

**From:** Galbraith, David J FIN:EX  
**Sent:** Sunday, September 3, 2017 9:55 AM  
**To:** Mirza, Sadaf FIN:EX  
**Cc:** Costello, Mark FIN:EX; Sehic, Eldar FIN:EX  
**Subject:** Re: payroll taxes

Thanks Sadaf. I would like a post budget analysis on this.

David Galbraith  
Secretary to Treasury Board  
Ministry of Finance

On Sep 2, 2017, at 5:22 PM, Mirza, Sadaf FIN:EX <[Sadaf.Mirza@gov.bc.ca](mailto:Sadaf.Mirza@gov.bc.ca)> wrote:

Hi Dave:

It depends on whether we are looking at this from a business cost or labour incentive perspective.

s.13

- Without complex deductions and credits, the remittance of social contributions is generally simpler to administer. Using fewer resources, this is a (slight) economic efficiency, as well as an administrative efficiency.

If this isn't a super rush, we'd like to spend some time drafting something a little more comprehensive for you after budget, if that's ok?

Thanks,  
Sadaf

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**From:** Galbraith, David J FIN:EX  
**Sent:** Friday, September 1, 2017 7:14 PM  
**To:** Mirza, Sadaf FIN:EX  
**Cc:** Costello, Mark FIN:EX; Sehic, Eldar FIN:EX  
**Subject:** Re: payroll taxes  
Thanks are they considered an efficient tax?

David Galbraith  
Secretary to Treasury Board  
Ministry of Finance

On Sep 1, 2017, at 4:58 PM, Mirza, Sadaf FIN:EX <[Sadaf.Mirza@gov.bc.ca](mailto:Sadaf.Mirza@gov.bc.ca)> wrote:

Hi Dave:

Here are some quick points about payroll taxes from an economics point of view:

Not sure if this answers your question, but happy to follow up.

Thanks,  
Sadaf

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**From:** Galbraith, David J FIN:EX

**Sent:** Friday, September 1, 2017 11:33 AM

**To:** Mirza, Sadaf FIN:EX

**Subject:** payroll taxes

Hi Sadaf,

Can you tell me what 'economists' views are generally around payroll taxes?

David Galbraith

Secretary to Treasury Board

Treasury Board Staff

Ph. 250 356-5427

## The Economic Impact of a Payroll Tax

September 25, 2017

## ISSUE

What is the economic impact of a payroll tax and how does it compare to the impact of other taxes?

## SUMMARY

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## PAYROLL TAXES IN CANADA

There are four provinces in Canada that levy payroll taxes, all of which are employer-paid, and two territorial payroll taxes that are employee-paid.

## Provincial and Territorial Payroll Taxes

Prov./Terr.	Name	Since	Rates
Manitoba	Health and Post Secondary Education Tax Levy	1982	0% on first \$1.25 million of payroll 4.30% on \$1.25 million to \$2.5 million 2.15% above \$2.5 million
Ontario	Employer Health Tax	1990	0% on first \$450,000 1.95% on next \$4.5 million 1.95% on whole payroll when over \$5 million
Quebec	Health Services Fund	1970	1.55% or 2.25% on \$0 to \$1 million Reduced rates on \$1 million to \$5 million 4.26% over \$5 million
Newfoundland	Health and Post Secondary Education Tax	1990	0% on first \$1.2 million 2% over \$1.2 million
NWT	Payroll Tax	1993	2% (employee paid)
Nunavut	Payroll Tax	1999	2% (employee paid)

Source: PWC *Tax Facts and Figures 2017*

The provincial payroll taxes are not earmarked for health or education (despite their names), but go into consolidated revenue. Provincial payroll taxes accounted for between 0.0 per cent and 7.4 per cent of provincial own-source revenue (that is, revenue before federal transfers) according to Statistics Canada's economic accounts figures.

## Revenue from Provincial Payroll Taxes, 2015

	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	Total Prov.
\$ million	0	0	0	463	5,570	6,832	0	0	0	171	13,036
Share of own-source revenue	0%	0%	0%	3.6%	4.8%	7.4%	0%	0%	0%	2.4%	3.7%

Source: Figures shown on the consistent basis of Statistics Canada's Economic Accounts of Government 384-0047.

Note: Detailed territorial data unavailable.

Combined, payroll taxes and payroll contributions – which include Canada Pension Plan premiums, Employment Insurance premiums and workers compensation (e.g. WorkSafeBC premiums) – totaled 13.9 per cent of general government revenue in provinces in 2015.

**Revenue from Payroll Taxes and Payroll Contributions, All Levels of Government, 2015**

	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	Canada
\$ million	12,245	11,644	2,865	3,664	41,993	28,915	1,870	2,332	357	171	107,512
Share of total revenue	12.5%	10.8%	10.7%	14.3%	14.2%	16.5%	13.8%	12.9%	14.6%	14.6%	13.9%

Note: All levels of government, i.e. general government, including the Canada and Quebec Pension Plans

Source: Figures shown on the consistent basis of Statistics Canada's Economic Accounts of Government 384-0047



Page 005 to/à Page 013

Withheld pursuant to/removed as

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**From:** Barnes, Carla FIN:EX  
**Sent:** Tuesday, January 9, 2018 11:32 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Mirza, Sadaf FIN:EX; Costello, Mark FIN:EX  
**Subject:** payroll data estimates  
**Attachments:** annual payroll estimates for Tax Policy.xlsx; Guide to the SEPH.pdf; BC Stats Small Business Profile 2017.pdf

Hi Paul,

We've put together estimates of total annual payrolls in BC from 2001 to 2016, by industry and firm size where possible given Statistics Canada's confidentiality and data quality constraints (attached). We constructed the estimates as follows using the Survey of Employment, Payrolls and Hours (SEPH) data from Statistics Canada:

Total annual payrolls = [average weekly earnings (average per employee)] x [employment (number of employees)] x [number of weeks per year (52)]

The estimates are perhaps a bit crude but the aggregate figures seem reasonable based on some rough checks we've done.

A few notes:

- Some of the data in the attached excel tables are unavailable and are marked by x, F or #VALUE!.
- SEPH data exclude the following: owners or partners of unincorporated businesses and professional practices; the self-employed; unpaid family workers; agriculture, fishing and hunting; religious organization workers; private household workers; international and other extraterritorial public administration; workers absent without pay; and military personnel. Further information about the survey can be found in the 'Guide to the SEPH' (attached).
- The full SEPH data tables are available on CANSIM online: <http://www5.statcan.gc.ca/cansim/home-accueil?lang=eng>. The average weekly earnings and employment data that we used are in tables 281-0044 and 281-0042, respectively.
  - Quarterly average weekly earnings and employment data are also available in tables 281-0043 and 281-0041, respectively.
- BC Stats might be able to provide better (unpublished?) data or suggest a better methodology for preparing estimates, so please feel free to follow up with them. We'd suggest perhaps contacting Dan Schrier, who was an author of the 'BC Stats Small Business Profile 2017' which includes analysis of payroll data (attached).

Hope this helps. Happy to discuss.

Thanks,  
Carla

**From:** Mirza, Sadaf FIN:EX  
**Sent:** Wednesday, March 7, 2018 12:07 PM  
**To:** Avis, Andrew FIN:EX  
**Cc:** Barnes, Carla FIN:EX  
**Subject:** RE: Question about Payroll Tax to be Paid by Government

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Thanks Andrew. <sup>s.13</sup>

Thanks,  
Sadaf

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**From:** Avis, Andrew FIN:EX  
**Sent:** Wednesday, March 7, 2018 11:57 AM  
**To:** Mirza, Sadaf FIN:EX  
**Cc:** Barnes, Carla FIN:EX  
**Subject:** RE: Question about Payroll Tax to be Paid by Government

Thanks Sadaf,

We used the following two CANSim tables to generate our estimate:

- 183-0002, Public Sector Employment, wages and salary, and
- 281-0042, Survey of employment, payroll and hours, employment for all employees by NAICS.

Your number sounds close to ours. Paul wanted me to run it by you to make sure you were comfortable if we released it to the media. The problem is that media requests, such as the one we received yesterday, need to be responded to ASAP. I explained the methodology to the communications department, including the fact that StatCan data is the best available and that NAICS codes overlap public and private, and they were not super comfortable releasing the number either. Hopefully that will be the end of the issue for now.

Thank you for looking into it.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance  
105 – 617 Government Street, Victoria, BC V8W 9V8  
Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

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**From:** Mirza, Sadaf FIN:EX  
**Sent:** Wednesday, March 7, 2018 11:42 AM  
**To:** Avis, Andrew FIN:EX  
**Cc:** Barnes, Carla FIN:EX  
**Subject:** RE: Question about Payroll Tax to be Paid by Government

Hi Andrew:

Based on Statistics Canada data, there were 437,600 people employed in the public sector in 2017, representing 17.7% of total employment in BC.

- Public sector is defined to included "Those who work for a local, provincial or federal government, for a government service or agency, a crown corporation, or a government funded establishment such as a school (including universities) or hospital."
- See file "Employment public private self (downloaded Mar 7, 2018).xls."

I don't have a breakdown for federal, provincial, local for the bullet above, other than what is in the attached file "Employment by Industry (downloaded Mar 7, 2018).xls", which has fed/prov/local broken down for the "public administration" sector (i.e. government only). If you add the share of provincial public administration to the education and health lines, you get around<sup>s.13</sup>, but note that this is an overestimation, since the education and health lines include private educators, social assistance etc. and it is unclear if there would be a local/federal component to that.

Not sure this helps, but this is what we have quickly on shelf. Which Statistics Canada data were you using?

Thanks,  
Sadaf

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**From:** Avis, Andrew FIN:EX  
**Sent:** Tuesday, March 6, 2018 4:31 PM  
**To:** Mirza, Sadaf FIN:EX  
**Subject:** Question about Payroll Tax to be Paid by Government

Hi Sadaf,

With respect to the Employer Health Tax (payroll tax), we are getting media requests about how much of it will be paid by the public sector. Previously we used Statistics Canada data to estimate that:

s.13

Paul asked me to double check with you if those numbers seem appropriate. Does that accord with your understanding of the government's share of the BC labour force?

Thank you.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance  
105 – 617 Government Street, Victoria, BC V8W 9V8  
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## Economic Impact of Budget 2018 Measures

The tax policy measures announced in Budget 2018 are primarily tax rate increases, which fall under two broad categories: **housing** and **income (payroll)**. The major reduction is the elimination of **MSP** premiums.

**Q. What is the economic impact of the various housing measures?**

A.

Theory:

- Tax measures would reduce demand and put downward pressure on home sales and prices, all else equal.
- Supply-side measures would increase the number of units available for sale and put downward pressure on prices, all else equal.
- Furthermore, at the federal level, a combination of rising interest rates and tighter Canadian mortgage rules may temper demand somewhat.
- BC's housing market has shown resilience despite various federal and provincial housing policy measures, which have been implemented over the last two years.

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Below is a summary of the various housing measures introduced in Budget 2018.

Demand-side:

- Introduce a speculation tax on residential properties with a corresponding income tax credit, effective 2018 tax year.
- Increase the additional property transfer tax rate to 20% from 15% and expand it to more areas of the province, effective February 21, 2018.
- Increase the property transfer tax rate to 5% from 3% on the value of residential properties above \$3 million, effective February 21, 2018.
- Increase school tax on most residential property in excess of \$3 million.

Supply-side:

- Over \$1.6 billion in operating and capital funding over three years to support affordable rental, student and supportive housing.
- Enable online accommodation platforms (e.g. Airbnb) to register as collectors of PST and the municipal and regional district tax, which will help fund affordable housing.

**Q. What is the economic impact of introducing a new employer health tax (i.e. payroll tax) of 1.95% effective January 1, 2019?**

A.

s.13

## Ringma, Shalegh FIN:EX

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**From:** Purnell, Richard FIN:EX  
**Sent:** Wednesday, January 31, 2018 12:05 PM  
**To:** Wood, Heather FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX  
**Subject:** Notes for Elan  
**Attachments:** BN - Payroll Tax Jan 28 2018.docx; Part 2 Tax measures.pdf

Heather, here's the payroll briefing and our budget write-ups for Elan. I understand that Steve has already forwarded the Housing notes to you.

Richard Purnell  
Managing Director  
Tax Policy Branch  
British Columbia Ministry of Finance  
Phone: (778) 698-5864  
Cell: (250) 507-0410  
Fax: (250) 387-9061

## Part 2: TAX MEASURES

**Table 2.1 Summary of Tax Measures**

	Effective Date	Taxpayer Impacts	
		2018/19	2019/20
(\$ millions)			
<b>Income Tax Act</b>			
• Replace infirm dependant credit and caregiver credit with a new BC caregiver credit .....	2018 tax year	(5)	(4)
• Eliminate education tax credit .....	2019 tax year	2	12
• Extend mining flow-through share tax credit .....	2018 tax year	(4)	(1)
• Extend farmers' food donation tax credit .....	January 1, 2019	*	*
• Extend interactive digital media tax credit .....	September 1, 2018	(33)	(66)
• Extend book publishing tax credit .....	April 1, 2018	(3)	(3)
• Expand Film Incentive BC tax credit to scriptwriting .....	February 21, 2018	(1)	(1)
<b>Medicare Protection Act</b>			
• Eliminate Medical Services Plan premiums .....	January 1, 2020	-	(345)
<b>Motor Fuel Tax Act</b>			
• Increase refund rates for International Fuel Tax Agreement licensees .....	April 1, 2018	*	*
• Increase motor fuel tax rates on gasoline and diesel in the Capital Regional District to 5.5 cents per litre from 3.5 cents .....	April 1, 2018	7	7
<b>Carbon Tax Act and Motor Fuel Tax Act</b>			
• Clarify that fuel sales between refiner collectors are exempt from security .....	February 21, 2014	*	*
<b>Provincial Sales Tax Act</b>			
• Expand exemption to all types of avalanche airbag backpacks .....	April 1, 2018	*	*
<b>3</b>			
• Allow Municipal and Regional District Tax revenue to be used for affordable housing initiatives .....	Regulation	-	-
• Clarify that software provided in optional as-needed maintenance agreements is taxable .....	April 1, 2013	*	*
• Increase luxury surtax rates on passenger vehicles over \$125,000 .....	April 1, 2018	10	10
• Allow services to be included in Tax Payment Agreements between the Province and interjurisdictional railways .....	Royal assent	-	-
<b>s.13</b>			
<b>Tobacco Tax Act</b>			
• Increase tax rates to 27.5 cents per cigarette from 24.7 cents, and to 37.5 cents per gram of loose tobacco from 24.7 cents .....	April 1, 2018	95	95
<b>Property Transfer Tax Act</b>			
• Exempt transfers of principal residences in certain bankruptcy cases .....	February 21, 2018	*	*
• Increase property transfer tax rate to 5 per cent from 3 per cent on the value of residential properties above \$3 million .....	February 21, 2018	81	81
• Increase Additional Property Transfer Tax rate to 20 per cent from 15 per cent and expand to more areas of the province .....	February 21, 2018	35	40
<b>Home Owner Grant Act</b>			
• Increase threshold for home owner grant phase-out to \$1.65 million from \$1.6 million.....	2018 tax year	*	*
<b>School Act</b>			
• Set provincial residential class school property tax rates .....	2018 tax year	*	*
• Set provincial non-residential class school property tax rates .....	2018 tax year	*	*
• Exempt purpose-built rental housing from school tax if it receives a municipal revitalization certificate .....	2019 tax year	*	*

\* Denotes measures that have no material impact on taxpayers.



Table 2.1 Summary of Tax Measures (continued)

	Effective Date	Taxpayer Impacts	
		2018/19	2019/20
		(\$ millions)	
<b>Taxation (Rural Area) Act</b>			
• Set rural area property tax rates .....	2018 tax year	*	*
<b>Hydro and Power Authority Act</b>			
• Clarify BC Hydro's school tax liability on land it owns .....	December 31, 2019	*	*
<b>Various Acts</b>			
• Enhance administration and information sharing .....	Various	*	*
<b>Total</b> .....		<b>800</b>	<b>2,091</b>

\* Denotes measures that have no material impact on taxpayers.

## Tax Measures — Supplementary Information

For more details on tax changes see:  
[www.gov.bc.ca/budgettaxchanges](http://www.gov.bc.ca/budgettaxchanges)

### Income Tax Act

#### Infirm Dependent Credit and Caregiver Credit Replaced with a New BC Caregiver Credit

Effective for 2018 and subsequent tax years, the caregiver tax credit and the infirm dependent tax credit are replaced with a new BC caregiver credit.

