

# **Fishers and Employment Insurance**

## **Your Opinion Counts!**

We review this booklet each year. If you have any comments or suggestions that would help us improve the information it contains, we would like to hear from you.

Please send your comments to:

Client Services Directorate  
Canada Customs and Revenue Agency  
Lancaster Road  
Ottawa ON K1A 0L5

Visually impaired persons can get this publication in braille or large print, or on audio cassette or computer diskette by calling 1-800-267-1267 weekdays between 8:15 a.m. and 5:00 p.m. (Eastern Time).

La version française de cette brochure est intitulée *Les pêcheurs et l'assurance-emploi*.

# Table of Contents

	Page
<b>Introduction</b> .....	4
Is this booklet for you?.....	4
Do you need other publications?.....	4
Do you need more information?.....	4
Glossary .....	5
<b>Are You a Designated Employer?</b> .....	6
Buyer of a catch.....	6
Head fisher of a crew .....	6
Agent who sells a crew’s catch .....	6
Common agent.....	6
<b>Responsibilities of Designated Employers</b> .....	6
Books and records .....	6
How long do you have to keep your books and records?.....	7
Information return.....	7
<b>Is the Fisher a Self-Employed Person?</b> .....	8
<b>Earnings of a Fisher</b> .....	9
Determining the earnings of a fisher.....	9
Determining the date of remuneration .....	10
<b>Insurable Earnings</b> .....	10
<b>Examples</b> .....	11

## Related guides:

- *Payroll Deductions (Basic Information)* (T4001)
- *Remitting Payroll Deductions* (RC4163)
- *Filing the T4F Slip and Summary Form* (RC4200)
- *Employee or Self-Employed?* (RC4110)
- *Payroll Deductions Tables* (T4032)

# Introduction

This booklet will help you determine if you are a designated employer of fishers under the *Employment Insurance (Fishing) Regulations*. It also explains your responsibilities as a designated employer, and how to calculate the insurable earnings of a fisher.

## Is this booklet for you?

If you are an individual or corporation considered as a designated employer of fishers under the *Employment Insurance (Fishing) Regulations*, this booklet is for you.

If you are an employer in the fishing industry who hires workers under contracts of service, this booklet is not for you. Instead, use the guide called *Payroll Deductions (Basic Information)* and the *Payroll Deductions Tables*.

## Do you need other publications?

Throughout this booklet, we mention forms as well as other publications that cover various topics in detail. You can get these forms and publications, as well as blank copies of T4F slips, by:

- downloading and printing them from our Web site at [www.ccra.gc.ca/forms](http://www.ccra.gc.ca/forms);
- completing the order form at [www.ccra.gc.ca/orderforms](http://www.ccra.gc.ca/orderforms); or
- calling 1-800-959-2221.

## Do you need more information?

This booklet uses plain language to explain the most common situations. If you need more information after reading this booklet, you can call our Business Enquiries line at 1-800-959-5525 for service in English or 1-800-959-7775 for service in French.

# Glossary

Here are the definitions of words and expressions we use in this booklet.

**Buyer** – A person who buys a catch to resell it raw or after processing it. A buyer does not buy a catch for food, feed, or bait.

**Catch** – Any natural product or by-product of the sea or any other body of water that a crew catches or takes. A catch includes fresh fish, cured fish, Irish moss, kelp, and whales. However, it does not include fish scales or seals.

If only part of a catch is delivered to a buyer, the part delivered is the catch. If more than one catch or part of a catch is delivered to a buyer at one time, the catches or parts delivered are the catch.

**Crew** – A group of fishers who generally or actually make a catch together. For a single fisher, it means that single fisher.

**Cured fish** – Fish and fish products identified as follows:

- salted groundfish, smoked and pickled herring, pickled mackerel, pickled turbot, pickled and salted alewives, pickled trout, and other pickled fish products; and
- cod oil and cod livers.

**Fisher** – A self-employed person who fishes. It includes a person who does the following:

- makes a catch;
- builds a fishing vessel for personal use or for the use of a crew of which the person is a member in making a catch; or
- works to make or handle a catch. This includes loading, unloading, transporting, or curing a catch made by the crew of which the person is a member. Also, it includes preparing, repairing, dismantling, or laying-up the fishing vessel or fishing gear the crew uses to make or handle a catch, when the person doing this work is also making the catch.

