Long-term wage rate deductions

Deductions we use when calculating your long-term wage rate

To set your long-term wage rate to compensate you for lost wages, we have to determine your net earnings (the amount left over after deductions).

To do that, we start with your gross earnings and then factor in probable income taxes. We can't cover or manage your taxes because they are your legal responsibility.

As part of these calculations, we use allowable deductions as set out in the *Workers Compensation Act*. Please note that we don't actually deduct money and remit it to Canada Revenue Agency; the deductions are only for our calculations.

The deductions are based on certain individual aspects of your tax situation, and include:

- Tax credits based on your basic personal amounts
- Credits for spousal or wholly dependent person(s)
- Credits for an infirm dependent
- Credits for probable Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums

Because this information is particular to you, we may need to get it by calling you or sending you a form with six questions that we'll ask you to complete and return. Once we have the information, we'll make our calculations.

We're not able to completely take into consideration your actual tax status. For example, if you declared some other deductions for tax purposes, or if you fully contributed the maximum allowable CPP or EI, these wouldn't be part of our calculations.

When applying income tax credits for your dependants, we assume that the dependants have no income and therefore the full credit is always allowed, even if your situation is different.

We don't deduct probable taxes where you are exempt from paying them under the *Income Tax Act*.

Need more information?

Allowable deductions are set out in Section 33.8 and 33.9 of the *Workers Compensation Act*, which you can review at worksafebc.com. The rules are different for short-term wage rates and long-term wage rates.