The non-refundable BC caregiver credit, which parallels the Canada caregiver credit announced in the 2017 federal budget, is available to British Columbians who care for an eligible adult relative who is dependent on the caregiver because of a mental or physical infirmity. The caregiver is not required to live with the dependent in order to claim the credit. The maximum BC caregiver credit amount is \$4,556 per infirm dependent for 2018, providing a benefit of up to \$230.53, and is indexed to inflation for future years. Individuals caring for an infirm spouse or common-law partner are eligible for the greater of the BC caregiver credit or the spousal tax credit, and individuals who are single and caring for an infirm adult relative are eligible for the greater of the BC caregiver credit or the eligible dependent tax credit.



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**Education Tax Credit Eliminated**

Following the elimination of the federal education tax credit effective for 2017 and subsequent tax years, the BC education tax credit is eliminated effective for the 2019 and subsequent tax years. Unused BC education amounts carried forward from years prior to 2019 remain available to be claimed in 2019 and subsequent tax years.

**Mining Flow-Through Share Tax Credit Extended**

The mining flow-through share tax credit is extended for one year to the end of 2018.

**Farmers' Food Donation Tax Credit Extended**

The farmers' food donation tax credit is extended for one year to the end of 2019.

**Interactive Digital Media Tax Credit Extended**

The interactive digital media tax credit is extended for five years to August 31, 2023.

**Book Publishing Tax Credit Extended**

The book publishing tax credit is extended for three years to March 31, 2021.

**Film Incentive BC Tax Credit Expanded to Scriptwriting**

Effective for expenditures incurred on or after February 21, 2018, the Film Incentive BC tax credit is expanded to include scriptwriting expenditures on BC labour incurred by a corporation prior to the completion of the final script stage of the production. Previously, only scriptwriting expenditures incurred after the final script stage were eligible for the tax credit.

***Medicare Protection Act*****Medical Services Plan Premiums Eliminated**

Effective January 1, 2020, Medical Services Plan premiums will be fully eliminated. This follows the 50 per cent reduction in premiums effective January 1, 2018, announced in *Budget 2017 Update*. Once eliminated, single individuals will see annual savings of up to \$900 and families will see annual savings of up to \$1,800.

***Motor Fuel Tax Act*****Refund Rates for International Fuel Tax Agreement Licensees Increased**

The refund rates for International Fuel Tax Agreement licensees are increased to reflect annual increases in the carbon tax each April 1st from 2018 through to 2021. This will ensure International Fuel Tax Agreement licensees only pay carbon tax on fuel they use in BC.

### **Capital Regional District Motor Fuel Tax Rates Increased to 5.5 Cents per Litre from 3.5 Cents on Gasoline and Diesel**

Effective April 1, 2018, the motor fuel tax rates on clear gasoline and clear diesel in the Capital Regional District are increased to 5.5 cents per litre from 3.5 cents. The additional 2 cents per litre is expected to raise \$7 million annually to help finance the Victoria Regional Transit Commission and its share of funding for the Victoria regional transit system.

### ***Carbon Tax Act and Motor Fuel Tax Act***

#### **Fuel Sales Between Refiner Collectors Clarified to Exempt Sales from Security**

Effective retroactive to February 21, 2014, refiner collectors that acquire fuel for retail sale from other refiner collectors are exempt from the requirement to pay security on that fuel, and a refund is provided for security paid by refiner collectors on fuel purchased in BC and sold to another refiner collector.

### ***Provincial Sales Tax Act***

#### **Exemption Expanded to All Types of Avalanche Airbag Backpacks**

Effective April 1, 2018, the exemption for avalanche airbag backpacks is expanded to include all avalanche airbag backpacks. Currently only avalanche airbags triggered by compressed air are exempt.

s.13

Effective on a date to be specified by regulation, the *Provincial Sales Tax Act* and regulations are amended to enable online accommodation platforms to register as collectors, and to collect and remit provincial sales tax and the Municipal and Regional District Tax on accommodation provided through online platforms. By registering as a collector, an online platform will relieve its hosts (owners and lessors of the accommodation units) from the obligation to register. Online accommodation platforms are online marketplaces that enable or facilitate transactions between buyers and those who provide short-term accommodation in BC.

#### **Use of Municipal and Regional District Tax Revenues for Affordable Housing Initiatives Allowed**

Effective on a date to be specified by regulation, revenue from the Municipal and Regional District Tax collected by municipalities, regional districts and eligible entities, such as tourism-focused non-profits, can be used to fund affordable housing initiatives. Currently, funds can only be used for tourism marketing, programs and projects.

#### **Software Provided in Optional As-Needed Maintenance Agreements Clarified as Taxable**

Effective retroactive to April 1, 2013, the *Provincial Sales Tax Act* is amended to clarify that provincial sales tax applies to software provided in optional as-needed maintenance agreements.

### **Luxury Surtax Rates on Passenger Vehicles Over \$125,000 Increased**

Effective April 1, 2018, the luxury surtax on passenger vehicles is increased. The rate on passenger vehicles with a purchase price from \$125,000 to \$149,999 is increased to 15 per cent from 10 per cent, and the rate on passenger vehicles with a purchase price of \$150,000 and above is increased to 20 per cent from 10 per cent. The general rate on private sales is also increased to 15 per cent from 12 per cent on passenger vehicles with a purchase price from \$125,000 to \$149,999, and to 20 per cent from 12 per cent on passenger vehicles with a purchase price of \$150,000 and above. The rates apply to sales of both new and used passenger vehicles.

### **Services Allowed to be Included in Tax Payment Agreements Between the Province and Interjurisdictional Railways**

Effective on royal assent, services will be permitted to be included in Tax Payment Agreements between the Province and interjurisdictional railways. This will allow for simplified remittance of tax on services. Previously, only goods and software were included in Tax Payment Agreements.

### **Retail Sales on Cruise Ships in BC Waters Exempted**

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## ***Tobacco Tax Act***

### **Tobacco Tax Rates Increased to 27.5 Cents from 24.7 Cents per Cigarette and to 37.5 Cents from 24.7 Cents per Gram of Loose Tobacco**

Effective April 1, 2018, the tax rate on cigarettes is increased to 27.5 cents per cigarette from 24.7 cents. This is an equivalent increase to \$55.00 from \$49.40 per carton of 200 cigarettes. The tax rate on loose tobacco (tobacco in a form other than cigarettes or cigars) is increased to 37.5 cents from 24.7 cents per gram.

## ***Property Transfer Tax Act***

### **Transfers of Principal Residences Exempted in Certain Bankruptcy Cases**

Effective for transactions that occur on or after February 21, 2018, transfers of a bankrupt's principal residence from a trustee in bankruptcy to the bankrupt or the bankrupt's spouse or former spouse are exempt from tax. Previously, such transactions were only exempt if no consideration was exchanged.

### **Additional Property Transfer Tax Rate Increased and Area Expanded**

Effective February 21, 2018, the Additional Property Transfer Tax rate is increased to 20 per cent from 15 per cent. In addition, the tax is expanded to the Capital Regional District, the Regional District of Central Okanagan, the Fraser Valley Regional District and the Regional District of Nanaimo. For these newly added areas, there are transitional rules that may exempt eligible property transactions entered into before February 21, 2018. There are no transitional rules for transactions in Metro Vancouver.

**Property Transfer Tax Rate on the Value of Residential Properties Above \$3 Million Increased**

Effective February 21, 2018, a further tax rate of 2 per cent is applied to the fair market value of the residential component of a taxable transaction that exceeds a threshold of \$3 million. The rate of tax on the part of the residential component above the threshold is a total of 5 per cent, made up of the existing 3 per cent rate on the fair market value of taxable transactions above \$2 million and the new 2 per cent rate on the portion of the fair market value of the residential component above \$3 million.

**Home Owner Grant Act****Threshold for Home Owner Grant Increased**

As announced on January 3, 2018, the property value threshold for the full home owner grant is increased to \$1.65 million for the 2018 tax year, up from \$1.6 million in 2017. For properties valued above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.

**School Act****Provincial Residential Class School Tax Rates Set**

The longstanding rate-setting policy is that average residential class school property taxes, before application of the home owner grant, increase by the previous year's provincial inflation rate. This rate-setting policy has been in place since 2003 and will continue in 2018. The rates will be set when revised assessment roll data are available in the spring.

**Provincial Non-Residential Class School Tax Rates Set**

A single province-wide school tax rate is set for each of the non-residential property classes. The rates for 2018, except for the rate for the industrial property classes, will be set so that non-residential class school tax revenue will increase by inflation plus new construction. This rate-setting policy has been in place since 2005. The rates will be set when revised assessment roll data are available in the spring.

The major industry class tax rate and the light industry class tax rate will be set at the same rate as the business class tax rate, consistent with the policy announced in *Budget 2008*.

**Purpose-Built Rental Housing Exempted from School Tax if it Receives a Municipal Revitalization Certificate**

Effective for the 2019 tax year and subsequent tax years, municipal revitalization property tax exemptions for eligible new purpose-built rental housing will also apply to provincial property taxes.

To be eligible for the new exemption, a municipality must issue a revitalization tax exemption certificate under a revitalization program that includes as a goal the creation of new rental housing. The provincial exemption only applies to the portion of the property that meets the provincial definition of new purpose-built rental housing. The exemption is only available for non-stratified buildings that are newly created, or substantially renovated with a minimum net gain of five units.

The terms of the municipal exemption, including the length of the exemption and the percentage of the property exempted from tax, will be mirrored in the provincial exemption. The provincial tax exemption only applies for revitalization tax exemption certificates issued on or after February 21, 2018.

s.13

Effective for the 2019 tax year and subsequent tax years, a province-wide <sup>s.13</sup> school tax is introduced on high-valued properties in the residential class including detached homes, stratified condominium or townhouse units and most vacant land.

The <sup>s.13</sup> tax applies to the portion of a residential property's taxable assessed value that exceeds \$3 million. In the case of a mixed-use property, only the residential portion of the property's taxable assessed value above \$3 million is subject to the tax.

A tax rate of 0.2 per cent applies to the portion of residential assessed value that exceeds \$3 million but does not exceed \$4 million, and a tax rate of 0.4 per cent applies to the portion of residential assessed value that exceeds \$4 million.

The tax will be administered through the existing school tax system, with municipalities and the Province's Surveyor of Taxes responsible for tax collection.

### ***Taxation (Rural Area) Act***

#### **Provincial Rural Area Property Tax Rates Set**

A single rural area residential property tax rate applies province-wide. The longstanding rate-setting policy that average residential rural property taxes increase by the previous year's provincial inflation rate will continue for 2018.

Consistent with longstanding policy, non-residential rural area property tax rates will be set so that total non-residential rural area tax revenue will increase by inflation plus new construction. The rates will be set when revised assessment roll data are available in the spring.

### ***Hydro and Power Authority Act***

#### **BC Hydro's School Tax Liability on Land Clarified**

The Act is clarified to limit BC Hydro's school tax liability to land it owns in fee simple and on improvements. This clarification does not affect Nisga'a Lands or Taxing Treaty First Nation lands.

## Various Acts

### Administration and Information Sharing Enhanced

*Budget 2018* introduces several changes to enhance tax administration and information sharing:

- Effective on royal assent, the *Property Transfer Tax Act* is amended to:
  - increase the limitation period for property transfer tax assessments to 6 years to match the limitation period for the Additional Property Transfer Tax;
  - enable additional information to be collected on property transfer tax forms, including tax identification numbers for transferees through bare trusts;
  - introduce administrative penalties for non-compliance;
  - extend the general anti-avoidance rule to the entire Act; and
  - enable tax administrators to access additional information on property transactions, including information in a Multiple Listing Service (MLS) database.
- Effective on a date to be specified by regulation, the *Carbon Tax Act*, *Motor Fuel Tax Act* and *Provincial Sales Tax Act* are amended to allow for a fee to be charged to taxpayers to recover costs associated with out-of-province audits.
- Effective for transactions entered into on or after February 21, 2018, or a series of transactions that is completed on or after February 21, 2018, the *Income Tax Act* is amended to introduce a reportable transaction rule. The rule parallels the federal reportable transaction rule for income tax, and requires taxpayers and their advisors to proactively disclose certain avoidance transactions to the Canada Revenue Agency.
- The *Income Tax Act*'s general anti-avoidance rule helps to ensure the income tax system is not misused or abused. Effective February 21, 2018, the general anti-avoidance rule is changed to parallel the federal general anti-avoidance rule and to ensure that any misuse or abuse of a provision in another act that the *Income Tax Act* relies on will be subject to the rule.
- Effective on royal assent, the *Income Tax Act* and *Land Tax Deferment Act* are amended to allow for information sharing between the two acts.
- Effective on royal assent, the *Income Tax Act* and *Logging Tax Act* are amended to no longer require the Lieutenant Governor-in-Council to pre-approve information-sharing agreements entered into under these acts. This is consistent with the process under other tax acts.
- The Province is currently implementing the Petroleum Information Network (Petrinex) system which is intended to improve the collection and accuracy of oil and natural gas royalty information. The introduction of this new data collection system requires amendments to the *Petroleum and Natural Gas Act* to ensure the privacy of collected information and to allow for proper sharing of information with relevant provincial government organizations. The amendments to the Act, which take effect on royal assent, also include changes regarding non-compliance and reporting errors by industry participants, which provides the Ministry of Finance with authority to penalize the non-payment of royalties, ensuring that all royalties are assessed in a timely manner.

Page 027

Withheld pursuant to/removed as

s.13

**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:** January 26, 2018

**Date Required:** January 26, 2018

**Initiated by:** Paul Flanagan

**Date Prepared:** January 26, 2018

**Ministry  
Contact:** Andrew Avis

**Phone Number:** 778-698-5669

**Email:** andrew.avis@gov.bc.ca

**Cliff #:**

---

**TITLE:** Payroll Tax in BC

---

**PURPOSE:**

**For Decision**

---

**COMMENTS:** In order to implement a payroll tax, decisions are required regarding the rate, design and any tax relief.

---



**DATE PREPARED:** January 26, 2018

**TITLE:** BC Payroll Tax

**ISSUE:** The design decisions for a BC payroll tax

**BACKGROUND:**

As part of Budget 2018, the government will announce the creation of a new BC payroll tax in BC to take effect on January 1, 2019. In order to have the legislation in place for the tax to be effective on January 1, 2019,<sup>s.13</sup>

s.13

**DISCUSSION:**

Currently, Manitoba, Ontario, Quebec and Newfoundland and Labrador are the only Canadian provinces with payroll taxes. Descriptions each payroll tax can be found in Appendix 2.

s.16

s.16

The BC payroll tax would apply to the employer's total payroll. This is in contrast to the Canada Pension Plan and the Employment Insurance which both have yearly maximum contributions (maximum salary of \$55,300 and \$51,300 respectively in 2017).

s.13

### 1. The rate of tax

Ontario has the lowest payroll tax rate at 1.95 per cent of payroll followed by Newfoundland and Labrador at 2 per cent and Manitoba at 2.15 per cent. Quebec's payroll tax starts at 2.3 per cent for companies with payroll less than \$1 million and increases gradually thereafter. Once the Quebec employer has payroll exceeding \$5 million the employer is subject to the maximum tax rate of 4.26 per cent.

### 2. A small business threshold

A small business threshold operates by exempting employers from the payroll tax when their payrolls are less than the threshold amount. Once an employer's payrolls exceed the threshold, their entire payroll is subject to the tax. Based on Statistic Canada data, average annual employee earnings in BC is about \$42,000. As such, an employer with 10 employees would have total annual payroll of \$420,000.

In Manitoba and Newfoundland and Labrador, employers below a threshold of \$1.25 million and \$1.2 million respectively are not subject to the payroll tax.

s.13

Unlike a small business threshold, an exemption/deduction allows employers to deduct a set amount from their payroll before applying the tax. For employers with payroll less than the exemption/deduction, the effect is the same as being below the small business threshold.

