



Service
Canada

WORK-SHARING

Employee Guide

July 2017

Table of Contents

A. INTRODUCTION..... 3

B. WORK-SHARING PROGRAM..... 3

C. PROGRAM ELIGIBILITY 3

 Who can apply? 3

 Who cannot apply: 4

D. APPLYING FOR A WORK-SHARING AGREEMENT..... 4

E. EMPLOYER RESPONSIBILITIES 5

F. EMPLOYEE CONDITIONS 5

G. WAITING PERIOD FOR BENEFITS..... 5

H. EMPLOYEE LAYOFFS 6

I. WORK-SHARING BENEFITS..... 6

J. BI-WEEKLY REPORT CARDS..... 6

K. EMPLOYEES WHO DECIDE TO COMPLETE REPORT CARDS:..... 6

L. TAXATION..... 7

M. FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT... 7

N. CONTACT US..... 7

ANNEX A – HOW TO COMPLETE BI-WEEKLY REPORT CARDS 8

A. INTRODUCTION

This guide contains helpful information that you will need in order to participate in a Work-Sharing agreement. Please read all the information provided and discuss it with your employer. Please keep this document as you may need it throughout the term of the agreement.

B. WORK-SHARING PROGRAM

Work-Sharing is an Employment Insurance (EI) program that helps employers and employees avoid layoffs when there is a temporary decrease in business activity beyond the control of the employer. The program provides EI benefits to eligible employees who agree to reduce their normal working hours and share the available work while their employer recovers.

Note that the employer and the employees (and the union, if applicable) must agree to participate in a Work-Sharing agreement, and must apply together.

The program consists of the following features:

Work-Sharing unit

A Work-Sharing unit is a group of employees with similar job duties who agree to reduce their hours of work over a specific period of time. The unit generally includes all employees in a single job description or all employees who perform similar work. A Work-Sharing agreement may include more than one Work-Sharing unit.

Equal sharing of work

All members of a Work-Sharing unit agree to reduce their hours of work by the same percentage and to share the available work.

Expected work reduction

A Work-Sharing unit must reduce its hours of work by at least 10% (one half day) to 60% (three days). The reduction of hours can vary from week to week, as long as the average reduction over the course of the agreement is from 10% to 60%.

Agreement length and extension

A WS agreement has to be at least 6 consecutive weeks long and can last up to 26 consecutive weeks. Employers may be able to extend their agreements by another 12 weeks, for a total of 38 weeks.

The 2017 WS temporary special measures for the forestry sector downturn introduced a 38-week extension, which brings the maximum duration of a WS agreement to 76 weeks.

C. PROGRAM ELIGIBILITY

Who can apply?

Employers

To be eligible for a Work-Sharing agreement, your employer must:

- be experiencing a recent decline in business activity of at least 10%;
- demonstrate that the shortage of work is temporary, beyond your control and not a cyclical/recurring slowdown;
- be a year-round business in Canada for at least two years;
- be a private business, a publicly held company or a not-for-profit organization;
- have at least two employees in the Work-Sharing unit; and

- be willing to implement a recovery plan to return the Work-Sharing unit to normal hours of work by the end of the agreement.

Employees

To be eligible for Work-Sharing, you must:

- be year-round, permanent, full-time or part-time employees needed to carry out the day-to-day functions of the business (your "core staff");
- be eligible to receive EI benefits; and
- agree to reduce their normal working hours by the same percentage and to share the available work.

Who cannot apply:

Employers

Your employer is not eligible for Work-Sharing if:

- it is experiencing a reduction in business activity due to:
 - a labour dispute;
 - a seasonal shortage of work; or
 - a pre-existing and/or recurring production slowdown; or
- the decrease in business activity is due to a recent increase in the size of the workforce.

Employees

You are not eligible for WS if you are:

- a seasonal employee and/or student hired for the summer or a co-op term;
- an employee hired on a casual or on-call basis, or through a temporary help agency;
- an employees who is needed to help generate work and/or who are essential to the recovery of the business (for example, senior management, executive-level marketing/sales agents, outside sales representatives, technical employees engaged in product development, etc.); and
- an employees who holds more than 40% of the voting shares in the business.

Please note that if you are not eligible for EI benefits, or choose not to participate in WS, you must still reduce your hours of work by the same amount as those in the WS unit.

