

Changes to the assessable payroll practices

WorkSafeBC has published an **updated version** of Assessment Practice Directive 5-245-2(A) - Assessable Payroll, effective January 1, 2024. This practice directive explains how assessable payroll is determined and aids in the interpretation of Assessment Manual item AP5-245-2. The January 1, 2024 version of the practice directive applies to the year 2024 onward.

The purpose of the changes to this practice directive is to simplify and facilitate the computation of assessable payroll. The changes better align with policy as well as the Canada Revenue Agency's practices in order to facilitate more efficient and equitable reporting of assessable payroll. Despite the changes, the core content and practices remain consistent. Importantly, the revised practice directive is not related to a policy amendment. AP5-245-2 remains unchanged from 2023 to 2024.

Specific changes include:

- The stated presumption that standard employment earnings can generally be computed based on box 14 and/or box 71 of the T4 statement issued, whereas the previous practice directive allowed certain benefits to be excluded*
- Clarification and standardized computation for fixing a worker's annual average earnings (in circumstances where a worker receives nominal or no wage)
- Inclusion of Appendix A: Non-Exhaustive List of Standard Employment Earnings
- Inclusion of Appendix B: Specific Inclusions and Exclusions (this replaces the table of other exclusions found under "Other exclusions" in the previous version of the practice directive)

- Inclusion of Appendix C: Assessable Payroll Aid (this replaces the previous Assessable earnings guide)
- Inclusion of Appendix D: Equipment Allowance Aid (this information previously existed on our website, but not in the practice directive)

General changes include:

- Information has been strategically reorganized for improved flow and clarity
- Examples have been incorporated to illustrate key points effectively
- Definitions have been added to enhance understanding

* Earnings for assessment purposes are not identical to "average earnings" (section 208 of the *Workers Compensation Act*) for compensation purposes. Employers' assessments are needed to cover the cost of all benefits, and wage loss is just one component of the benefits.