Page 031 to/à Page 032

Withheld pursuant to/removed as

s.13

**Appendix 2: Overview of Provincial Payroll Taxes**

	Manitoba	Ontario	Quebec	Newfoundland and Labrador
Name	Health and Post Secondary Education Tax Levy	Employer Health Tax	Health Services Fund	Health and Post Secondary Education Tax
Rate (highest if progressive)	2.15% of total remuneration	1.95% of total remuneration	4.26% of total remuneration	2% of total remuneration
Exemptions or lower rates	Employers with total remuneration less \$1.25 million in the year are exempt from the tax	Employers with total remuneration less than \$5 million can receive a deduction of up to \$450,000 of remuneration from the tax	Progressive rates: 2.30% if payroll is less than \$1 million 4.26% if payroll is greater than \$5million. Rate calculated by formula for payrolls in between.	Employers with total remuneration less than \$1.2 million are exempt from the tax.

## Ringma, Shalegh FIN:EX

---

**From:** Purnell, Richard FIN:EX  
**Sent:** Friday, February 9, 2018 11:59 AM  
**To:** Symes, Elan C FIN:EX  
**Cc:** Wood, Heather FIN:EX  
**Subject:** RE: Notes for Elan  
**Attachments:** Part 2 Tax measures.pdf

Elan, here's the latest draft. It's nearly final.

Richard Purnell  
Managing Director  
Tax Policy Branch  
British Columbia Ministry of Finance  
Phone: (778) 698-5864  
Cell: (250) 507-0410  
Fax: (250) 387-9061

---

**From:** Purnell, Richard FIN:EX  
**Sent:** Thursday, February 8, 2018 2:55 PM  
**To:** Wood, Heather FIN:EX  
**Cc:** Symes, Elan C FIN:EX  
**Subject:** RE: Notes for Elan

Still making some edits. I'll send it tomorrow.

Richard Purnell  
Managing Director  
Tax Policy Branch  
British Columbia Ministry of Finance  
Phone: (778) 698-5864  
Cell: (250) 507-0410  
Fax: (250) 387-9061

---

**From:** Wood, Heather FIN:EX  
**Sent:** Thursday, February 8, 2018 2:45 PM  
**To:** Purnell, Richard FIN:EX  
**Cc:** Symes, Elan C FIN:EX  
**Subject:** FW: Notes for Elan  
**Importance:** High

Richard, can you send Elan the most current version of the tax measures document of the budget (and is it "final" at this point)?

Thanks,  
Heather

---

**From:** Symes, Elan C FIN:EX  
**Sent:** Thursday, February 8, 2018 2:38 PM

**To:** Wood, Heather FIN:EX  
**Subject:** RE: Notes for Elan

Is the tax measures document pretty much nailed down in terms of the language?

*Elan Symes*  
*Assistant Deputy Minister*  
*Ministry of Finance*  
250-387-0665

---

**From:** Wood, Heather FIN:EX  
**Sent:** Wednesday, January 31, 2018 1:54 PM  
**To:** Symes, Elan C FIN:EX  
**Cc:** Wanamaker, Lori FIN:EX; Purnell, Richard FIN:EX; Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX  
**Subject:** FW: Notes for Elan  
**Importance:** High

Hi Elan,

Here is the payroll tax briefing note that went forward this week (we have not received decisions yet) and the full budget write-up on all of the tax measures. I have also attached several notes from Steve about s.13

Heather

## Part 2: TAX MEASURES

**Table 2.1 Summary of Tax Measures**

	Effective Date	Taxpayer Impacts	
		2018/19	2019/20
		(\$ millions)	
<b>Income Tax Act</b>			
• Replace infirm dependant credit and caregiver credit with a new BC caregiver credit .....	2018 tax year	(5)	(4)
• Eliminate education tax credit .....	2019 tax year	2	12
• Extend mining flow-through share tax credit .....	2018 tax year	(4)	(1)
• Extend farmers' food donation tax credit .....	January 1, 2019	*	*
• Extend interactive digital media tax credit .....	September 1, 2018	(33)	(56)
• Extend book publishing tax credit .....	April 1, 2018	(3)	(3)
• Expand Film Incentive BC tax credit to scriptwriting .....	February 21, 2018	(1)	(1)
<b>Medicare Protection Act</b>			
• Eliminate Medical Services Plan premiums .....	January 1, 2020	-	(345)
<b>Motor Fuel Tax Act</b>			
• Increase refund rates for International Fuel Tax Agreement licensees .....	April 1, 2018	*	*
• Expand exemption to marine diesel fuel for internationally operating ships with internal combustion engines .....	April 1, 2018	(7)	(7)
• Increase motor fuel tax rates on gasoline and diesel in the Capital Regional District to 5.5 cents per litre from 3.5 cents .....	April 1, 2018	7	7
<b>Carbon Tax Act and Motor Fuel Tax Act</b>			
• Clarify that fuel sales between refiner collectors are exempt from security .....	February 18, 2014	*	*
<b>Provincial Sales Tax Act</b>			
• Expand exemption to all types of avalanche airbag backpacks .....	April 1, 2018	*	*
• Enable online accommodation platforms to register as collectors .....	Regulation	16	16
• Allow municipal and regional district tax revenue to be used for affordable housing initiatives .....	Regulation	-	-
• Clarify that software provided in optional as-needed maintenance agreements is taxable .....	April 1, 2013	*	*
• Increase luxury surtax rates on passenger vehicles over \$125,000 .....	April 1, 2018	10	10
• Allow services to be included in Tax Payment Agreements between the Province and interjurisdictional railways .....	Royal assent	-	-
• Exempt retailers and certain retail sales made on cruise ships in BC waters ...	April 1, 2013	*	*
<b>Tobacco Tax Act</b>			
• Increase tax rates to 27.5 cents per cigarette from 24.7 cents, and to 37.5 cents per gram of loose tobacco from 24.7 cents .....	April 1, 2018	95	95
<b>Property Transfer Tax Act</b>			
• Increase property transfer tax rate to 5 per cent from 3 per cent on the value of residential properties above \$3 million .....	February 21, 2018	81	81
• Increase additional property transfer tax rate to 20 per cent from 15 per cent and expand to more areas of the province .....	February 21, 2018	35	40
• Exempt transfers of principal residences in certain bankruptcy cases .....	February 21, 2018	*	*
<b>Home Owner Grant Act</b>			
• Increase threshold for home owner grant phase-out to \$1.65 million from \$1.6 million.....	2018 tax year	*	*
<b>School Act</b>			
• Set provincial residential class school property tax rates .....	2018 tax year	*	*
• Increase school tax on most residential property in excess of \$3 million .....	2019 tax year	50	200
• Set provincial non-residential class school property tax rates .....	2018 tax year	*	*
• Exempt purpose-built rental housing from school tax if it receives a municipal revitalization certificate .....	2019 tax year	*	*

\* Denotes measures that have no material impact on taxpayers.



Table 2.1 Summary of Tax Measures (*continued*)

	Effective Date	Taxpayer Impacts	
		2018/19	2019/20
		(\$ millions)	
<b>Speculation Tax</b>			
• Introduce a speculation tax on residential properties with a corresponding income tax credit .....	2018 tax year	87	200
<b>Taxation (Rural Area) Act</b>			
• Set rural area property tax rates .....	2018 tax year	*	*
<b>Hydro and Power Authority Act</b>			
• Clarify BC Hydro's school tax liability on land it owns .....	December 31, 2019	*	*
<b>Various Acts</b>			
• Enhance administration and information sharing .....	Various	*	*
<b>Employer Health Tax</b>			
• Introduce an employer health tax of 1.95 per cent .....	January 1, 2019	463	1,850
<b>Total</b> .....		<b>793</b>	<b>2,094</b>

\* Denotes measures that have no material impact on taxpayers.

## Tax Measures — Supplementary Information

For more details on tax changes see:

[www.gov.bc.ca/budgettaxchanges](http://www.gov.bc.ca/budgettaxchanges)

### Income Tax Act

#### Infirm Dependent Credit and Caregiver Credit Replaced with a New BC Caregiver Credit

Effective for 2018 and subsequent tax years, the caregiver tax credit and the infirm dependent tax credit are replaced with a new BC caregiver credit.

The non-refundable BC caregiver credit, which parallels the Canada caregiver credit announced in the 2017 federal budget, is available to British Columbians who care for an eligible adult relative who is dependent on the caregiver because of a mental or physical infirmity. The caregiver is not required to live with the dependent in order to claim the credit. The maximum BC caregiver credit amount is \$4,556 per infirm dependent for 2018, providing a benefit of up to \$230.53, and is indexed to inflation for future years. Individuals caring for an infirm spouse or common-law partner are eligible for the greater of the BC caregiver credit or the spousal tax credit, and individuals who are single and caring for an infirm adult relative are eligible for the greater of the BC caregiver credit or the eligible dependent tax credit.



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**Education Tax Credit Eliminated**

Following the elimination of the federal education tax credit effective for 2017 and subsequent tax years, the BC education tax credit is eliminated effective for the 2019 and subsequent tax years. Unused BC education amounts carried forward from years prior to 2019 remain available to be claimed in 2019 and subsequent tax years.

**Mining Flow-Through Share Tax Credit Extended**

The mining flow-through share tax credit is extended for one year to the end of 2018.

**Farmers' Food Donation Tax Credit Extended**

The farmers' food donation tax credit is extended for one year to the end of 2019.

**Interactive Digital Media Tax Credit Extended**

The interactive digital media tax credit is extended for five years to August 31, 2023.

**Book Publishing Tax Credit Extended**

The book publishing tax credit is extended for three years to March 31, 2021.

**Film Incentive BC Tax Credit Expanded to Scriptwriting**

Effective for expenditures incurred on or after February 21, 2018, the Film Incentive BC tax credit is expanded to include scriptwriting expenditures on BC labour incurred by a corporation prior to the completion of the final script stage of the production. Previously, only scriptwriting expenditures incurred after the final script stage were eligible for the tax credit.

***Medicare Protection Act*****Medical Services Plan Premiums Eliminated**

Effective January 1, 2020, Medical Services Plan premiums will be eliminated. This follows the 50 per cent reduction in premiums effective January 1, 2018, announced in *Budget 2017 Update*. Once eliminated, single individuals will see annual savings of up to \$900 and families will see annual savings of up to \$1,800.

***Motor Fuel Tax Act*****Refund Rates for International Fuel Tax Agreement Licensees Increased**

The refund rates for International Fuel Tax Agreement licensees are increased to reflect annual increases in the carbon tax each April 1st from 2018 through to 2021. This will ensure International Fuel Tax Agreement licensees only pay carbon tax on fuel they use in BC.

### **Exemption Expanded to Marine Diesel Fuel for Internationally Operating Ships with Internal Combustion Engines**

Effective April 1, 2018, marine diesel fuel used in interjurisdictional cruise ships and ships prohibited from coasting trade under the *Coasting Trade Act* is exempt from motor fuel tax. This exemption parallels the existing exemption from carbon tax for these ships. Previously, a ship was only exempt if it had a gas turbine engine.

### **Capital Regional District Motor Fuel Tax Rates Increased to 5.5 Cents per Litre from 3.5 Cents on Gasoline and Diesel**

Effective April 1, 2018, the motor fuel tax rates on clear gasoline and clear diesel in the Capital Regional District are increased to 5.5 cents per litre from 3.5 cents. The additional 2 cents per litre is expected to raise \$7 million annually to help finance the Victoria Regional Transit Commission and its share of funding for the Victoria Regional Transit System.

## ***Carbon Tax Act and Motor Fuel Tax Act***

### **Fuel Sales Between Refiner Collectors Clarified to Exempt Sales from Security**

Effective retroactive to February 18, 2014, refiner collectors that acquire fuel for retail sale from other refiner collectors are exempt from the requirement to pay security on that fuel, and a refund is provided for security paid by refiner collectors on fuel purchased in BC and sold to another refiner collector.

## ***Provincial Sales Tax Act***

### **Exemption Expanded to All Types of Avalanche Airbag Backpacks**

Effective April 1, 2018, the exemption for avalanche airbag backpacks is expanded to include all avalanche airbag backpacks. Currently, only avalanche airbags triggered by compressed air are exempt.

### **Online Accommodation Platforms Enabled to Register as Collectors**

Effective on a date to be specified by regulation, the *Provincial Sales Tax Act* and regulations are amended to enable online accommodation platforms to register as collectors, and to collect and remit provincial sales tax and the municipal and regional district tax on accommodation. By registering as a collector, an online platform will relieve its hosts (owners and lessors of the accommodation units) from the obligation to register. Online accommodation platforms are online marketplaces that enable or facilitate transactions between buyers and those who provide short-term accommodation in BC.

### **Use of Municipal and Regional District Tax Revenues for Affordable Housing Initiatives Allowed**

Effective on a date to be specified by regulation, revenue from the municipal and regional district tax collected by municipalities, regional districts and eligible entities, such as tourism-focused non-profits, can be used to fund affordable housing initiatives. Currently, funds can only be used for tourism marketing, programs and projects.

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**Software Provided in Optional As-Needed Maintenance Agreements Clarified as Taxable**

Effective retroactive to April 1, 2013, the *Provincial Sales Tax Act* is amended to clarify that provincial sales tax applies to software provided in optional as-needed maintenance agreements.

**Luxury Surtax Rates on Passenger Vehicles Over \$125,000 Increased**

Effective April 1, 2018, the luxury surtax on passenger vehicles is increased. The rate on passenger vehicles with a purchase price from \$125,000 to \$149,999 is increased to 15 per cent from 10 per cent, and the rate on passenger vehicles with a purchase price of \$150,000 and above is increased to 20 per cent from 10 per cent. The general rate on private sales is also increased to 15 per cent from 12 per cent on passenger vehicles with a purchase price from \$125,000 to \$149,999, and to 20 per cent from 12 per cent on passenger vehicles with a purchase price of \$150,000 and above. The rates apply to sales of both new and used passenger vehicles.

**Services Allowed to be Included in Tax Payment Agreements Between the Province and Interjurisdictional Railways**

Effective on royal assent, services will be permitted to be included in Tax Payment Agreements between the Province and interjurisdictional railways. This will allow for simplified remittance of tax on services. Previously, only goods and software were included in Tax Payment Agreements.

**Retailers and Certain Retail Sales Made on Cruise Ships in BC Waters Exempted**

Effective retroactive to April 1, 2013, retailers operating on cruise ships in BC waters are not required to collect provincial sales tax on sales made during the course of scheduled sailings.

***Tobacco Tax Act*****Tobacco Tax Rates Increased to 27.5 Cents from 24.7 Cents per Cigarette and to 37.5 Cents from 24.7 Cents per Gram of Loose Tobacco**

Effective April 1, 2018, the tax rate on cigarettes is increased to 27.5 cents per cigarette from 24.7 cents (to \$55 from \$49.40 per carton of 200 cigarettes). The tax rate on loose tobacco (tobacco in a form other than cigarettes or cigars) is increased to 37.5 cents from 24.7 cents per gram.

***Property Transfer Tax Act*****Property Transfer Tax Rate on the Value of Residential Properties Above \$3 Million Increased**

Effective February 21, 2018, a further tax rate of 2 per cent is applied to the fair market value of the residential component of a taxable transaction that exceeds a threshold of \$3 million. The rate of tax on the part of the residential component above the threshold is a total of 5 per cent, made up of the existing 3 per cent rate on the fair market value of taxable transactions above \$2 million and the new 2 per cent rate on the portion of the fair market value of the residential component above \$3 million.

**Additional Property Transfer Tax Rate Increased and Area Expanded**

Effective February 21, 2018, the additional property transfer tax rate is increased to 20 per cent from 15 per cent. In addition, the tax is expanded to the Capital Regional District, the Regional District of Central Okanagan, the Fraser Valley Regional District and the Regional District of Nanaimo. For these newly added areas, there are transitional rules that may exempt eligible property transactions entered into before February 21, 2018. There are no transitional rules for transactions in Metro Vancouver.

**Transfers of Principal Residences Exempted in Certain Bankruptcy Cases**

Effective for transactions that occur on or after February 21, 2018, transfers of a bankrupt's principal residence from a trustee in bankruptcy to the bankrupt or the bankrupt's spouse or former spouse are exempt from tax. Previously, such transactions were only exempt if no consideration was exchanged.

***Home Owner Grant Act*****Threshold for Home Owner Grant Increased**

As announced on January 3, 2018, the property value threshold for the full home owner grant is increased to \$1.65 million for the 2018 tax year, up from \$1.6 million in 2017. For properties valued above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.

***School Act*****Provincial Residential Class School Tax Rates Set**

The longstanding rate-setting policy is that average residential class school property taxes, before application of the home owner grant, increase by the previous year's provincial inflation rate. This rate-setting policy has been in place since 2003 and will continue in 2018. The rates will be set when revised assessment roll data are available in the spring.

