

Are Your Employees Aware of These Hidden Costs?

With the start of a new calendar year it is common to hear employees grumbling about how much of their gross pay ends up in the hands of the government. But do your employees know just how much you pay as an employer?

Below is a snapshot of the maximum employer contributions for common statutory remittances across Canada for 2016:

2016 Annual Maximum Employer Contribution	
Canada (excluding Quebec)	
Canada Pension Plan	\$2,544.30
Employment Insurance	\$1,337.06
Quebec	
Quebec Pension Plan	\$2,737.05
Employment Insurance	\$1,081.02
QPIP	\$548.41

If you have employees earning annual wages of \$55,000 you could be paying close to \$4,000 per employee on account of statutory remittances each year!

And by way of reminder, these amounts do not take into account any other benefit and premium costs you may be paying owing to group benefits, RRSP matching and workers' compensation. Several provinces also may require employers to make additional annual contributions depending on the size of their payroll such as the Employer Health Tax in Ontario and the Workforce Skills Development and Recognition Fund in Quebec.

According to the Canadian Payroll Association, every year Canada's employers pay, in addition to wages and taxable benefits, \$305 billion in statutory remittances and \$169 billion in retirement and health care benefits.

Typically employees are only aware of the cash compensation and tangible benefits they receive from their employer. The next time you have an employee requesting a pay increase, providing them with a snapshot of these employer costs may be useful to get credit for these hidden expenses.

As always, if you have any questions about this topic or any other employment or labour topic please do not hesitate to contact e2r Solutions®.