

HIRING YOUR FIRST EMPLOYEE

Employee vs Contractor

Understanding the differences, as defined by the CRA.

- Who pays for insurance coverage for the job?
- Does the worker have the ability to hire their own assistant?
- Does the worker have the ability to profit from a job?
- Who sets the hours of work?
- Who provides the tools?



Setup Payroll

1. Register your business to obtain a “Business Number” with the CRA.
2. Set up your Payroll Account Registration with the CRA.



Register before the first remittance due date (15th day of the following month you began withholding deductions from employees pay)

Store your records

Start a secure file for your new employee to track their records. For ex:

- Time sheets
- Employee contract
- SIN
- T4 slips
- Performance reviews
- Completed TD1 forms (to be used in calculating employee’s deductions and tax withholdings)



Employer responsibilities for payroll:

- Open and maintain CRA payroll program account
- Employer’s contribution must be calculated and remitted to the CRA
- Complete T4s on an annual basis
- Complete and submit Records of Employment, when or if required.
*T4s and summary are due to the CRA by February 28th.

Pay considerations

1. **Deduct** CPP, EI, Vacation Pay and Income Tax from all wages paid out.
2. Full-time employees receive full-time wage for **statutory holidays**; parttime are paid based on a calculation that changes with legislation.
3. **Vacation pay** must be paid at its current rate to employees. *either each pay or periodically, and payment with each pay must be written on their pay stubs.
4. If your business is **not incorporated**, the owner is not included in payroll.



Consider using a payroll company to handle deducting and remitting source deductions and tax forms, ROEs, T4s, etc.

Other employer responsibilities

Acquire business insurance coverage for your employee.

The rules on payroll change constantly. Ensure you are up to date on the regulatory changes to ensure your payroll is submitted correctly and within legal requirements.



WSIB

- WSIB is **insurance** to provide wage replacement for someone who gets injured on the job.
- Rates are industry-based
- Register within **10 days** of hiring your first employee. Some exceptions may apply.
- **Some industries are exempt.** Call to ask what your industry's group rate is or if you're required to obtain WSIB for employees.

Find out here:
or call: 1-800-387-0750



Employment Standards

- No matter the business type or size, you must abide by Occupational Health and Safety Act (OHSA).

*Enforced by the Ministry of Labour
Call: 1-877-576-4444

- Understand and display the Employment Standards Act poster at your work.

*it sets out rights for employees and requirements for most workplaces in Ontario.

Call: 1-800-531-5551