---

**School Tax on Most Residential Property in Excess of \$3 Million Increased**

Effective for the 2019 tax year and subsequent tax years, a province-wide increased school tax is introduced on high-valued properties in the residential class including detached homes, stratified condominium or townhouse units and most vacant land.

The increased tax applies to the portion of a residential property's taxable assessed value that exceeds \$3 million. In the case of a mixed-use property, only the residential portion of the property's taxable assessed value above \$3 million is subject to the tax.

A tax rate of 0.2 per cent applies to the portion of residential assessed value that exceeds \$3 million but does not exceed \$4 million, and a tax rate of 0.4 per cent applies to the portion of residential assessed value that exceeds \$4 million.

The tax will be administered through the existing school tax system, with municipalities and the Province's Surveyor of Taxes responsible for tax collection.

**Provincial Non-Residential Class School Tax Rates Set**

A single province-wide school tax rate is set for each of the non-residential property classes. The rates for 2018, except for the rate for the industrial property classes, will be set so that non-residential class school tax revenue will increase by inflation plus new construction. This rate-setting policy has been in place since 2005. The rates will be set when revised assessment roll data are available in the spring.

The major industry class tax rate and the light industry class tax rate will be set at the same rate as the business class tax rate, consistent with the policy announced in *Budget 2008*.

**Purpose-Built Rental Housing Exempted from School Tax if it Receives a Municipal Revitalization Certificate**

Effective for the 2019 tax year and subsequent tax years, municipal revitalization property tax exemptions for eligible new purpose-built rental housing will also apply to provincial property taxes.

To be eligible for the new exemption, a municipality must issue a revitalization tax exemption certificate under a revitalization program that includes as a goal the creation of new rental housing. The provincial exemption only applies to the portion of the property that meets the provincial definition of new purpose-built rental housing. The exemption is only available for non-stratified buildings that are newly created, or substantially renovated with a minimum net gain of five units.

The terms of the municipal exemption, including the length of the exemption and the percentage of the property exempted from tax, will be mirrored in the provincial exemption. The provincial tax exemption only applies for revitalization tax exemption certificates issued on or after February 21, 2018.

## ***Speculation Tax***

### **Speculation Tax with Corresponding Income Tax Credit Introduced**

The government will introduce legislation in 2018 to impose a speculation tax on residential property in BC. The tax will target foreign and domestic home owners who do not pay income tax in BC, including those who leave their homes vacant. Satellite families, households with high worldwide income that pay little income tax in BC, will also be captured by the tax. The tax will be effective for the 2018 and future tax years.

Up-front exemptions will be available for most principal residences. Up-front exemptions will also be available for qualifying long-term rental properties and certain special cases. The majority of homeowners in BC will be exempt from this tax.

A non-refundable income tax credit will also be introduced to offset the new property tax. This will provide relief for persons who do not qualify for an up-front exemption, but who pay income taxes in BC. The income tax credit can be carried forward to future years.

The speculation tax will initially apply to the Metro Vancouver, Fraser Valley, Capital and Nanaimo Regional Districts, and in the municipalities of Kamloops, Kelowna, West Kelowna and Prince George. In 2018, the tax rate will be \$5 per \$1,000 of assessed value. In 2019, the tax rate will rise to \$20 per \$1,000 of assessed value.

The speculation tax will be administered by the Province, outside of the normal property tax system and property tax cycle. Further information on how to apply for an exemption and income tax credit will be provided prior to the introduction of the tax.

## ***Taxation (Rural Area) Act***

### **Provincial Rural Area Property Tax Rates Set**

A single rural area residential property tax rate applies province-wide. The longstanding rate-setting policy that average residential rural property taxes increase by the previous year's provincial inflation rate will continue for 2018.

Consistent with longstanding policy, non-residential rural area property tax rates will be set so that total non-residential rural area tax revenue will increase by inflation plus new construction. The rates will be set when revised assessment roll data are available in the spring.

## ***Hydro and Power Authority Act***

### **BC Hydro's School Tax Liability on Land Clarified**

The *Hydro and Power Authority Act* is clarified to limit BC Hydro's school tax liability to land it owns in fee simple and to improvements. This clarification does not affect Nisga'a Lands or Taxing Treaty First Nation lands.

---

**Various Acts****Administration and Information Sharing Enhanced**

*Budget 2018* introduces several changes to enhance tax administration and information sharing:

- Effective on royal assent, the *Property Transfer Tax Act* is amended to:
  - increase the limitation period for property transfer tax assessments to 6 years to match the limitation period for the additional property transfer tax;
  - enable additional information to be collected on property transfer tax forms, including tax identification numbers for transferees through bare trusts;
  - introduce administrative penalties for non-compliance;
  - extend the general anti-avoidance rule to the entire Act; and
- enable tax administrators to access additional information on property transactions, including information in a Multiple Listing Service (MLS) database.
- Effective on a date to be specified by regulation, the *Carbon Tax Act*, *Motor Fuel Tax Act* and *Provincial Sales Tax Act* are amended to allow for a fee to be charged to taxpayers to recover costs associated with out-of-province audits.
- Effective for transactions entered into on or after February 21, 2018, or a series of transactions that is completed on or after February 21, 2018, the *Income Tax Act* is amended to introduce a reportable transaction rule. The rule parallels the federal reportable transaction rule for income tax, and requires taxpayers and their advisors to proactively disclose certain avoidance transactions to the Canada Revenue Agency.
- The *Income Tax Act*'s general anti-avoidance rule helps to ensure the income tax system is not misused or abused. Effective February 21, 2018, the general anti-avoidance rule is changed to parallel the federal general anti-avoidance rule and to ensure that any misuse or abuse of a provision in another act that the *Income Tax Act* relies on will be subject to the rule.
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## Employer Health Tax

### Employer Health Tax of 1.95 Per Cent Introduced

The government will introduce legislation in 2018 to implement an employer health tax starting in the 2019 calendar year. To protect small businesses, the tax will not apply to employers with payroll under \$500,000. Employers with payroll over \$1.5 million will pay the maximum rate of 1.95 per cent on their total payroll. For employers with payroll between \$500,000 and \$1.5 million, the tax rate will phase in gradually until it reaches 1.95 per cent at \$1.5 million in total payroll.

**Table 2.2 BC Payroll Tax Effective January 1, 2019**

Annual BC Payroll	Annual Tax	Tax as a Per Cent of Payroll
\$500,000 or less .....	\$0	0.00%
\$750,000 .....	\$7,313	0.98%
\$1,000,000 .....	\$14,625	1.46%
\$1,250,000 .....	\$21,938	1.76%
\$1,500,000 .....	\$29,250	1.95%
	\$29,250 plus	
	1.95% of payroll	
Over \$1,500,000 .....	over \$1.5 million	1.95%

The tax legislation will include clear rules regarding the frequency of installment payments and defining how payroll amounts are to be aggregated among associated businesses prior to applying deductions and tax rates. Subject to legislative approval, the tax is effective January 1, 2019.



## Ringma, Shalegh FIN:EX

---

**From:** Wood, Heather FIN:EX  
**Sent:** Wednesday, January 31, 2018 1:54 PM  
**To:** Symes, Elan C FIN:EX  
**Cc:** Wanamaker, Lori FIN:EX; Purnell, Richard FIN:EX; Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX  
**Subject:** FW: Notes for Elan  
**Attachments:** BN - Payroll Tax Jan 28 2018.docx; Part 2 Tax measures.pdf; New tax funnel.docx; parameters list (2).docx; residential affordability property tax options.docx  
**Importance:** High

Hi Elan,

Here is the payroll tax briefing note that went forward this week (we have not received decisions yet) and the full budget write-up on all of the tax measures. I have also attached several notes from Steve about s.13

Heather

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• Extend mining flow-through share tax credit .....	2018 tax year	(4)	(1)
• Extend farmers' food donation tax credit .....	January 1, 2019	*	*
• Extend interactive digital media tax credit .....	September 1, 2018	(33)	(66)
• Extend book publishing tax credit .....	April 1, 2018	(3)	(3)
• Expand Film Incentive BC tax credit to scriptwriting .....	February 21, 2018	(1)	(1)
<b>Medicare Protection Act</b>			
• Eliminate Medical Services Plan premiums .....	January 1, 2020	-	(345)
<b>Motor Fuel Tax Act</b>			
• Increase refund rates for International Fuel Tax Agreement licensees .....	April 1, 2018	*	*
• Increase motor fuel tax rates on gasoline and diesel in the Capital Regional District to 5.5 cents per litre from 3.5 cents .....	April 1, 2018	7	7
<b>Carbon Tax Act and Motor Fuel Tax Act</b>			
• Clarify that fuel sales between refiner collectors are exempt from security .....	February 21, 2014	*	*
<b>Provincial Sales Tax Act</b>			
• Expand exemption to all types of avalanche airbag backpacks .....	April 1, 2018	*	*
s.13			
• Allow Municipal and Regional District Tax revenue to be used for affordable housing initiatives .....	Regulation	-	-
• Clarify that software provided in optional as-needed maintenance agreements is taxable .....	April 1, 2013	*	*
• Increase luxury surtax rates on passenger vehicles over \$125,000 .....	April 1, 2018	10	10
• Allow services to be included in Tax Payment Agreements between the Province and interjurisdictional railways .....	Royal assent	-	-
s.13			
<b>Tobacco Tax Act</b>			
• Increase tax rates to 27.5 cents per cigarette from 24.7 cents, and to 37.5 cents per gram of loose tobacco from 24.7 cents .....	April 1, 2018	95	95
<b>Property Transfer Tax Act</b>			
• Exempt transfers of principal residences in certain bankruptcy cases .....	February 21, 2018	*	*
• Increase property transfer tax rate to 5 per cent from 3 per cent on the value of residential properties above \$3 million .....	February 21, 2018	81	81
• Increase Additional Property Transfer Tax rate to 20 per cent from 15 per cent and expand to more areas of the province .....	February 21, 2018	35	40
<b>Home Owner Grant Act</b>			
• Increase threshold for home owner grant phase-out to \$1.65 million from \$1.6 million.....	2018 tax year	*	*
<b>School Act</b>			
• Set provincial residential class school property tax rates .....	2018 tax year	*	*
• Set provincial non-residential class school property tax rates .....	2018 tax year	*	*
• Exempt purpose-built rental housing from school tax if it receives a municipal revitalization certificate .....	2019 tax year	*	*
s.12,s.13			

\* Denotes measures that have no material impact on taxpayers.



Table 2.1 Summary of Tax Measures (continued)

	Effective Date	Taxpayer Impacts	
		2018/19	2019/20
		(\$ millions)	
<b>Taxation (Rural Area) Act</b>			
• Set rural area property tax rates .....	2018 tax year	*	*
<b>Hydro and Power Authority Act</b>			
• Clarify BC Hydro's school tax liability on land it owns .....	December 31, 2019	*	*
<b>Various Acts</b>			
• Enhance administration and information sharing .....	Various	*	*
<b>Total .....</b>		<b>800</b>	<b>2,091</b>

\* Denotes measures that have no material impact on taxpayers.

## Tax Measures — Supplementary Information

For more details on tax changes see:  
[www.gov.bc.ca/budgettaxchanges](http://www.gov.bc.ca/budgettaxchanges)

### Income Tax Act

#### Infirm Dependent Credit and Caregiver Credit Replaced with a New BC Caregiver Credit

Effective for 2018 and subsequent tax years, the caregiver tax credit and the infirm dependent tax credit are replaced with a new BC caregiver credit.

The non-refundable BC caregiver credit, which parallels the Canada caregiver credit announced in the 2017 federal budget, is available to British Columbians who care for an eligible adult relative who is dependent on the caregiver because of a mental or physical infirmity. The caregiver is not required to live with the dependent in order to claim the credit. The maximum BC caregiver credit amount is \$4,556 per infirm dependent for 2018, providing a benefit of up to \$230.53, and is indexed to inflation for future years. Individuals caring for an infirm spouse or common-law partner are eligible for the greater of the BC caregiver credit or the spousal tax credit, and individuals who are single and caring for an infirm adult relative are eligible for the greater of the BC caregiver credit or the eligible dependent tax credit.

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**Education Tax Credit Eliminated**

Following the elimination of the federal education tax credit effective for 2017 and subsequent tax years, the BC education tax credit is eliminated effective for the 2019 and subsequent tax years. Unused BC education amounts carried forward from years prior to 2019 remain available to be claimed in 2019 and subsequent tax years.

**Mining Flow-Through Share Tax Credit Extended**

The mining flow-through share tax credit is extended for one year to the end of 2018.

**Farmers' Food Donation Tax Credit Extended**

The farmers' food donation tax credit is extended for one year to the end of 2019.

**Interactive Digital Media Tax Credit Extended**

The interactive digital media tax credit is extended for five years to August 31, 2023.

**Book Publishing Tax Credit Extended**

The book publishing tax credit is extended for three years to March 31, 2021.

**Film Incentive BC Tax Credit Expanded to Scriptwriting**

Effective for expenditures incurred on or after February 21, 2018, the Film Incentive BC tax credit is expanded to include scriptwriting expenditures on BC labour incurred by a corporation prior to the completion of the final script stage of the production. Previously, only scriptwriting expenditures incurred after the final script stage were eligible for the tax credit.

***Medicare Protection Act*****Medical Services Plan Premiums Eliminated**

Effective January 1, 2020, Medical Services Plan premiums will be fully eliminated. This follows the 50 per cent reduction in premiums effective January 1, 2018, announced in *Budget 2017 Update*. Once eliminated, single individuals will see annual savings of up to \$900 and families will see annual savings of up to \$1,800.

***Motor Fuel Tax Act*****Refund Rates for International Fuel Tax Agreement Licensees Increased**

The refund rates for International Fuel Tax Agreement licensees are increased to reflect annual increases in the carbon tax each April 1st from 2018 through to 2021. This will ensure International Fuel Tax Agreement licensees only pay carbon tax on fuel they use in BC.

### **Capital Regional District Motor Fuel Tax Rates Increased to 5.5 Cents per Litre from 3.5 Cents on Gasoline and Diesel**

Effective April 1, 2018, the motor fuel tax rates on clear gasoline and clear diesel in the Capital Regional District are increased to 5.5 cents per litre from 3.5 cents. The additional 2 cents per litre is expected to raise \$7 million annually to help finance the Victoria Regional Transit Commission and its share of funding for the Victoria regional transit system.

### ***Carbon Tax Act and Motor Fuel Tax Act***

#### **Fuel Sales Between Refiner Collectors Clarified to Exempt Sales from Security**

Effective retroactive to February 21, 2014, refiner collectors that acquire fuel for retail sale from other refiner collectors are exempt from the requirement to pay security on that fuel, and a refund is provided for security paid by refiner collectors on fuel purchased in BC and sold to another refiner collector.

### ***Provincial Sales Tax Act***

#### **Exemption Expanded to All Types of Avalanche Airbag Backpacks**

Effective April 1, 2018, the exemption for avalanche airbag backpacks is expanded to include all avalanche airbag backpacks. Currently only avalanche airbags triggered by compressed air are exempt.

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Effective on a date to be specified by regulation, the *Provincial Sales Tax Act* and regulations are amended to enable online accommodation platforms to register as collectors, and to collect and remit provincial sales tax and the Municipal and Regional District Tax on accommodation provided through online platforms. By registering as a collector, an online platform will relieve its hosts (owners and lessors of the accommodation units) from the obligation to register. Online accommodation platforms are online marketplaces that enable or facilitate transactions between buyers and those who provide short-term accommodation in BC.

#### **Use of Municipal and Regional District Tax Revenues for Affordable Housing Initiatives Allowed**

Effective on a date to be specified by regulation, revenue from the Municipal and Regional District Tax collected by municipalities, regional districts and eligible entities, such as tourism-focused non-profits, can be used to fund affordable housing initiatives. Currently, funds can only be used for tourism marketing, programs and projects.

#### **Software Provided in Optional As-Needed Maintenance Agreements Clarified as Taxable**

Effective retroactive to April 1, 2013, the *Provincial Sales Tax Act* is amended to clarify that provincial sales tax applies to software provided in optional as-needed maintenance agreements.

