

Employment Insurance - Are All Types of Employment Insurable?

Employers are required to deduct employment insurance (“EI”) premiums for each dollar of insurance earnings up to the yearly maximum. Although insurable employment includes most employment in Canada under a contract of service (i.e. employer-employee relationship), did you know that some types of employment are not insurable and therefore not subject to EI premiums? For example:

- Casual employment if it is for a purpose other than an employer’s usual trade or business;
- Employment when the employer and the employee do not deal with each other at arm’s length (i.e. related persons); and
- When a corporation employs a person who controls more than 40% of the corporation’s voting shares.

Similarly, there are various types of benefits and payments made to employees that are not subject to EI premium deductions. For example:

- Retiring allowances;
- Amounts paid to an employee to cover the waiting period or to increase the maternity, parental, or compassionate care benefits (subject to meeting certain conditions); and
- Monies earned (salary, banked overtime, bonus, vacation, etc.) before the death of an employee and not yet paid at the time of death.

Please contact e2r Solutions® should you have any questions regarding Employment Insurance and insurable earnings.