Short-term wage rate deductions

Deductions we use when setting your short-term wage rate

To set your short-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 your probable income taxes. We can't manage or cover 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.

We apply the following credits under the *Income Tax Act* and the *Income Tax Act (Canada)*:

- Tax credits, which are based on the basic personal amount for your earnings level multiplied by 1.5
- Credits for Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums.

Our calculations use the deductions allowed in the year prior to your date of injury. For example, to calculate the standard deduction for 2016 we use the allowable deductions for federal and provincial income tax, EI, and CPP as of October 31, 2015.

The deductions are standardized each year, which means that the amount deducted is always the same for people with the same gross earnings, regardless of your personal circumstances. So even if you have contributed the maximum allowable for EI or CPP, we're not able to take that into consideration.

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.

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