### **Luxury Surtax Rates on Passenger Vehicles Over \$125,000 Increased**

Effective April 1, 2018, the luxury surtax on passenger vehicles is increased. The rate on passenger vehicles with a purchase price from \$125,000 to \$149,999 is increased to 15 per cent from 10 per cent, and the rate on passenger vehicles with a purchase price of \$150,000 and above is increased to 20 per cent from 10 per cent. The general rate on private sales is also increased to 15 per cent from 12 per cent on passenger vehicles with a purchase price from \$125,000 to \$149,999, and to 20 per cent from 12 per cent on passenger vehicles with a purchase price of \$150,000 and above. The rates apply to sales of both new and used passenger vehicles.

### **Services Allowed to be Included in Tax Payment Agreements Between the Province and Interjurisdictional Railways**

Effective on royal assent, services will be permitted to be included in Tax Payment Agreements between the Province and interjurisdictional railways. This will allow for simplified remittance of tax on services. Previously, only goods and software were included in Tax Payment Agreements.

### **Retail Sales on Cruise Ships in BC Waters Exempted**

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## ***Tobacco Tax Act***

### **Tobacco Tax Rates Increased to 27.5 Cents from 24.7 Cents per Cigarette and to 37.5 Cents from 24.7 Cents per Gram of Loose Tobacco**

Effective April 1, 2018, the tax rate on cigarettes is increased to 27.5 cents per cigarette from 24.7 cents. This is an equivalent increase to \$55.00 from \$49.40 per carton of 200 cigarettes. The tax rate on loose tobacco (tobacco in a form other than cigarettes or cigars) is increased to 37.5 cents from 24.7 cents per gram.

## ***Property Transfer Tax Act***

### **Transfers of Principal Residences Exempted in Certain Bankruptcy Cases**

Effective for transactions that occur on or after February 21, 2018, transfers of a bankrupt's principal residence from a trustee in bankruptcy to the bankrupt or the bankrupt's spouse or former spouse are exempt from tax. Previously, such transactions were only exempt if no consideration was exchanged.

### **Additional Property Transfer Tax Rate Increased and Area Expanded**

Effective February 21, 2018, the Additional Property Transfer Tax rate is increased to 20 per cent from 15 per cent. In addition, the tax is expanded to the Capital Regional District, the Regional District of Central Okanagan, the Fraser Valley Regional District and the Regional District of Nanaimo. For these newly added areas, there are transitional rules that may exempt eligible property transactions entered into before February 21, 2018. There are no transitional rules for transactions in Metro Vancouver.

**Property Transfer Tax Rate on the Value of Residential Properties Above \$3 Million Increased**

Effective February 21, 2018, a further tax rate of 2 per cent is applied to the fair market value of the residential component of a taxable transaction that exceeds a threshold of \$3 million. The rate of tax on the part of the residential component above the threshold is a total of 5 per cent, made up of the existing 3 per cent rate on the fair market value of taxable transactions above \$2 million and the new 2 per cent rate on the portion of the fair market value of the residential component above \$3 million.

**Home Owner Grant Act****Threshold for Home Owner Grant Increased**

As announced on January 3, 2018, the property value threshold for the full home owner grant is increased to \$1.65 million for the 2018 tax year, up from \$1.6 million in 2017. For properties valued above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.

**School Act****Provincial Residential Class School Tax Rates Set**

The longstanding rate-setting policy is that average residential class school property taxes, before application of the home owner grant, increase by the previous year's provincial inflation rate. This rate-setting policy has been in place since 2003 and will continue in 2018. The rates will be set when revised assessment roll data are available in the spring.

**Provincial Non-Residential Class School Tax Rates Set**

A single province-wide school tax rate is set for each of the non-residential property classes. The rates for 2018, except for the rate for the industrial property classes, will be set so that non-residential class school tax revenue will increase by inflation plus new construction. This rate-setting policy has been in place since 2005. The rates will be set when revised assessment roll data are available in the spring.

The major industry class tax rate and the light industry class tax rate will be set at the same rate as the business class tax rate, consistent with the policy announced in *Budget 2008*.

**Purpose-Built Rental Housing Exempted from School Tax if it Receives a Municipal Revitalization Certificate**

Effective for the 2019 tax year and subsequent tax years, municipal revitalization property tax exemptions for eligible new purpose-built rental housing will also apply to provincial property taxes.

To be eligible for the new exemption, a municipality must issue a revitalization tax exemption certificate under a revitalization program that includes as a goal the creation of new rental housing. The provincial exemption only applies to the portion of the property that meets the provincial definition of new purpose-built rental housing. The exemption is only available for non-stratified buildings that are newly created, or substantially renovated with a minimum net gain of five units.

The terms of the municipal exemption, including the length of the exemption and the percentage of the property exempted from tax, will be mirrored in the provincial exemption. The provincial tax exemption only applies for revitalization tax exemption certificates issued on or after February 21, 2018.

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Effective for the 2019 tax year and subsequent tax years, a province-wide <sup>s.13</sup> school tax is introduced on high-valued properties in the residential class including detached homes, stratified condominium or townhouse units and most vacant land.

The <sup>s.13</sup> tax applies to the portion of a residential property's taxable assessed value that exceeds \$3 million. In the case of a mixed-use property, only the residential portion of the property's taxable assessed value above \$3 million is subject to the tax.

A tax rate of 0.2 per cent applies to the portion of residential assessed value that exceeds \$3 million but does not exceed \$4 million, and a tax rate of 0.4 per cent applies to the portion of residential assessed value that exceeds \$4 million.

The tax will be administered through the existing school tax system, with municipalities and the Province's Surveyor of Taxes responsible for tax collection.

### ***Taxation (Rural Area) Act***

#### **Provincial Rural Area Property Tax Rates Set**

A single rural area residential property tax rate applies province-wide. The longstanding rate-setting policy that average residential rural property taxes increase by the previous year's provincial inflation rate will continue for 2018.

Consistent with longstanding policy, non-residential rural area property tax rates will be set so that total non-residential rural area tax revenue will increase by inflation plus new construction. The rates will be set when revised assessment roll data are available in the spring.

### ***Hydro and Power Authority Act***

#### **BC Hydro's School Tax Liability on Land Clarified**

The Act is clarified to limit BC Hydro's school tax liability to land it owns in fee simple and on improvements. This clarification does not affect Nisga'a Lands or Taxing Treaty First Nation lands.



## Various Acts

### Administration and Information Sharing Enhanced

*Budget 2018* introduces several changes to enhance tax administration and information sharing:

- Effective on royal assent, the *Property Transfer Tax Act* is amended to:
  - increase the limitation period for property transfer tax assessments to 6 years to match the limitation period for the Additional Property Transfer Tax;
  - enable additional information to be collected on property transfer tax forms, including tax identification numbers for transferees through bare trusts;
  - introduce administrative penalties for non-compliance;
  - extend the general anti-avoidance rule to the entire Act; and
  - enable tax administrators to access additional information on property transactions, including information in a Multiple Listing Service (MLS) database.
- Effective on a date to be specified by regulation, the *Carbon Tax Act*, *Motor Fuel Tax Act* and *Provincial Sales Tax Act* are amended to allow for a fee to be charged to taxpayers to recover costs associated with out-of-province audits.
- Effective for transactions entered into on or after February 21, 2018, or a series of transactions that is completed on or after February 21, 2018, the *Income Tax Act* is amended to introduce a reportable transaction rule. The rule parallels the federal reportable transaction rule for income tax, and requires taxpayers and their advisors to proactively disclose certain avoidance transactions to the Canada Revenue Agency.
- The *Income Tax Act's* general anti-avoidance rule helps to ensure the income tax system is not misused or abused. Effective February 21, 2018, the general anti-avoidance rule is changed to parallel the federal general anti-avoidance rule and to ensure that any misuse or abuse of a provision in another act that the *Income Tax Act* relies on will be subject to the rule.
- Effective on royal assent, the *Income Tax Act* and *Land Tax Deferral Act* are amended to allow for information sharing between the two acts.
- Effective on royal assent, the *Income Tax Act* and *Logging Tax Act* are amended to no longer require the Lieutenant Governor-in-Council to pre-approve information-sharing agreements entered into under these acts. This is consistent with the process under other tax acts.
- The Province is currently implementing the Petroleum Information Network (Petrinex) system which is intended to improve the collection and accuracy of oil and natural gas royalty information. The introduction of this new data collection system requires amendments to the *Petroleum and Natural Gas Act* to ensure the privacy of collected information and to allow for proper sharing of information with relevant provincial government organizations. The amendments to the Act, which take effect on royal assent, also include changes regarding non-compliance and reporting errors by industry participants, which provides the Ministry of Finance with authority to penalize the non-payment of royalties, ensuring that all royalties are assessed in a timely manner.

Page 055

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**Ministry of Finance**

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**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:** January 26, 2018  
**Date Required:** January 26, 2018

**Initiated by:** Paul Flanagan

**Date Prepared:** January 26, 2018

**Ministry  
Contact:** Andrew Avis

**Phone Number:** 778-698-5669  
**Email:** andrew.avis@gov.bc.ca

**Cliff #:**

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**TITLE:** Payroll Tax in BC

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**PURPOSE:**

**For Decision**

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**COMMENTS:** In order to implement a payroll tax, decisions are required regarding the rate, design and any tax relief.

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**DATE PREPARED:** January 26, 2018

**TITLE:** BC Payroll Tax

**ISSUE:** The design decisions for a BC payroll tax

**BACKGROUND:**

As part of Budget 2018, the government will announce the creation of a new BC payroll tax in BC to take effect on January 1, 2019. In order to have the legislation in place for the tax to be effective on January 1, 2019, <sup>s.13</sup>

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**DISCUSSION:**

Currently, Manitoba, Ontario, Quebec and Newfoundland and Labrador are the only Canadian provinces with payroll taxes. Descriptions each payroll tax can be found in Appendix 2.

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The BC payroll tax would apply to the employer's total payroll. This is in contrast to the Canada Pension Plan and the Employment Insurance which both have yearly maximum contributions (maximum salary of \$55,300 and \$51,300 respectively in 2017).

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### 1. The rate of tax

Ontario has the lowest payroll tax rate at 1.95 per cent of payroll followed by Newfoundland and Labrador at 2 per cent and Manitoba at 2.15 per cent. Quebec's payroll tax starts at 2.3 per cent for companies with payroll less than \$1 million and increases gradually thereafter. Once the Quebec employer has payroll exceeding \$5 million the employer is subject to the maximum tax rate of 4.26 per cent.

### 2. A small business threshold

A small business threshold operates by exempting employers from the payroll tax when their payrolls are less than the threshold amount. Once an employer's payrolls exceed the threshold, their entire payroll is subject to the tax. Based on Statistic Canada data, average annual employee earnings in BC is about \$42,000. As such, an employer with 10 employees would have total annual payroll of \$420,000.

In Manitoba and Newfoundland and Labrador, employers below a threshold of \$1.25 million and \$1.2 million respectively are not subject to the payroll tax.

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Unlike a small business threshold, an exemption/deduction allows employers to deduct a set amount from their payroll before applying the tax. For employers with payroll less than the exemption/deduction, the effect is the same as being below the small business threshold.

Page 059 to/à Page 060

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**Appendix 2: Overview of Provincial Payroll Taxes**

	Manitoba	Ontario	Quebec	Newfoundland and Labrador
Name	Health and Post Secondary Education Tax Levy	Employer Health Tax	Health Services Fund	Health and Post Secondary Education Tax
Rate (highest if progressive)	2.15% of total remuneration	1.95% of total remuneration	4.26% of total remuneration	2% of total remuneration
Exemptions or lower rates	Employers with total remuneration less \$1.25 million in the year are exempt from the tax	Employers with total remuneration less than \$5 million can receive a deduction of up to \$450,000 of remuneration from the tax	Progressive rates: 2.30% if payroll is less than \$1 million 4.26% if payroll is greater than \$5million. Rate calculated by formula for payrolls in between.	Employers with total remuneration less than \$1.2 million are exempt from the tax.

Page 062 to/à Page 063

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:** March 12, 2018  
**Date Required:** March 14, 2018

**Initiated by:** Richard Purnell  
A/Executive Directore

**Date Prepared:** March 14, 2018

**Ministry  
Contact:** Andrew Avis

**Phone Number:** 778-698-5669  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:** 365765

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**TITLE:** Employer Health Tax – Definition of Remuneration/Payroll

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**PURPOSE:**

**For Decision**

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**COMMENTS:**

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**DATE PREPARED:** March 14, 2018

**TITLE:** Employer Health Tax – Definition of Remuneration/Payroll

**ISSUE:** A definition of remuneration (payroll) is required for the employer health tax.

### **BACKGROUND:**

In Budget 2018, the government announced the introduction of the employer health tax. The tax will be paid by employers and is calculated as follows:

Total remuneration < \$500,000	\$0
\$500,000 < total remuneration < \$1.5 million	2.925% x (total remuneration - \$500,000)
\$1.5 million < total remuneration	1.95% x total remuneration

Total remuneration<sup>1</sup> is a fundamental concept of the employer health tax as it establishes the tax base and determines the amount of tax owing for employer in BC.

### **DISCUSSION:**

The three English-language provinces with payroll taxes, Ontario, Manitoba and Newfoundland and Labrador, define remuneration by referencing to the *Income Tax Act* (Canada). Similarly, the Canada Pension Plan, a payroll tax-like fee, also defines “contributory salary and wages” by reference to the same sections in the *Income Tax Act* (Canada). As a result, the following items are captured as remuneration for the purposes of the payroll taxes:

- salary and wages,
- bonuses, commissions and other similar payments,
- advances of salary and wages,
- vacation pay,
- gratuities (tips),
- taxable allowances and benefits,
- directors’ fees paid to directors of corporations,
- amounts paid by an employer to top up benefits (such as, top up for maternity/paternity leave),
- stock option benefits,
- employer-paid contributions to an employee’s Registered Retirement Savings Plan<sup>2</sup>, and
- employer-paid group life insurance premiums.

<sup>1</sup> Remuneration and payroll are interchangeable terms meaning employee compensation.

<sup>2</sup> However, the employee can deduct the contribution from their income.

The following are some notable examples of items excluded from their definition:

- employer contributions to registered pension plans, group term life insurance policies, pooled registered pension plans and other specific benefit plans, and
- employer contributions to a private health services plan (extended health plans).

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Lori Wanamaker  
Deputy Minister

**Date Requested:** March 14, 2018  
**Date Required:** March 16, 2018

**Initiated by:** Paul Flanagan  
Senior Executive Advisor

**Date Prepared:** March 16, 2018

**Ministry**  
**Contact:** Andrew Avis

**Phone Number:** 778-698-5669  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:**

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**TITLE:** s.13

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**PURPOSE:**

**For Decision**

---

**COMMENTS:**

---

**DATE PREPARED:** March 16, 2018

s.13

## **BACKGROUND:**

In Budget 2018, the government announced the introduction of the employer health tax. The tax paid by employers is calculated as follows:

Total remuneration < \$500,000	\$0
\$500,000 < total remuneration < \$1.5 million	2.925% x (total remuneration - \$500,000)
\$1.5 million < total remuneration	1.95% x total remuneration

As can be seen, the \$500,000 figure is important for employers with total remuneration of less than \$1.5 million per year.