A fisher does not include a person under a contract of service or who fishes for personal or another person's sport.

**Fishing gear** – Any specialized equipment that a crew uses only to make a catch. It does not include hand tools or clothing.

**Fresh fish** – Fish that is not cured fish.

## Are You a Designated Employer?

Here are the various situations when a person can be considered the designated employer of a fisher.

### Buyer of a catch

When a member of a crew who makes a catch delivers it in Canada to a buyer or a buyer's agent, the buyer is considered the employer of the crew's fishers who share the proceeds from selling the catch.

### Head fisher of a crew

When a member of a crew who makes a catch delivers it to a person who is not the employer, and the gross returns from the catch's sale are paid to the crew's head fisher, the head fisher is considered the employer of all the other fishers in the crew.

### Agent who sells a crew's catch

When a crew member delivers a crew's catch to a person who is not the employer, and the gross returns from the catch's sale are paid to the agent who sells the catch, the agent is considered the employer of all the fishers in the crew, whether or not the agent is a member of the crew.

### Common agent

A common agent acts at the same time for the crew and a buyer. The common agent may or may not be a crew member. In either case, the agent is the employer of all the other fishers in the crew. The common agent has to pay employer Employment Insurance (EI) premiums, but can recover them from the buyers.

## Responsibilities of Designated Employers

In this section we give you information about your responsibilities as the designated employer.

### Books and records

You have to keep books and records to determine the following:

- the earnings of your fishers;
- the EI premiums you have to pay; and
- the dates on which the EI premiums are payable.

The records should include the following:

- the name, address, and social insurance number of each crew member and the member's share of proceeds from the sale of a catch;
- the amount and date of each fisher's insurable earnings for the period; and
- the amount and date the EI premiums are payable.

Your records must accurately reflect all transactions and contain documentation that substantiate your claims. Do not send your records with your T4F return. However, you have to keep the records in case we need to verify them. If we determine that your books, records, accounts, and documents are inadequate, we may estimate insurable earnings and premiums payable by calculating 5% of the estimated earnings.

#### **Note**

If you are a designated employer, you have to keep your books, records, accounts, and documents for your fishers separate from those of other insured persons.

## **How long do you have to keep your books and records?**

You have to keep your books and records for six years. However, if you want to destroy them before the six-year period is over, you have to get permission from the director of any tax services office. To do this, either use Form T137, *Request for Destruction of Books and Records*, or prepare your own written request. For more details, see Information Circular 78-10, *Books and Records Retention/Destruction*.

## **Information return**

To file the T4F information return, you have to complete slips **and** the related summary form. You have to file an information return if:

- you are a designated employer and make EI premiums deductions for a self-employed fisher; or
- a fisher gives you a completed Form TD3F, *Fisher's Election to Have Tax Deducted at Source*, in a calendar year.

You have to file the T4F information return and give to each of your fishers and crew members their copies of the T4F slips, **each year by the last day of February following the calendar year to which the information return applies**. For more information on how to complete these forms, see the guide called *Filing the T4F Slip and Summary Form*.

## Is the Fisher a Self-Employed Person?

A fisher, defined under the *Employment Insurance (Fishing) Regulations*, must be a self-employed person.

We have included a simplified method to help you determine if a fisher is a self-employed person.

To be a self-employed person, a fisher:

- participates in making a catch;
- is not fishing for personal or another person's sport; and
- meets at least one of the following conditions:
  - owns or leases the boat used to make the catch;
  - owns or leases specialized fishing gear (not including hand tools or clothing) used to make the catch;
  - holds a Species Licence, issued by the Department of Fisheries and Oceans Canada, necessary to make the catch; or
  - has a right of ownership to all or part of the proceeds from the sale of the catch and is responsible for all or part of the expenses incurred to make the catch. This means the fisher is required to pay a predetermined amount or percentage of the expenses incurred by the crew to make the catch, regardless of the value of the catch. Such expenses can include the cost of fuel used to make the catch.

### Notes

If a fisher does not meet any of the above conditions and believes that he or she is a self-employed person, he or she should contact the CPP/EI Rulings Section of any tax services office for a determination. It is important that a person's employment status be determined as it could affect the processing of the person's file under the *Canada Pension Plan* and *Income Tax Act*.