D. APPLYING FOR A WORK-SHARING AGREEMENT

To apply for Work-Sharing your employer must provide:

1. [EMP 5100 - Application for a Work-Sharing Agreement](#);
2. [EMP 5101 - Attachment A: Work-Sharing Unit Attachment](#); and
3. Attachment B - [Recovery Plan](#);
4. Sales figures for the last 24 months.

The application form must be signed by the authorized employer representative (with legal signing authority for the business), the authorized employee representative and the union representative (if applicable). Please note that all information contained in the application will be kept confidential.

Your employer must submit the application package **30 days** before the requested start date. Please note that all agreements must begin on a Sunday.

E. EMPLOYER RESPONSIBILITIES

Once an agreement is in place, your employer must:

- ✓ Make information about the Work-Sharing agreement available to all employees and ensure that the Employee Representative distributes a copy of this **Employee Guide** to all members of the Work-Sharing unit;
- ✓ Submit weekly Utilization Reports to Service Canada, reporting the total hours worked, the hours of work missed for employees due to their participation in Work-Sharing;
- ✓ Advise employees that benefits such as pensions, vacation pay and, in some circumstances, subsequent claims for Employment Insurance benefits, may be affected by participation in Work-Sharing, usually due to employees having lower gross (insurable) earnings and/or fewer hours of work;
- ✓ Make such records available, upon request, to Service Canada for inspection and audit;
- ✓ Report the progress of the recovery plan;
- ✓ Notify Service Canada prior to any requested changes to the agreement, including changes to the work schedule;
- ✓ Maintain a schedule of work and track any hours of overtime worked by Work-Sharing employees;
- ✓ Maintain proper records of each employee on Work-Sharing during the agreement including wages and any other remuneration paid to those employees each week;
- ✓ Schedule at least one half hour of work per week for employees in order for them to qualify for Work-Sharing Employment Insurance benefits; and,
- ✓ Maintain all existing benefits. However, benefits (including any subsequent payout of benefits, e.g. disability benefits) may be reduced due to participation in a WS agreement if calculated based on earnings or hours of work.

F. EMPLOYEE CONDITIONS

- Statutory holidays occurring within a Work-Sharing period are not compensated by Employment Insurance benefits and are the responsibility of the employer;
- Employees will have the option of completing claimant reports or of completing an “Exemption from Completing Employment Insurance Report Cards” and simply advising Service Canada if special conditions apply (e.g. working for another employer or outside Canada);
- Employees will be expected to apply for EI benefits via [Appli-Web](#) and must use the reference code provided to them on the “Important Notice for Work-Sharing Employees” form; and,
- Employees will have their claim established in the province where their employer is located. Employees whose claim is set up outside the province in which they reside must use the employer’s postal code when accessing [My Service Canada Account](#). In the event employees contact the Employment Insurance call center, they must identify in which province they work.

G. WAITING PERIOD FOR BENEFITS

Employees do not have to serve a waiting period for Work-Sharing benefits.

Benefits are processed through the Employment Insurance payment system, meaning it may take up to 28 days after the employee Records of Employment are received for the first cheques to arrive. Benefits can only be paid if the employer submits the weekly Utilization Reports.

H. EMPLOYEE LAYOFFS

If your employer's company does not recover as expected and you are laid off during, or at the end of a Work-Sharing agreement, you can apply to transfer your claim to regular EI benefits. The claim duration would be extended by the number of weeks of Work-Sharing.

Normally, the benefit rate and the normal duration of the claim is not reduced by Work-Sharing.

I. WORK-SHARING BENEFITS

The benefits payable are based on your normal average weekly earnings, as calculated at the start of the agreement. If you work irregular hours, the average weekly wage is calculated by averaging the hours worked per week over the two years preceding the application.

During the Work-Sharing agreement, your employer may request that you work on a Work-Sharing day. You are required to report to work as work becomes available.

Earnings received in any week by an employee shall not be deducted from the Work-Sharing benefits. If a Work-Sharing participant has earnings from sources other than the Work-Sharing employment, a percentage of these earnings will be deducted from any Work-Sharing benefits payable the week in which the earnings occurred. Earnings are deducted in the following way:

- If the earnings received are less than the Earning Threshold (i.e. 90% of the Weekly Insurable Earnings [WIE] used to calculate the Employment Insurance claim), 50% of the earnings will be deducted from any Work-Sharing benefits payable.
- If the earnings received are more than the Earning Threshold but less than the WIE, 50% of the earnings up to the Earning Threshold will be deducted as well as 100% of the earnings over the Earning Threshold.
- If the earnings received are equal to or greater than the WIE, no benefits will be payable.