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## **DISCUSSION:**

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Page 070 to/à Page 071

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:** April 12, 2018  
**Date Required:** April 23, 2018

**Initiated by:** Richard Purnell  
Executive Director

**Date Prepared:** April 18, 2018

**Ministry  
Contact:** Andrew Avis  
Strategic Advisor

**Phone Number:** 778-679-4962  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:** 367327

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**TITLE:** Employer Health Tax – Structure of the Employer Health Tax as of April 20, 2018

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**PURPOSE:**

**Information**

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**COMMENTS:**

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**DATE PREPARED:**

**TITLE:** Employer Health Tax – Structure of the Employer Health Tax as of April 20, 2018

**ISSUE:** Overview of the employer health tax to reflect current decisions

**BACKGROUND:**

Since the employer health tax was announced as part of Budget 2018, many further details have been decided to give the tax more structure.<sup>s.13</sup>

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**DISCUSSION:**Tax Rate:

To begin with, the Budget 2018 announcement focused on the rate of the tax. It provided that commencing in 2019, BC employers would need to pay the tax at the following rates dependent on their annual payroll:

- Employers with annual payroll under \$500,000 do not pay tax.
- Employers with annual payroll exceeding \$1.5 million will pay the maximum rate of 1.95 per cent of their annual payroll.
- Employer with annual payroll exceeding \$500,000 but less than \$1.5 million will see the tax phased in through a \$500,000 deduction from payroll that is gradually reduced as the employer's payroll increases. This is known as the "notch rate" and is demonstrated in the chart below:

Annual BC Payroll	Tax Calculation	Tax Payable	Effective Tax Rate
\$500,000 or less	\$0	\$0	0%
\$750,000	$2.925\% \times (\$750,000 - \$500,000)$	\$7,313	0.98%
\$1,000,000	$2.925\% \times (\$1,000,000 - \$500,000)$	\$14,625	1.46%
\$1,250,000	$2.925\% \times (\$1,250,000 - \$500,000)$	\$21,938	1.76%
\$1,500,000	$2.925\% \times (\$1,500,000 - \$500,000)$	\$29,250	1.95%
\$1,500,100	$1.95\% \times (\$1,500,100)$	\$29,252	1.95%

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Remuneration:

The employer health tax will be applied against the remuneration (payroll) of employers. Remuneration will be defined by reference to the federal *Income Tax Act*. In particular, remuneration will be all forms of employee compensation (including taxable benefits) that are taxed as employment income under the federal *Income Tax Act*. Specifically, this means employment income that is captured by one of the following:

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This is the same definition of remuneration that is used by Ontario, Manitoba and Newfoundland and Labrador's payroll taxes and the Canada Pension Plan.

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Page 075 to/à Page 076

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### Administration:

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The following is a quick summary of the administrative decisions made so far:

- the tax year will be the calendar year for all employers;
- employers subject to the tax will have to make quarterly instalments of their tax liability;
- employers with annual remuneration between \$500,000 and \$600,000 will not have to make instalment payments;

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Page 078 to/à Page 080

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:** March 15, 2018  
**Date Required:** March 16, 2018

**Initiated by:** Richard Purnell  
A/Executive Director

**Date Prepared:** March 16, 2018

**Ministry  
Contact:** Andrew Avis  
Strategic Advisor

**Phone Number:** 778-679-4962  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:** 366039

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**TITLE:** Employer Health Tax – Outstanding Policy Decision

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**PURPOSE:**

**Decisions**

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**COMMENTS:**

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**DATE PREPARED:** March 16, 2018

**TITLE:** Employer Health Tax – Outstanding Policy Decisions

**ISSUE:** Outstanding decisions are required for employer health tax implementation

**BACKGROUND:**

In Budget 2018, the Government announced that a new payroll tax, the employer health tax, will be effective on January 1, 2019. In order to meet this deadline, decisions on the issues below are required.

Page 083 to/à Page 086

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:**  
**Date Required:** April 23, 2018

**Initiated by:** Richard Purnell  
Executive Director

**Date Prepared:** April 18, 2018

**Ministry  
Contact:** Andrew Avis  
Strategic Advisor

**Phone Number:** 778-679-4962  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:**

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**TITLE:** Employer Health Tax – Charity and Not-For-Profit Treatment

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**PURPOSE:**

**Decision**

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**COMMENTS:**

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**DATE PREPARED:** April 17, 2018

**TITLE:** Employer Health Tax – Charity and Not-For-Profit Treatment

**ISSUE:** Whether charities and not-for-profit organization should receive the default or special treatment for the employer health tax.

**BACKGROUND:**

s.13

**DISCUSSION:**

Both charities and not-for-profit organizations receive special treatment under the federal *Income Tax Act*. Charities are not required to pay income tax and can issue receipts to allow donors to get non-refundable tax credits. Contributions to not-for-profit organization do not result in non-refundable tax credits, but these organizations are not required to pay income tax.

While the BC *Societies Act* regulates societies in BC, it does not distinguish between charities and not-for-profit organizations like the federal *Income Tax Act* does.<sup>s.13</sup>

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For an organization to be a charity under the *Income Tax Act*, all of its resources must be devoted to “charitable activities”. Charitable activities are defined by the common-law and must fall into one the four following categories:

- advancement of education,
- advancement of religion,
- relief of poverty, or
- other purposes beneficial to the community.<sup>1</sup>

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The federal *Income Tax Act* also establishes what it means to be a not-for-profit organization but since these organizations do not have the ability to issue tax receipts, the definition is much more expansive. The main benefit of being a not-for-profit organization is that ancillary income (income earned while furthering its not-for-profit goal) is not taxed. The organization also benefits from simplified tax reporting when compared to a for-profit organization.

For an organization to be a not-for-profit organization, it must not be a charity and be operated exclusively for:

- social welfare,
- civic improvement,
- pleasure or recreation, or
- any other purpose except profit.

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Each of the three English-language provinces with payroll taxes take a different approach to charities and not-for-profits. Manitoba does not give either any special treatment. Newfoundland and Labrador gives each location of the charity or not-for-profit a separate \$1.2 million deduction. Ontario gives each location of the charity a separate \$450,000 deduction, but no special treatment for not-for-profits.

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Page 090 to/à Page 091

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:**  
**Date Required:** April 26, 2018

**Initiated by:** Richard Purnell  
Executive Director

**Date Prepared:** April 24, 2018

**Ministry**  
**Contact:** Andrew Avis  
Strategic Advisor

**Phone Number:** 778-679-4962  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:**

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**TITLE:** Employer Health Tax – Charity and Not-For-Profit Treatment

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**PURPOSE:**

**Decision**

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**COMMENTS:**

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Andrew Lee 778 698-8398 s.22
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**DATE PREPARED:** April 24, 2018

**TITLE:** Employer Health Tax – Charity (and Not-For-Profit) Treatment

**ISSUE:** Structuring preferential tax treatment for charities (and not-for-profits)

**BACKGROUND:**

s.13 the Minister of Finance made the decision to provide preferential tax treatment to charities (and not-for-profit organizations) with respect to the employer health tax s.13  
s.13

**DISCUSSION:**

Both charities and not-for-profit organizations receive special treatment under the federal *Income Tax Act*. Charities are not required to pay income tax and can issue receipts to allow donors to get non-refundable tax credits. Donations to not-for-profit organization do not result in non-refundable tax credits, but these organizations are not required to pay income tax.

For an organization to be a charity under the *Income Tax Act*, all of its resources must be devoted to “charitable activities” while a not-for-profit organization includes any organization that is operating for a purpose other than to generate profits. Unlike charities, not-for-profits do not need to provide a benefit to the public. For tax purposes, an organization may be considered a charity or a not-for-profit organization, but not both.

Other provinces with payroll taxes take different approaches with respect to charities and not-for-profits. Manitoba does not give either any special treatment. Newfoundland and Labrador gives each location of the charity or not-for-profit a separate \$1.2 million deduction. Ontario gives each location of the charity a separate \$450,000 deduction, but no special treatment for not-for-profits.

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Page 094 to/à Page 095

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:**  
**Date Required:** April 23, 2018

**Initiated by:** Richard Purnell  
Executive Director

**Date Prepared:** April 18, 2018

**Ministry  
Contact:** Andrew Avis  
Strategic Advisor

**Phone Number:** 778-679-4962  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:** 367323

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**TITLE:** Employer Health Tax – Charity and Not-For-Profit Treatment

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**PURPOSE:**

**Decision**

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**COMMENTS:**

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**DATE PREPARED:** April 17, 2018

**TITLE:** Employer Health Tax – Charity and Not-For-Profit Treatment

**ISSUE:** Whether charities and not-for-profit organization should receive the default or special treatment for the employer health tax.

**BACKGROUND:**

s.13

**DISCUSSION:**

Both charities and not-for-profit organizations receive special treatment under the federal *Income Tax Act*. Charities are not required to pay income tax and can issue receipts to allow donors to get non-refundable tax credits. Contributions to not-for-profit organization do not result in non-refundable tax credits, but these organizations are not required to pay income tax.

While the BC *Societies Act* regulates societies in BC, it does not distinguish between charities and not-for-profit organizations like the federal *Income Tax Act* does. <sup>s.13</sup>

s.13

For an organization to be a charity under the *Income Tax Act*, all of its resources must be devoted to “charitable activities”. Charitable activities are defined by the common-law and must fall into one the four following categories:

- advancement of education,
- advancement of religion,
- relief of poverty, or
- other purposes beneficial to the community.<sup>1</sup>

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<sup>1</sup> *Vancouver Society of Immigrant and Visible Minority Women v M.N.R.* [1999] 1 S.C.R. 10.

Since charities can issue tax receipts they are indirectly funded by government. In fact, in 2017/18, it is estimated that charitable tax receipts cost BC \$239 million. This is on top of any direct funding that charities receive from government.

The federal *Income Tax Act* also establishes what it means to be a not-for-profit organization but since these organizations do not have the ability to issue tax receipts, the definition is much more expansive. The main benefit of being a not-for-profit organization is that ancillary income (income earned while furthering its not-for-profit goal) is not taxed. The organization also benefits from simplified tax reporting when compared to a for-profit organization.

For an organization to be a not-for-profit organization, it must not be a charity and be operated exclusively for:

- social welfare,
- civic improvement,
- pleasure or recreation, or
- any other purpose except profit.

s.13

Each of the three English-language provinces with payroll taxes take a different approach to charities and not-for-profits. Manitoba does not give either any special treatment. Newfoundland and Labrador gives each location of the charity or not-for-profit a separate \$1.2 million deduction. Ontario gives each location of the charity a separate \$450,000 deduction, but no special treatment for not-for-profits.

Page 099 to/à Page 100

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## Payroll Tax Comparisons

Employer Type	Ontario	Manitoba	Newfoundland	Quebec
Individual	Yes	Yes	Yes	
Corporation	Yes	Yes	Yes	
Charity	Yes	Yes	Yes	
Trust	Yes	Yes	Yes	
Non-Profit	Yes	Yes	Yes	
Partnership	Yes	Yes	Yes	
Association	Yes	Yes	Yes	
<b>Exemptions</b>				
<b>Threshold/Deduction</b>	\$450,000	\$1,250,000	\$400,000	
<b>Limitations</b>	One deduction for all associated employers	One deduction for all associated employers	One deduction for all associated employers	
<b>Exclusion from threshold</b>	Public sector, Crowns not subject to Part I tax, prov/muni corps.	None	None	
<b>Tax Rate</b>	Payroll over \$400,000 – 1.95%; Reduced rates below \$400,000	Payroll between \$1.25 and \$2.5m – 4.3% Payroll over \$2.5m – 2.15%	2% on all payroll	

## Payroll Tax Comparisons

### February, 2018

Employer Type	Ontario	Manitoba	Newfoundland	Quebec
Individual	Yes	Yes	Yes	Yes
Corporation	Yes	Yes	Yes	Yes
Charity	Yes	Yes	Yes	Yes
Trust	Yes	Yes	Yes	Yes
Non-Profit	Yes	Yes	Yes	Yes
Partnership	Yes	Yes	Yes	Yes
Association	Yes	Yes	Yes	Yes
Government	Yes	Yes	Yes	Yes
<b>Exemptions</b>				
Threshold/Deduction	\$450,000	\$1,250,000	\$1,200,000	None
Limitations	One deduction for all associated employers	One deduction for all associated employers	One deduction for all associated employers	
Exclusion from threshold	Public sector, Crowns not subject to Part I tax, prov/muni corps.	None	None	
Tax Rate	Payroll over \$400,000 – 1.95%; Reduced rates below \$400,000	Payroll between \$1.25 and \$2.5m – 4.3% Payroll over \$2.5m – 2.15%	2% on all payroll	Various rates; different rates for certain sectors; rates are declining over the next few years

Page 103 to/à Page 105

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		Forestry, logging and support [11N] (5)	Mining, quarrying, and oil and gas extraction [21]	Utilities [22]	Construction [23]	Manufacturing [31-33]	Wholesale trade [41]	Retail trade [44- 45]	Transportation and warehousing [48-49]	Information and cultural industries [51]	Finance and insurance [52]	Real estate and rental and leasing [53]	Professional, scientific and technical services [54]	Management of companies and enterprises [55]	Administrative and support, waste management and remediation services [56]	Educational services [61]	Health care and social assistance [62]	Arts, entertainment and recreation [71]	Accommodation and food services [72]	Other services (except public administration) [81]	Public administration [91]
Allocation to Entities	Total Employees																				
0 to 4 employees	165,226	2,458	x	x	25,136	6,402	7,900	16,342	7,514	2,162	4,820	10,464	23,404	1,967	9,049	2,206	20,289	2,732	7,981	14,221	179
5 to 19 employees	307,380	4,715	x	x	36,292	20,664	18,311	41,517	12,371	4,221	5,624	9,838	24,732	2,326	15,888	5,557	30,324	5,607	44,148	23,768	1,477
20 to 49 employees	233,902	3,333	x	x	23,267	20,666	14,643	31,941	10,279	3,452	3,764	5,976	13,978	1,794	11,346	6,099	16,019	5,268	46,994	10,805	4,278
50 to 99 employees	160,314	x	x	x	13,993	18,432	9,529	23,749	7,220	2,688	2,825	3,419	8,910	x	8,308	4,637	12,767	4,451	27,722	6,374	5,290
100 to 299 employees	198,350	x	x	x	15,049	23,118	13,678	14,551	10,068	6,392	6,355	3,788	8,814	x	11,042	10,992	26,548	5,742	26,107	6,300	9,806
300 to 499 employees	77,807	x		1,355	x	4,441	11,472	4,264	3,855	2,775	2,331	4,602	3,632	x	6,023	6,960	8,228	x	8,185	3,019	5,572
500 and more employees	766,806	x		14,711	x	12,183	39,246	22,579	125,694	56,649	53,302	5,547	23,276	x	32,167	108,044	118,691	x	38,929	5,971	88,705
Totals	1,909,785	10,506	16,066	-	130,361	140,000	90,904	257,649	106,876	42,358	81,292	40,125	106,746	6,087	93,823	144,495	232,866	23,800	200,066	70,458	115,307

Page 107

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Page 109 to/à Page 113

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Employment, by enterprise size, by province and territory (British Columbia)

2011      2012      2013      2014      2015  
 All industries excluding unclassified enterprises  
 number

B.C.

All sizes	1,882,984	1,907,170	1,952,056	1,986,595	2,025,590
0 to 49 employees	690,912	696,771	711,100	722,904	741,230
0 to 4 employees	162,281	164,046	166,535	166,235	167,866
5 to 19 employees	305,079	305,087	309,388	317,931	325,795
20 to 49 employees	223,552	227,638	235,176	238,738	247,570
50 to 299 employees	340,221	344,955	367,361	374,924	389,806
50 to 99 employees	151,279	154,987	163,799	167,823	176,676
100 to 299 employees	188,942	189,968	203,562	207,101	213,131
300 and more employees	851,851	865,444	873,595	888,766	894,554
300 to 499 employees	77,345	78,455	80,770	84,118	82,910
500 and more employees	774,506	786,989	792,825	804,648	811,644

Note: North American Industry Classification System (NAICS), 2012. Source: Statistics Canada, CANSIM, 0042. Last modified: 2016-03-31.