You can also see the pamphlet called *Employee or Self-Employed?*

# Earnings of a Fisher

The earnings of a fisher are the amount paid or payable to the fisher from the proceeds of a catch. These earnings do not include amounts paid for a catch or part of a catch made by other persons who were not members of the crew.

## Determining the earnings of a fisher

Calculate the earnings of a fisher as follows:

- determine the amount paid or payable to the fisher from the proceeds of a catch based on the sharing arrangement; and
- do not include any amounts paid for a catch or any part of a catch made by other persons who were not members of the fisher's crew.

Calculate separately the earnings of a fisher who is a member of the crew and meets one of the following conditions:

- owns or leases the boat or specialized fishing gear used to make a catch; or
- employs under a contract of service other persons to make a catch.

If a fisher meets any of the above conditions, do not include the value of any part of a catch the crew did not make. The head fisher or an agent (if the agent is the employer) establishes this value.

From the **gross value** of a catch, deduct the following amounts:

- 25% of the **gross value** of a catch;
- the amounts paid or payable to other members of the crew; and
- the total amount of wages paid to others employed, as employees, to make a catch.

### Note

A single fisher may have borrowed a boat and gear without compensation and have no employees. In this case, do not deduct 25% of the catch's gross value. You should ask for the details of ownership or leasing from the person who makes the delivery.

## Determining the date of remuneration

If you are the employer and the **head fisher** or the **agent** of a crew, we consider that you paid remuneration on the last day of the week in which you received the proceeds from the sale of the catch.

If you are the employer and the **buyer** who settles accounts with a fisher at intervals of more than seven days, we consider that you paid remuneration on the day the account is settled.

If the employer is **any other person**, we consider remuneration to have been paid on the last day of the week in which delivery of the catch is made.

## Insurable Earnings

Each employer has to deduct Employment Insurance (EI) premiums on the first \$39,000 of insurable earnings in each calendar year.

There is no **minimum** amount of insurable earnings. EI premium deductions start with the first dollar of insurable earnings until premiums have been deducted on \$39,000 in that calendar year. At that point, insurable earnings continue to accrue without any additional premium deduction by the employer.

For information on how to deduct and remit EI premiums, see the guides called *Payroll Deductions (Basic Information)* and *Remitting Payroll Deductions*. The publication called *Payroll Deductions Tables* contains information on how to calculate the amounts you have to deduct from the remuneration of your employees.

### Note

We consider each employer separately. In other words, the first \$39,000 of insurable earnings applies to **each employer**. If an employee leaves one employer during the year to start work with another one, the new employer also has to deduct EI premiums without considering what the previous employer paid.

## Examples

We have included examples to explain the various types of earnings of a fisher and how to calculate insurable earnings. For information on calculating EI premiums, see the guide called *Payroll Deductions (Basic Information)*.

### Note

We use the 2002 EI premium rates (2.20%) in these examples.

#### Example 1

Catch: Fresh lobster	Gross value: \$1,200.00
Date caught: June 13	Date delivered: June 13
Crew: A – Owner and sole fisher	Sharing arrangement: A – 100%

		Insurable earnings
<b>Determining the earnings</b>		
Gross value of catch	\$1,200.00	
Deduct 25% (prescribed amount)	<u>- 300.00</u>	
		\$900.00
<b>EI premiums to be deducted on</b>		\$900.00
<b>Record of employment will show</b>		\$900.00
<b>The T4F slip will show</b>	<b>Gross earnings</b>	<b>EI insurable earnings</b>
	\$1,200.00	\$900.00
		<b>EI premiums</b>
		\$19.80

#### Example 2

Catch: Fresh clams	Gross value: \$100.00
Date caught: June 13	Date delivered: June 13
Crew: A – Sole fisher – no boat required	Sharing arrangement: A – 100%

		Insurable earnings
<b>Determining the earnings</b>		
Gross value of catch		\$100.00
<b>EI premiums to be deducted on</b>		\$100.00
<b>Record of employment will show</b>		\$100.00
<b>The T4F slip will show</b>	<b>Gross earnings</b>	<b>EI insurable earnings</b>
	\$100.00	\$100.00
		<b>EI premiums</b>
		\$2.20