J. BI-WEEKLY REPORT CARDS

While in receipt of EI benefits you must complete a bi-weekly report card. The payment of your Work-Sharing benefits will be based on the information completed by you on your bi-weekly report card and the Utilization Report completed by your employer.

If your only employer is the WS employer, you can 'opt out' of completing bi-weekly report cards by agreeing to allow your employer to report your hours worked on your behalf (i.e. exemption reporting). When you apply for WS benefits via [Appli-Web](#), you will be presented with an 'Exemption from Completing Employment Insurance Report Cards' question. If you choose to take part in exemption reporting, you will advise Service Canada if special conditions apply at any time throughout the WS agreement.

If you choose not to participate in exemption reporting, you will be required to complete bi-weekly report cards.

K. EMPLOYEES WHO DECIDE TO COMPLETE REPORT CARDS:

There are situations where it would be to your advantage to complete report cards in order to avoid the payment of benefits for which you are not entitled (i.e. overpayments). These situations are listed below:

- moneys received from another employer;
- work for another employer;
- self-employment; and,
- work outside of Canada.

See [Annex A](#) for instructions on how to complete the bi-weekly Report Cards.

L. TAXATION

Tax deductions for Employment Insurance Work-Sharing benefits are determined from the information you provided in the Income Tax section of the Employment Insurance application; the amount of tax deducted is specific to your province of residence, personal tax situation and benefit rate.

The Employment Insurance benefits you receive are taxable; however because of the weekly amount of benefits paid, taxes are not always withheld at source. You may wish to have your income tax deductions increased in order to avoid having to pay a large amount of income tax at year-end.

This request can be made by phone at the toll-free number: 1-800-206-7218, TTY: 1-800-529-3742. For faster service, please provide us with your Social Insurance Number (SIN).

At the time you file your income tax return, depending on your net income, you may be required to repay some of the Employment Insurance benefits received. Benefit repayment requires claimants with a net yearly income exceeding a specified threshold to repay a percentage of the Employment Insurance regular benefits received during the tax year.

Example:

If your 2016 net income from all sources exceeds \$63,500 you will be required to repay 30% of the lesser of:

- your net income in excess of \$63,500; or
- the total regular benefits, including regular fishing benefits, paid in the taxation year.

Exemptions apply in certain circumstances. For more information on repayment of benefits at income taxtime please visit: [Employment Insurance and Repayment of Benefits at Income Tax Time – Year 2016](#).

M. FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT

Family financial support orders, when unpaid, can be deducted from the Work-Sharing benefits according to the Family Orders and Agreements Enforcement Assistance Act and its Regulations.

N. CONTACT US

For more information on the Work-Sharing program employers and employees across Canada may call the following toll-free number: 1-866-891-5319 (TTY: 1-800-926-9105)

ANNEX A – HOW TO COMPLETE BI-WEEKLY REPORT CARDS

Side 1

Block	Description
1a	Answer NO unless you worked for another employer, in which case you must answer YES.
1b	<ul style="list-style-type: none"> • if NO, indicate the Work-Sharing employer name; • if YES, indicate the name and address of the other employer (must be different than Work-Sharing employer). The total hours/dates worked/paid and earnings from that employment must be provided in the Blocks A and C of side 2.
2	Answer NO, unless you started a full time job with an employer other than your Work-Sharing employer, in which case you must answer YES and provide the name of the new employer.
3	If you are attending a course of instruction, you must declare total hours attended and any amount of training allowances in Block D of side 2.
4	Answer YES, unless you were on vacation, sick or unavailable for any days covered by the report, in which case you must answer NO. If you were outside Canada during the period covered by the report, you must indicate dates and "Outside Canada".
5	Answer NO, unless you received monies other than wages or salary from your Work-Sharing employer.

Report card - Side 2

Block	Description
A	Total hours and dates worked/paid for an employer other than your Work-Sharing employer, including overtime hours, paid sick leave, paid vacation or any other paid leaves.
B	Indicate Work-Sharing Employer Name.
C	Total earnings before deductions from employer(s) other than Work-Sharing employer for hours and dates as shown in block A.
D	Training allowance, if applicable.
E	Group sickness/maternity insurance/disability plan, if applicable.
F	Other monies received not already declared in block A and C and not from the Work-Sharing employer.

Both sides of the card must be completed and the front of each card must be signed and dated.