1.3%      2.4%      1.8%      2.0%      2.0%

Growth Rate      2.00%

0 to 4 employees	87,324
5 to 19 employees	28,246
20 to 49 employees	7,359
50 to 99 employees	2,451
100 to 299 employees	1,109
300 to 499 employees	216
500 and more employees	325

## Earnings, average weekly, by enterprise size, by province and territory (British Columbia)

	2011	2012	2013	2014	2015	2016	2017
All industries excluding unclassified enterprises current dollars							
B.C.							
All sizes	841.28	866.16	875.32	896.32	910.43	919.25	937.64
0 to 49 employees	744.53	751.97	755.15	773.87	789.32	806.73	822.86
0 to 4 employees	790.56	803.94	809.78	837.15	862.93	879.79	897.39
5 to 19 employees	721.53	719.53	724.2	738.81	751.92	768.47	783.84
20 to 49 employees	742.48	757.98	757.17	776.51	788.61	807.99	824.15
50 to 299 employees	814.77	833.4	842.94	862.6	871.06	864.14	881.42
50 to 99 employees	773.74	798.7	802.64	820.35	820.42	814.53	830.82
100 to 299 employees	847.63	861.71	875.37	896.84	913.04	903.6	921.67
300 and more employees	930.35	971.15	986.77	1,010.15	1,027.94	1037.21	1,057.95
300 to 499 employees	910.84	953.73	964.96	1,006.63	1,004.57	1007.68	1,027.83
500 and more employees	932.3	972.88	988.99	1,010.52	1,030.33	1040.11	1,060.91

Notes: - Data include overtime. - North American Industry Classification System (NAICS), 201

	Average					
All sizes	3.0%	1.1%	2.4%	1.6%	1.0%	1.8%
0 to 49 employees	1.0%	0.4%	2.5%	2.0%	2.2%	1.6%
0 to 4 employees	1.7%	0.7%	3.4%	3.1%	2.0%	2.2%
5 to 19 employees	-0.3%	0.6%	2.0%	1.8%	2.2%	1.3%
20 to 49 employees	2.1%	-0.1%	2.6%	1.6%	2.5%	1.7%
50 to 299 employees	2.3%	1.1%	2.3%	1.0%	-0.8%	1.2%
50 to 99 employees	3.2%	0.5%	2.2%	0.0%	-0.7%	1.0%
100 to 299 employees	1.7%	1.6%	2.5%	1.8%	-1.0%	1.3%
300 and more employees	4.4%	1.6%	2.4%	1.8%	0.9%	2.2%
300 to 499 employees	4.7%	1.2%	4.3%	-0.2%	0.3%	2.1%
500 and more employees	4.4%	1.7%	2.2%	2.0%	0.9%	2.2%

Selected escalation rate 2%

Table 552-0006 Canadian business counts, location counts with employees, by employment size and North American Industry Classification System (NAICS), Canada and provinces, June 2017, semi-annual (number) [1,2,3,4]

Survey or program details:

Business Register - 1,105

Geography	Employment size (5)	North American Industry Classification System (NAICS) (6)	1 2017
British Columbia [19]	1 to 4 employees	Total, all industries (1)	110561
British Columbia [19]	5 to 9 employees	Total, all industries (1)	36126
British Columbia [19]	10 to 19 employees	Total, all industries (1)	24384
British Columbia [19]	20 to 49 employees	Total, all industries (1)	14796
British Columbia [19]	50 to 99 employees	Total, all industries (1)	4859
British Columbia [19]	100 to 199 employees	Total, all industries (1)	1938
British Columbia [19]	200 to 499 employees	Total, all industries (1)	876
British Columbia [19]	500 plus employees	Total, all industries (1)	347

Footnotes:

1 Businesses are counted according to the number of "statistical locations" they have. For example, a retail business with 10 stores and a head office is counted 11 times in the Canadian business counts. Please consult our [va href="http://www23.statcan.gc.ca/mdb/bmd6/document/5105\\_016\\_79\\_31-eng.htm" target="\\_blank">http://www23.statcan.gc.ca/mdb/bmd6/document/5105\\_016\\_79\\_31-eng.htm](http://www23.statcan.gc.ca/mdb/bmd6/document/5105_016_79_31-eng.htm) for more information.

2 This CANSIM table is no longer being updated. For the December 2016 reference period, please refer to CANSIM table 552-0005. CANSIM table 552-0006 contains data for the June 2017 reference period only.

3 The data includes all active Canadian locations with employees.

4 Fluctuations in these figures from one reference period to another can come from methodological changes (for example, changes to the method for identifying inactive units or in business industrial classification strategies). As a result, these data do not only represent changes in the business population over time. Statistics Canada advises users not to use these data as a time series.

5 The employment size ranges provided should not be used to calculate total number of employees.

6 The 2012 version of the [va href="http://www.statcan.gc.ca/eng/subjects/standard/naics/2012/index" target="\\_blank">http://www.statcan.gc.ca/eng/subjects/standard/naics/2012/index](http://www.statcan.gc.ca/eng/subjects/standard/naics/2012/index) "North American Industry Classification System (NAICS)" is used for this table.

Source: Statistics Canada, Table 552-0006 - Canadian business counts, location counts with employees, by employment size and North American Industry Classification System (NAICS), Canada and provinces, June 2017, semi-annual (number) (accessed: January 09, 2018)

Page 117 to/à Page 119

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Allocation to Entities	Total Employees	Forestry, logging and support (1010, 101)	Mining, quarrying, and oil and gas extraction (21)	Utilities (22)	Construction (23)	Manufacturing (31-33)	Wholesale trade (41)	Retail trade (44-49)	Transportation and warehousing (48-49)	Information and cultural industries (51)	Finance and insurance (52)	Real estate and rental and leasing (53)	Professional, scientific and technical services (54)	Management of companies and enterprises (55)	Administrative and support, waste (56)	Educational services (61)	Health care and social assistance (62)	Arts, entertainment and recreation (71)	Accommodation and food services (72)	Other services (except public administration) (81)	Public administration (91)
0 to 4 employees	165,728	2,498	x	x	25,138	8,402	7,850	16,142	7,514	2,162	4,820	10,484	23,454	1,067	3,049	2,206	20,289	2,752	7,981	14,211	179
5 to 9 employees	302,980	4,773	x	x	36,292	20,664	18,311	46,337	13,371	4,231	3,824	9,848	24,751	2,320	13,898	3,551	30,341	3,607	44,548	23,748	3,473
10 to 49 employees	213,933	3,333	x	x	23,267	20,696	14,643	31,841	10,779	3,651	3,764	5,576	13,478	1,791	11,586	6,095	16,019	5,508	46,994	10,865	4,274
50 to 99 employees	160,114	x	x	x	13,911	18,432	8,526	23,749	7,230	2,689	2,805	3,419	8,919	x	8,808	4,637	12,767	4,401	27,733	6,374	5,280
100 to 249 employees	198,301	x	x	x	15,049	23,118	11,079	14,351	10,968	8,391	6,355	3,788	8,814	x	11,942	16,191	26,141	5,762	29,107	6,100	9,981
250 to 499 employees	77,807	x	1,355	x	4,441	13,672	3,464	3,853	2,779	2,351	4,662	1,089	1,632	x	4,003	6,780	8,228	x	8,185	3,019	3,512
500 and more employees	766,806	x	14,211	x	11,181	30,206	22,529	176,694	56,449	21,112	51,101	5,547	33,726	x	31,467	108,044	118,891	x	38,925	5,971	86,251
<b>Total</b>	<b>1,865,785</b>	<b>10,006</b>	<b>14,046</b>	-	<b>130,361</b>	<b>140,000</b>	<b>90,608</b>	<b>267,649</b>	<b>106,476</b>	<b>42,358</b>	<b>81,292</b>	<b>40,125</b>	<b>106,746</b>	<b>6,087</b>	<b>93,833</b>	<b>146,495</b>	<b>232,864</b>	<b>33,000</b>	<b>200,064</b>	<b>70,418</b>	<b>115,387</b>

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Allocation to Entities	Total Employees	Forestry, logging and support (1010) (5)	Mining, quarrying, and oil and gas extraction (21)	Utilities (22)	Construction (23)	Manufacturing (31-33)	Wholesale trade (41)	Retail trade (44-49)	Transportation and warehousing (48-49)	Information and cultural industries (51)	Finance and insurance (52)	Real estate and rental and leasing (53)	Professional, scientific and technical services (54)	Management of companies and enterprises (55)	Administrative and support, waste management and remediation services (56)	Educational services (61)	Health care and social assistance (62)	Arts, entertainment and recreation (71)	Accommodation and food services (72)	Other services (except public administration) (81)	Public administration (91)
0 to 4 employees	165,728	2,498	x	x	25,138	8,402	7,850	16,142	7,514	2,162	4,820	10,484	23,454	1,067	3,049	2,206	20,289	2,782	7,981	14,211	179
5 to 9 employees	302,980	4,773	x	x	36,292	20,664	18,311	46,337	13,371	4,231	3,824	9,808	24,751	2,320	13,898	3,551	30,341	3,607	44,508	23,748	3,473
10 to 49 employees	313,933	3,333	x	x	23,267	20,696	14,643	31,841	10,779	3,651	3,764	5,576	13,478	1,798	11,586	6,095	16,019	5,508	46,994	10,865	4,274
50 to 99 employees	160,114	x	x	x	13,911	18,432	8,526	23,749	7,230	2,688	2,805	3,419	8,919	x	8,808	4,637	12,767	4,401	27,733	6,374	5,280
100 to 249 employees	198,301	x	x	x	15,049	21,118	11,079	14,351	10,968	8,391	6,355	3,788	8,814	x	11,942	16,781	26,148	5,762	29,107	6,100	9,861
250 to 499 employees	77,807	x	1,355	x	4,441	11,672	3,266	3,852	2,779	2,351	4,662	1,089	1,632	x	4,003	6,780	8,228	x	8,185	3,019	3,152
500 and more employees	766,806	x	14,211	x	11,181	30,206	22,529	176,694	56,449	21,112	51,101	5,567	33,726	x	31,467	108,044	118,891	x	38,925	5,971	86,251
<b>Total</b>	<b>1,865,785</b>	<b>10,006</b>	<b>14,046</b>	-	<b>130,361</b>	<b>140,000</b>	<b>90,608</b>	<b>267,649</b>	<b>106,476</b>	<b>42,358</b>	<b>81,292</b>	<b>40,125</b>	<b>106,746</b>	<b>6,087</b>	<b>93,833</b>	<b>146,485</b>	<b>232,864</b>	<b>33,000</b>	<b>200,064</b>	<b>70,418</b>	<b>115,387</b>

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Table 1001-0012 Public sector employment, wages and salaries, seasonally unadjusted and adjusted, monthly (A.A.3.1.10)

Series in orange are dummy

Public Sector Employment - 1713

Geography	Public sector components	Source	Seasonal status	Jan-12	Feb-12	Mar-12
World-Columbia	Employment (persons) (1)	Public sector	Unadjusted	409,412	422,466	422,388
World-Columbia	Employment (persons) (1)	Government	Unadjusted	380,054	395,176	395,107
World-Columbia	Employment (persons) (1)	Federal government (government (2))	Unadjusted	42,397	41,253	42,609
World-Columbia	Employment (persons) (1)	Provincial and territorial government (18,18)	Unadjusted	182,140	18,424	18,722
World-Columbia	Employment (persons) (1)	Health and social services institutions, provincial and territorial (18)	Unadjusted	188,796	199,362	193,639
World-Columbia	Employment (persons) (1)	Universities, colleges, vocational and trade institutions, non-university	Unadjusted	13,157	15,401	16,796
World-Columbia	Employment (persons) (1)	Local government (government)	Unadjusted	82,310	82,305	78,844
World-Columbia	Employment (persons) (1)	Local school boards (18)	Unadjusted	81,808	84,451	86,486
World-Columbia	Employment (persons) (1)	Government business enterprises	Unadjusted	13,479	12,739	12,469
World-Columbia	Employment (persons) (1)	Federal government business enterprises	Unadjusted	10,046	9,562	9,342
World-Columbia	Employment (persons) (1)	Provincial and territorial government business enterprises	Unadjusted	23,236	22,829	22,429
World-Columbia	Employment (persons) (1)	Local government business enterprises	Unadjusted	81	79	79
World-Columbia	Wages and salaries (billions \$ 1,000)	Public sector	Unadjusted	1,806,542	1,846,466	1,838,412
World-Columbia	Wages and salaries (billions \$ 1,000)	Government	Unadjusted	1,696,299	1,736,296	1,728,257
World-Columbia	Wages and salaries (billions \$ 1,000)	Federal government (government (2))	Unadjusted	235,324	232,657	234,297
World-Columbia	Wages and salaries (billions \$ 1,000)	Provincial and territorial government (18,18)	Unadjusted	182,142	183,136	182,401
World-Columbia	Wages and salaries (billions \$ 1,000)	Health and social services institutions, provincial and territorial (18)	Unadjusted	476,681	479,104	468,381
World-Columbia	Wages and salaries (billions \$ 1,000)	Universities, colleges, vocational and trade institutions, non-university	Unadjusted	260,966	258,112	257,796
World-Columbia	Wages and salaries (billions \$ 1,000)	Local government (government)	Unadjusted	193,803	193,800	196,491
World-Columbia	Wages and salaries (billions \$ 1,000)	Local school boards (18)	Unadjusted	202,040	202,134	203,645
World-Columbia	Wages and salaries (billions \$ 1,000)	Government business enterprises	Unadjusted	167,842	161,275	160,361
World-Columbia	Wages and salaries (billions \$ 1,000)	Federal government business enterprises	Unadjusted	63,478	62,194	61,522
World-Columbia	Wages and salaries (billions \$ 1,000)	Provincial and territorial government business enterprises	Unadjusted	120,124	118,712	117,668
World-Columbia	Wages and salaries (billions \$ 1,000)	Local government business enterprises	Unadjusted	320	300	312

- Footnotes:
- Employment data are not in full-time equivalents and do not distinguish between full-time and part-time employees.
  - Federal government data includes residents and full-time military personnel.
  - Data may not add to the total due to rounding.
  - Each year in May, minor revisions are applied to our basic data series based on more current information, to improve overall data quality.
  - Effective May 29, 2009, revisions were made to 2009 to 2008 federal, provincial and territorial employment and wages and salaries data. An adjustment to the provincial and territorial general government data for 2007 to 2008 was made to exclude school-off employees and employees on unpaid leave to better conform to the Public Sector Employment Survey's definition of employment. Also, provincial government business enterprise data in Manitoba, Saskatchewan and Alberta from 2009 to 2008 have been revised.
  - Effective May 29, 2009, 2009 to 2008 data on education, health and social services institutions and local government from the Survey of Employment Payroll and Hours (SEPH) were revised.
  - Colleges, vocational and trade institutions and local school boards are embedded in provincial and territorial general government in New Brunswick, Nova Scotia and Northwest Territories (partially for local school boards) and Yukon.
  - Starting in 2009, health and social services institutions are embedded in provincial general government in Prince Edward Island.
  - The newly seasonally adjusted series on public sector employment is available from February 2009. Wages and salaries data are not seasonally adjusted.

Source: Statistics Canada, Table 1001-0012 Public sector employment, wages and salaries, seasonally unadjusted and adjusted, monthly (seasonal, August 19, 2014)

Table 281.0042 Survey of Employment, Payrolls and Hours (DTH), employment for all employees, by enterprise size and North American Industry Classification System (NAICS), annual (persons)(2,7,9)

