list-style-type: none"> ○ Amount declared ○ 15% of purchase price
No	Does the equipment give rise to expenses that are incurred to operate the business?
	○ If no: do not deduct CCA, do not deduct expenses/costs associated with operating the equipment
	○ If yes: go on to “Business Expense?” (below)
Business Expense?	Deductions
Yes	• Deduct business expenses
	• Do not deduct CCA
No	• Do not deduct business expenses
	• Do not deduct CCA

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Appendix B – “Equipment that is a required component of the contract of service”

If the worker provides equipment that is a required component of the contract of service as part of their work, a deduction from gross earnings will be made in respect of it to arrive at the labour component. It is thus important to determine whether a particular piece of equipment is required under the contract of service.

A “contract of service” is an agreement that the worker will provide labour or services in exchange for remuneration from the employer. It does not need to be a formal, written document and can be expressed (written or verbal) or implied, formal or informal. The terms of the contract of service will provide information about the nature of the work that the worker was hired to perform and whether a piece of equipment was required as part of that work.

Policy item #68.61 states that equipment that is a required component of the contract of service, *“is normally required to fulfill the contract, and represents a portion of the worker’s costs in providing the service.”*

In determining whether a piece of equipment is a required component of the contract of service, WorkSafeBC officers should focus on the equipment and its relationship (if any) to fulfilling the terms of the contract. It would not be appropriate to consider whether it is required for the *business*. Considering whether a particular item is related to the operation of the business is more appropriate for identifying business expenses, and not whether a piece of equipment is a required component of the contract of service.

For example, a computer may be a required component of the contract of service for a graphic designer or web publisher, but not for a plumber. A computer may, for a plumber, be an expense that results from operating the business if it is used almost exclusively for the business (printing invoices, tracking accounts payable and receivable, generating financial reports and running business-related software), but not if it is used mostly for personal use (surfing the Internet, sending e-mails) with some occasional business use. Thus, even if the computer represents a legitimate business expense of the plumber, it is not equipment that is a required component of the contract of service.

In order to determine if equipment is a required component of the contract of service, WorkSafeBC officers may wish to consider the following:

- What were the expectations of the worker and employer about what the contract price was intended to cover? (intentions can be expressed or implied)
- What was the nature of the job that the worker was hired to do and how critical a role does the equipment play in fulfilling that job?

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- Does the worker use that equipment during the workday to assist in the employer's work or to complete the job that the worker was hired to do?
- Was the worker expected to provide the equipment as part of his/her work?
- Was the worker expected to bring the equipment to the worksite with him/her?
- Was the worker primarily hired for his/her expertise, skill or labour?

Motor Vehicles

A motor vehicle used to only commute is not considered a required component of the contract of service. This is regardless of whether the employer indicated to the worker that he/she would require a vehicle to get to a remote worksite. The employer's intentions are an important consideration, but is not determinative in every case. Other factors need to be considered and weighed. In this case, driving to the worksite is not the "work" that the worker was hired to do – the worker's "real job" is what they do once they actually arrive at the worksite. As the vehicle is not used to do the work contracted for, and is not used during the day to assist in the employer's work, it is not a required component of the contract of service.

However, if the worker is hired to visit various worksites during the day, such as a worksite inspector or supervisor, the vehicle would be considered a required component of the contract of service, even if that vehicle is not used once the worker arrives at each worksite. This is because driving is an integral part of the work that the worker was hired to do and vehicle expenses were incurred to complete the contract.

If the worker is hired to do work that involves transporting materials or supplies to the worksite, the motor vehicle may be a required component of the contract of service, depending on the terms of the contract and the how that vehicle is used to carry out those terms. Factors that may be relevant include: what kind of materials does the worker pick up, how much of it and how often; how far does the worker have to drive to pick up those materials (e.g., is it on the way to the site or do they have to drive across town); what kind of work is the worker hired to do and is the use of the vehicle to pick-up materials critical to that work or merely incidental?

In some cases, the fact that a worker drives a couple blocks out of their way to pick up relatively light materials once or twice a week does not outweigh the fact that they were basically hired for their expertise, skill or labour. Use of the motor vehicle would be considered inconsequential and would not be significant enough to justify a deduction for operating expenses.

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If the motor vehicle is an integral part of the work that the worker is hired to do, it is a required component of the contract of service. Examples may include: couriers, landscapers who carry tools, equipment and materials to each job, workers who are hired to visit or inspect different sites during their work day, and workers who provide mobile services (music lessons in the student's home).

If the worker's remuneration includes a specific amount that represents a reimbursement or allowance for expenses incurred in operating the vehicle, Policy item #68.61 does not apply. Thus, there is no need to consider whether the vehicle is a required component of the contract of service. Rather, the vehicle expense or allowance is captured under Policy item #68.23 and excluded from average earnings accordingly.

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Appendix C – Factors To Consider In Determining Whether An Expense Appears Reasonable

Policy item #68.61 provides WorkSafeBC officers with flexibility to accept an expense, and the amount deducted in respect of it, if it appears reasonable.

What is “reasonable” depends on the nature of the worker’s business, the type of expense declared and the amount deducted. If, at first glance, an expense appears to be reasonable based on the nature of the occupation or industry in which the business operates, it can be accepted as a business expense and deducted. For example, the cost of food may be incurred as a business expense related to operating an event-planning business, but for a construction worker, it would be considered a personal expense.

