



e2r Alert!

Working Remotely, or Remotely Working?

In last year's [Alert](#), we outlined some of the risks and concerns underlying remote and hybrid work policies.

As fully remote roles continue to be prevalent, and in light of Canada Revenue Agency (CRA) and Revenue Quebec (RQ) policies announced earlier this year, let's outline 3 key questions employers need to consider when hiring an out-of-province worker.

What employment standards legislation applies?

The applicable provincial jurisdiction for a remote worker will be the province in which a remote worker permanently lives and works. Accordingly, an employer is required to comply with the employment standards legislation of that province, even if the business has no corporate presence in the jurisdiction.

Do I need to register for workers' compensation insurance to cover an out-of-province remote worker?

Maybe. Each jurisdiction in Canada has its own workers compensation ("WC") legislation and insurance program. These typically cover individuals working within that jurisdiction, with some temporary, limited coverage for out-of-province work.

As such, you may be required to register for WC insurance in the remote worker's home jurisdiction. Whether you are required to register will depend on the legislation in the remote worker's home jurisdiction. Some jurisdictions may focus on what your company's business is in general (even if that takes place elsewhere), while others may focus solely on your business's operations within the remote worker's home jurisdiction.

Note that, in addition to WC insurance requirements, once you employ a worker in a jurisdiction, you will likely be subject to that jurisdiction's occupational health and safety prevention requirements.

What about payroll and provincial income tax deductions?

The latest province of employment ("POE") policies provide that if the employer and employee have entered into a "full-time remote work agreement" and the employee can reasonably be considered attached to an employer's establishment, the CRA and RQ will now consider that the employee reports for work at the employer's establishment to which he/she is "attached."

As a result, the CRA and RQ may determine that an employee reports for work at an employer's establishment and apply payroll deduction rates of the province where the establishment is located, despite the employee being fully remote and being paid from an establishment located in another province.

Employers should review their payroll policies to determine whether the POE policies impact the provincial payroll tax rates and the taxes they are required to deduct from employees' salary or wages. Note that no legislative changes to the laws governing payroll deductions and determining the POE have been introduced so far, either at the federal or Quebec level.

Take Aways

Hiring remote workers in other jurisdictions can be opportunity to expand a business' reach and/or hire the most qualified people from across Canada. However, before hiring workers in a province or territory in which your business does not currently operate, be sure to carefully consider the jurisdiction issues that will follow. If you'd like to discuss this further, please do not hesitate to reach out to speak with an e2r™ Advisor.