### Example 3

Catch: Fresh herring	Gross value: \$1,000.00
Date caught: June 13	Date delivered: June 13
Crew: A – Owner	Sharing arrangement: A – 60%
B – Shareperson	B – 20%
C – Shareperson	C – 20%

#### Determining the earnings of A

Gross value of catch		\$1,000.00	
Deduct 25% (prescribed amount)	\$250.00		
Amount paid to B and C (\$200.00 each)	<u>400.00</u>	<u>- 650.00</u>	\$350.00

#### Insurable earnings

#### Determining the earnings of B and C

B has 20% of the gross value of the catch ( $\$1,000.00 \times 20\%$ )	\$200.00
C has 20% of the gross value of the catch ( $\$1,000.00 \times 20\%$ )	\$200.00

#### EI premiums to be deducted on

A	\$350.00
B	\$200.00
C	\$200.00

#### Record of employment will show

A	\$350.00
B	\$200.00
C	\$200.00

#### The T4F slip will show

	Gross earnings	EI insurable earnings	EI premiums
A – Owner	\$1,000.00	\$350.00	\$7.70
B – Shareperson	\$ 200.00	\$200.00	\$4.40
C – Shareperson	\$ 200.00	\$200.00	\$4.40

### Example 4

Catch: Fresh mackerel  
 Date caught: June 13  
 Crew: A – Owner of boat  
       B – Owner of gear

Gross value: \$1,000.00  
 Date delivered: June 13  
 Sharing arrangement: A – 65%  
                               B – 35%

#### Determining the earnings

Gross value of catch	\$1,000.00	
Deduct 25% (prescribed amount)	<u>- 250.00</u>	
		\$750.00
Divide proportionately		
A – 65% ( $\$750.00 \times 65\%$ )		\$487.50
B – 35% ( $\$750.00 \times 35\%$ )		\$262.50

#### EI premiums to be deducted on

A – 65%	\$487.50
B – 35%	\$262.50

#### Record of employment will show

A – 65%	\$487.50
B – 35%	\$262.50

#### The T4F slip will show

	Gross earnings	EI insurable earnings	EI premiums
A – Co-owner	\$1,000.00	\$487.50	\$10.73
B – Co-owner	\$1,000.00	\$262.50	\$ 5.78

### Example 5

Catch: Fresh crab	Gross value: \$1,000.00
Date caught: June 13	Date delivered: June 13
Crew: A – Co-owner 60% of partnership	Sharing arrangement:
B – Co-owner 40% of partnership	Co-owners – 15% off the top for boat
C – Shareperson	From the balance: A – 45%
D – Shareperson	B – 25%
	C – 15%
	D – 15%

#### Determining the earnings of C and D Insurable earnings

Gross value of catch	\$1,000.00	
Less 15% off the top for boat	<u>- 150.00</u>	
		\$850.00
C – 15% (\$850.00 × 15%)		\$127.50
D – 15% (\$850.00 × 15%)		\$127.50

#### Determining the earnings of A and B

Gross value of catch		\$1,000.00
Deduct 25% (prescribed amount)	250.00	
Minus amounts paid to C and D	<u>255.00</u>	<u>- 505.00</u>
		\$495.00
Co-owner A (\$495.00 × 60%)*		\$297.00
Co-owner B (\$495.00 × 40%)		\$198.00

(\*Ignore 15% as boat share, as this is income of the co-owners.)

#### EI premiums to be deducted on

A – Co-owner	\$297.00
B – Co-owner	\$198.00
C – Shareperson	\$127.50
D – Shareperson	\$127.50

#### Record of employment will show

A – Co-owner	\$297.00
B – Co-owner	\$198.00
C – Shareperson	\$127.50
D – Shareperson	\$127.50

#### The T4F slip will show

	Gross earnings	EI insurable earnings	EI premiums
A – Co-owner	\$1,000.00	\$297.00	\$6.53
B – Co-owner	\$1,000.00	\$198.00	\$4.36
C – Shareperson	\$ 127.50	\$127.50	\$2.81
D – Shareperson	\$ 127.50	\$127.50	\$2.81