The amount of the expense declared may also be a factor. Extensive computer expenses may be reasonable for graphic designers but not necessarily for labour or trade workers (if at all). Extensive motor vehicle expenses may be reasonable for couriers, but a lesser amount would be expected for worksite inspectors who travel locally to two or three sites a day. Similarly, \$40,000 in motor vehicle expenses may seem excessive, except for a worker’s whose gross earnings are over \$100,000.

For any worker, a moderate sum for accounting fees (e.g., \$200 - \$400) would be expected if the accountant only prepared the worker’s income tax return. Since an income tax return is necessary regardless of the worker’s business and represents a personal expense, it would be added back to gross earnings. However, if the accounting fees totaled significantly more (e.g., \$1,000 or more), it is more likely that the accountant is providing business-related services. If the WorkSafeBC officer is satisfied that this is the case, the expense will be deducted, since it was incurred to operate the business.

If an expense or the amount declared in respect of it, does not appear to be reasonable, it cannot be assumed that the expense should not be deducted from gross earnings. Further investigation needs to be undertaken to determine whether the business expense was incurred to operate the business or whether it was personal in nature. WorkSafeBC officers must ensure that the outcome of such investigations is documented on the claim file.

If there is uncertainty regarding whether an expense appears “reasonable”, WorkSafeBC officers should consult the 4 questions outlined in Policy item #68.61, (b) *Long-Term Average Earnings*.

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Appendix D – Business Expenses That are Commonly Declared on the Worker’s Statement of Business Activities

Advertising (line 8521)	Expenses claimed in respect of advertising will likely be incurred for the operation of the business and should be deducted from gross earnings (it is not likely that this type of expense could be of a “personal” nature)
Fuels costs (line 9224)	Fuel costs associated with motor vehicles cannot be claimed on this line. Therefore, if an amount has been claimed on this line, the expense is likely related to equipment that is a required component of the contract of service that is not a motor vehicle (excavator, line haul truck). Fuel costs should be deducted from gross earnings as it is an operating cost associated with required equipment.
Interest (line 8710)	Interest accrued as the result of debt in respect of equipment owned by the worker and required under the contract of service is considered an operating cost and should be deducted from gross earnings. If interest is not related to equipment required under the contract but is nonetheless incurred to operate the business (e.g., business line of credit interest), it should also be deducted from gross earnings as a business expense.
Maintenance and repairs (line 8960)	Maintenance and repairs related to motor vehicles and business-use-of-home cannot be claimed on this line. Therefore, if an amount has been claimed on this line, the expense is likely related to the business and should be deducted from gross earnings.
Meals and entertainment (line 8523)	Expenses claimed on this line should not be deducted from gross earnings since they are likely not incurred to operate the business. Rather, they are likely to be of a personal nature. The exception is where the worker owns a food or entertainment-related business, such as an events planner.
Motor vehicle expenses (line 9281)	<p>Motor vehicle expenses include fuel and oil, insurance, license and registration, maintenance and repairs, leasing costs, and interest. CCA is not included on this line. If the motor vehicle is a required component of the contract of service, the expenses should be deducted from gross earnings. If the motor vehicle is not a required component of the contract of service, but is considered a “business expense” under Policy item #68.61 or #68.62, the expenses should be deducted.</p> <p>If the motor vehicle is neither required under the contract nor a business expense, the amount should not be deducted from gross earnings.</p>
Office expenses (line 8810)	Office expenses include small items such as pens, pencils, paper clips, stationary and stamps. All self-employed workers will likely incur some office expenses. If the amount declared appears reasonable, given the nature of the worker’s business, it should be deducted from gross earnings.

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Supplies (line 8811)	Supplies include items consumed indirectly to provide the business' goods or services (e.g., drugs and medication used in a veterinary operation or scripts required for an actor to play a role). If the amount appears reasonable, given the nature of the worker's business, it should be deducted from gross earnings.
Legal, accounting and other professional fees (line 8860)	A modest amount declared on this line is likely related to preparation of a personal tax return and is not an expense incurred to operate the business – this amount should not be deducted from gross earnings (see discussion in Appendix C). Larger amounts declared, however, should be investigated to determine whether they were incurred for the business or were of a personal nature.
Salaries, wages, and benefits (line 9060)	Income Splitting – Wages that the worker declares to CRA as being paid to and earned by a spouse or child are considered earnings of the spouse or child. As such, the expense should be deducted from gross earnings.
Travel (line 9200)	If the travel expenses appear reasonable, given the nature of the worker's business, they should be deducted from gross earnings.
Telephone and utilities (line 9920)	Expenses related to business-use-of-home cannot be claimed on this line. Therefore, if an amount is declared on this line, the expense is likely related to the business and should be deducted from gross earnings.
Capital cost allowance	<p>A capital cost allowance claimed on the Statement of Business Activities can only be deducted if it relates to equipment that is a required component of the contract of service. The amount deducted from gross earnings in respect of CCA can only be the LESSER of 15% of the purchase price of the equipment or the actual amount claimed.</p> <p>A CCA cannot be deducted from gross earnings if the equipment is not required under the contract, even if it is necessary to operate the business.</p>
Business-use-of-home expenses	Expenses claimed should not be deducted from gross earnings since they are likely not incurred to operate the business. Rather, they are the type of expenses that would have been incurred regardless of the business, and are thus of a personal nature.
Extraordinary Business Adjustments	Previous years' business losses carried forward, the disposition/acquisition of capital assets, or other extraordinary items are not normal business occurrences and therefore may distort the real income of the business and the worker's earnings. These amounts should not be deducted from gross earnings.