Series or program details

Series of Employment, Payrolls and Hours - 2012		2011	2012	2013	2014	2015
Designator	Enterprise size of employee	North American Industry Classification System (NAICS)				
British Columbia	All sizes	Manufacturing excluding unclassified businesses (1-91NA 1-4)	1,852,084	1,907,138	1,932,058	1,988,705
British Columbia	All sizes	Forestry, logging and support (11NA 1)	14,833	14,768	15,289	15,330
British Columbia	All sizes	Fishing, hunting, and wild and game extraction (21)	10,682	22,174	22,170	22,379
British Columbia	All sizes	Utilities (22)	9,447	9,457	9,188	8,878
British Columbia	All sizes	Wholesale trade (31)	121,676	124,489	126,000	130,619
British Columbia	All sizes	Manufacturing (31-33)	138,585	139,024	139,089	140,617
British Columbia	All sizes	Retail trade (32)	87,709	86,442	86,000	85,619
British Columbia	All sizes	Retail trade (32-43)	254,324	254,201	257,449	260,758
British Columbia	All sizes	Transportation and warehousing (38-49)	101,427	104,657	108,075	108,131
British Columbia	All sizes	Information and cultural industries (51)	49,447	49,148	49,317	49,379
British Columbia	All sizes	Finance and insurance (52)	78,420	79,267	81,192	81,604
British Columbia	All sizes	Real estate and rental and leasing (53)	10,786	11,182	10,125	10,384
British Columbia	All sizes	Professional, scientific and technical services (54)	100,070	104,276	106,748	109,748
British Columbia	All sizes	Educational services (55)	15,709	15,514	15,718	15,879
British Columbia	All sizes	Administrative and support, waste management and remediation services (56)	92,485	91,804	93,822	97,880
British Columbia	All sizes	Health care and social assistance (62)	290,259	242,354	244,004	242,714
British Columbia	All sizes	Arts, entertainment and recreation (71)	222,320	225,135	232,867	239,513
British Columbia	All sizes	Accommodation and food services (72)	36,838	36,542	37,293	38,093
British Columbia	All sizes	Other services (except public administration) (81)	198,988	196,422	200,984	204,680
British Columbia	All sizes	Public administration (91)	67,849	68,238	70,638	72,500
British Columbia	All sizes	Manufacturing excluding unclassified businesses (1-91NA 1-4)	117,277	116,422	115,168	115,947
British Columbia	All sizes	Forestry, logging and support (11NA 1)	162,282	164,048	166,010	166,235
British Columbia	All sizes	Fishing, hunting, and wild and game extraction (21)	1,538	1,517	1,458	1,363
British Columbia	All sizes	Utilities (22)	1,129	x	x	x
British Columbia	All sizes	Construction (23)	24,322	25,444	25,236	25,385
British Columbia	All sizes	Manufacturing (31-33)	6,349	6,430	6,402	6,382
British Columbia	All sizes	Wholesale trade (31)	6,229	6,173	7,089	7,982
British Columbia	All sizes	Retail trade (32)	16,133	16,163	16,342	16,589
British Columbia	All sizes	Transportation and warehousing (38-49)	2,332	2,442	2,316	2,342
British Columbia	All sizes	Information and cultural industries (51)	2,099	2,188	2,142	2,120
British Columbia	All sizes	Finance and insurance (52)	4,059	4,054	4,007	4,196
British Columbia	All sizes	Real estate and rental and leasing (53)	1,048	1,084	1,044	1,037
British Columbia	All sizes	Professional, scientific and technical services (54)	23,095	23,400	23,644	23,644
British Columbia	All sizes	Educational services (55)	2,180	2,040	2,187	2,262
British Columbia	All sizes	Administrative and support, waste management and remediation services (56)	9,103	9,038	9,249	9,339
British Columbia	All sizes	Health care and social assistance (62)	1,009	1,009	1,018	2,423
British Columbia	All sizes	Arts, entertainment and recreation (71)	15,042	15,136	15,039	15,093
British Columbia	All sizes	Accommodation and food services (72)	1,438	1,464	1,512	1,523
British Columbia	All sizes	Other services (except public administration) (81)	15,578	15,887	16,222	16,445
British Columbia	All sizes	Public administration (91)	135	162	179	176
British Columbia	1 to 24 employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	399,079	395,467	399,088	417,951
British Columbia	1 to 24 employees	Forestry, logging and support (11NA 1)	1,788	1,776	1,715	1,618
British Columbia	1 to 24 employees	Fishing, hunting, and wild and game extraction (21)	2,059	1,242	x	1,726
British Columbia	1 to 24 employees	Utilities (22)	165	168	x	176
British Columbia	1 to 24 employees	Construction (23)	36,040	36,548	36,262	37,069
British Columbia	1 to 24 employees	Manufacturing (31-33)	20,844	21,018	20,884	20,884
British Columbia	1 to 24 employees	Wholesale trade (31)	16,518	16,082	18,011	18,604
British Columbia	1 to 24 employees	Retail trade (32)	40,298	41,334	40,137	40,488
British Columbia	1 to 24 employees	Transportation and warehousing (38-49)	1,463	1,208	1,271	1,288
British Columbia	1 to 24 employees	Information and cultural industries (51)	3,448	3,524	4,221	4,387
British Columbia	1 to 24 employees	Finance and insurance (52)	1,582	1,418	1,504	1,587
British Columbia	1 to 24 employees	Real estate and rental and leasing (53)	9,213	9,283	9,038	10,393
British Columbia	1 to 24 employees	Professional, scientific and technical services (54)	12,718	12,828	12,712	12,714
British Columbia	1 to 24 employees	Management of companies and enterprises (55)	1,574	1,389	1,528	1,249
British Columbia	1 to 24 employees	Administrative and support, waste management and remediation services (56)	12,144	12,092	12,088	12,093
British Columbia	1 to 24 employees	Health care and social assistance (62)	1,442	1,423	1,507	1,508
British Columbia	1 to 24 employees	Arts, entertainment and recreation (71)	25,380	25,648	26,024	26,042
British Columbia	1 to 24 employees	Accommodation and food services (72)	1,584	1,586	1,607	1,577
British Columbia	1 to 24 employees	Other services (except public administration) (81)	42,385	42,299	44,148	45,877
British Columbia	1 to 24 employees	Public administration (91)	1,067	1,181	1,213	1,244
British Columbia	1 to 24 employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	1,431	1,519	1,477	1,493
British Columbia	25 to 49 employees	Public administration (91)	225,552	227,488	229,176	231,000
British Columbia	25 to 49 employees	Forestry, logging and support (11NA 1)	3,068	3,068	3,033	3,031
British Columbia	25 to 49 employees	Fishing, hunting, and wild and game extraction (21)	1,448	x	x	x
British Columbia	25 to 49 employees	Utilities (22)	77	x	x	x
British Columbia	25 to 49 employees	Construction (23)	21,373	22,042	22,267	23,736
British Columbia	25 to 49 employees	Manufacturing (31-33)	21,114	20,413	20,688	20,844
British Columbia	25 to 49 employees	Wholesale trade (31)	13,675	13,038	14,443	14,526
British Columbia	25 to 49 employees	Retail trade (32)	25,797	26,085	26,241	26,241
British Columbia	25 to 49 employees	Transportation and warehousing (38-49)	8,099	8,036	10,279	10,688
British Columbia	25 to 49 employees	Information and cultural industries (51)	2,771	2,686	3,152	3,167
British Columbia	25 to 49 employees	Finance and insurance (52)	3,698	3,708	3,794	4,082
British Columbia	25 to 49 employees	Real estate and rental and leasing (53)	2,571	2,783	2,631	3,491
British Columbia	25 to 49 employees	Professional, scientific and technical services (54)	13,376	13,218	13,078	13,082
British Columbia	25 to 49 employees	Management of companies and enterprises (55)	1,895	1,821	1,794	1,845
British Columbia	25 to 49 employees	Administrative and support, waste management and remediation services (56)	12,494	12,494	12,472	12,484
British Columbia	25 to 49 employees	Educational services (55)	3,028	3,009	3,009	3,009
British Columbia	25 to 49 employees	Health care and social assistance (62)	1,442	1,406	1,406	1,406
British Columbia	25 to 49 employees	Arts, entertainment and recreation (71)	5,109	5,069	5,208	5,134
British Columbia	25 to 49 employees	Accommodation and food services (72)	40,237	40,478	40,478	40,478
British Columbia	25 to 49 employees	Other services (except public administration) (81)	10,918	10,838	10,805	10,813
British Columbia	25 to 49 employees	Public administration (91)	4,005	4,138	4,278	4,222
British Columbia	50 to 99 employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	101,179	104,087	107,623	106,679
British Columbia	50 to 99 employees	Forestry, logging and support (11NA 1)	x	x	x	x
British Columbia	50 to 99 employees	Fishing, hunting, and wild and game extraction (21)	x	x	x	x
British Columbia	50 to 99 employees	Utilities (22)	x	x	x	x
British Columbia	50 to 99 employees	Construction (23)	12,882	12,789	13,069	13,069
British Columbia	50 to 99 employees	Manufacturing (31-33)	16,749	16,072	16,432	16,009
British Columbia	50 to 99 employees	Wholesale trade (31)	9,145	9,018	9,249	9,176
British Columbia	50 to 99 employees	Retail trade (32)	21,185	21,170	21,379	20,787
British Columbia	50 to 99 employees	Transportation and warehousing (38-49)	6,105	6,148	7,228	7,233
British Columbia	50 to 99 employees	Information and cultural industries (51)	1,286	1,351	1,688	1,693
British Columbia	50 to 99 employees	Finance and insurance (52)	2,769	2,880	2,825	2,811
British Columbia	50 to 99 employees	Real estate and rental and leasing (53)	1,447	1,428	1,416	1,416
British Columbia	50 to 99 employees	Professional, scientific and technical services (54)	7,287	7,445	8,010	8,083
British Columbia	50 to 99 employees	Management of companies and enterprises (55)	1,108	1,135	x	x
British Columbia	50 to 99 employees	Administrative and support, waste management and remediation services (56)	7,788	8,232	8,008	8,008
British Columbia	50 to 99 employees	Health care and social assistance (62)	8,053	8,139	8,057	8,057
British Columbia	50 to 99 employees	Arts, entertainment and recreation (71)	12,102	12,465	12,787	13,448
British Columbia	50 to 99 employees	Accommodation and food services (72)	4,180	4,138	4,402	4,339
British Columbia	50 to 99 employees	Other services (except public administration) (81)	1,982	2,168	2,122	2,168
British Columbia	50 to 99 employees	Public administration (91)	6,215	5,868	6,016	6,079
British Columbia	100 to 249 employees	Public administration (91)	6,033	6,172	5,196	5,197
British Columbia	100 to 249 employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	388,942	389,968	393,462	397,101
British Columbia	100 to 249 employees	Forestry, logging and support (11NA 1)	x	x	x	x
British Columbia	100 to 249 employees	Fishing, hunting, and wild and game extraction (21)	x	x	x	x
British Columbia	100 to 249 employees	Utilities (22)	x	x	x	x
British Columbia	100 to 249 employees	Construction (23)	14,514	14,075	13,069	14,064
British Columbia	100 to 249 employees	Manufacturing (31-33)	22,609	21,102	20,318	20,744
British Columbia	100 to 249 employees	Wholesale trade (31)	12,482	12,053	13,478	13,478
British Columbia	100 to 249 employees	Retail trade (32)	14,013	13,040	14,031	13,717
British Columbia	100 to 249 employees	Transportation and warehousing (38-49)	1,648	1,515	1,048	1,048
British Columbia	100 to 249 employees	Information and cultural industries (51)	1,510	1,628	1,682	1,767
British Columbia	100 to 249 employees	Finance and insurance (52)	4,102	4,248	4,205	4,248
British Columbia	100 to 249 employees	Real estate and rental and leasing (53)	3,182	3,068	3,788	4,033
British Columbia	100 to 249 employees	Professional, scientific and technical services (54)	5,802	6,440	6,214	6,078
British Columbia	100 to 249 employees	Management of companies and enterprises (55)	1,064	1,802	x	x
British Columbia	100 to 249 employees	Administrative and support, waste management and remediation services (56)	10,278	10,672	11,042	10,822
British Columbia	100 to 249 employees	Educational services (55)	1,448	1,418	1,402	1,402
British Columbia	100 to 249 employees	Health care and social assistance (62)	25,148	25,069	25,048	25,343
British Columbia	100 to 249 employees	Arts, entertainment and recreation (71)	1,095	1,094	1,142	1,142
British Columbia	100 to 249 employees	Accommodation and food services (72)	25,188	25,065	25,037	25,473
British Columbia	100 to 249 employees	Other services (except public administration) (81)	6,340	6,212	6,008	6,008
British Columbia	100 to 249 employees	Public administration (91)	11,862	9,417	9,886	9,537
British Columbia	100 to 499 employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	77,245	76,415	80,178	84,118
British Columbia	100 to 499 employees	Forestry, logging and support (11NA 1)	x	x	x	x
British Columbia	100 to 499 employees	Fishing, hunting, and wild and game extraction (21)	x	x	x	x
British Columbia	100 to 499 employees	Utilities (22)	1,228	1,398	1,355	1,778
British Columbia	100 to 499 employees	Construction (23)	1,099	1,251	4,442	4,301
British Columbia	100 to 499 employees	Manufacturing (31-33)	11,607	12,142	12,472	12,882
British Columbia	100 to 499 employees	Wholesale trade (31)	4,778	4,431	4,204	4,068
British Columbia	100 to 499 employees	Retail trade (32)	3,267	3,424	3,885	3,882
British Columbia	100 to 499 employees	Transportation and warehousing (38-49)	1,024	1,151	1,775	1,775
British Columbia	100 to 499 employees	Information and cultural industries (51)	1,289	1,237	2,032	2,071
British Columbia	100 to 499 employees	Finance and insurance (52)	1,538	1,671	1,882	1,939
British Columbia	100 to 499 employees	Real estate and rental and leasing (53)	600	x	1,093	x
British Columbia	100 to 499 employees	Professional, scientific and technical services (54)	4,571	5,261	5,852	5,607
British Columbia	100 to 499 employees	Management of companies and enterprises (55)	x	x	x	x
British Columbia	100 to 499 employees	Administrative and support, waste management and remediation services (56)	6,089	5,072	6,023	5,979
British Columbia	100 to 499 employees	Health care and social assistance (62)	7,733	7,157	6,988	7,222
British Columbia	100 to 499 employees	Arts, entertainment and recreation (71)	7,015	7,142	8,238	8,004
British Columbia	100 to 499 employees	Accommodation and food services (72)	1,363	x	x	x
British Columbia	100 to 499 employees	Other services (except public administration) (81)	7,238	8,248	8,185	8,066
British Columbia	100 to 499 employees	Public administration (91)	1,444	1,467	1,519	1,519
British Columbia	100 to 499 employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	1,343	1,316	1,572	1,509
British Columbia	500 and more employees	Manufacturing excluding unclassified businesses (1-91NA 1-4)	716,508	766,089	792,823	804,649
British Columbia	500 and more employees	Forestry, logging and support (11NA 1)	x	x	x	x
British Columbia	500 and more employees	Fishing, hunting, and wild and game extraction (21)	x	x	x	x
British Columbia	500 and more employees	Utilities (22)	9,978	13,219	14,713	14,013
British Columbia	500 and more employees	Construction (23)	10,134	11,769	12,283	12,078
British Columbia	500 and more employees	Manufacturing (31-33)	39,027	39,378	39,494	39,417
British Columbia	500 and more employees	Wholesale trade (31)	20,211	21,348	22,379	23,576
British Columbia	500 and more employees	Retail trade (32)	127,288	127,138	129,064	127,611
British Columbia	500 and more employees	Transportation and warehousing (38-49)	14,772	16,239	16,449	16,614
British Columbia	500 and more employees	Information and cultural industries (51)	27,748	25,188	27,112	26,448
British Columbia	500 and more employees	Finance and insurance (52)	11,722	12,531	13,002	13,239
British Columbia	500 and more employees</					

Employment by age, sex, type of work, class of worker and province (monthly) (British Columbia)

	Jun-15	May-16	Jun-16	May 2016 to June 2016	June 2015 to June 2016
	seasonally adjusted				
	employment in thousands			% change	
British Columbia - All ages	2,310.60	2,364.60	2,380.60	0.7	3
15 to 24 years	321.7	323.9	327.2	1	1.7
25 years and over	1,988.90	2,040.70	2,053.40	0.6	3.2
Men	1,220.80	1,234.70	1,246.10	0.9	2.1
Women	1,089.80	1,129.90	1,134.50	0.4	4.1
Full-time	1,834.80	1,864.20	1,881.10	0.9	2.5
Part-time	475.8	500.4	499.5	-0.2	5
Employees	1,895.70	1,956.90	1,974.30	0.9	4.1
Public sector[1]	431.3	429.8	433.8	0.9	0.6
Private sector[2]	1,464.40	1,527.10	1,540.50	0.9	5.2
Self-employed	414.8	407.7	406.3	-0.3	-2

1. Those who work for a local, provincial or federal government, for a government service

Employment, payroll employment, by province and territory

	2011	2012	2013	2014	2015
All industries excluding unclassified enterprises number					
Canada	14,698,385	14,967,480	15,181,332	15,381,654	15,515,157
Newfoundland and Labrador	199,593	206,234	210,802	212,764	214,564
Prince Edward Island	63,416	62,853	61,731	61,918	61,940
Nova Scotia	401,305	397,102	396,220	397,039	397,700
New Brunswick	312,863	308,553	304,300	298,100	298,287
Quebec	3,373,639	3,411,329	3,433,001	3,430,589	3,427,191
Ontario	5,604,398	5,690,681	5,750,255	5,846,802	5,959,927
Manitoba	553,206	563,133	575,985	574,721	579,445
Saskatchewan	446,376	462,467	472,642	478,525	476,918
Alberta	1,800,555	1,896,842	1,963,260	2,034,465	2,012,038
British Columbia	1,882,984	1,907,170	1,952,056	1,986,595	2,025,590
Yukon	18,887	19,723	19,710	19,629	20,072
Northwest Territories	26,860	27,082	26,864	26,032	26,785
Nunavut	14,305	14,310	14,508	14,474	14,701

Note: North American Industry Classification System (NAICS), 2012. Source: Statistics Canada, CANSIM, table 281-0024. Last modified: 2016-03-31.

Page 126

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Source: <https://online.worksafebc.com/Anonymous/wcb.ISR.web/IndustryStatsPortal.aspx?c=1>

	2014 Count	Tax	T4s	Average	Tax per Business	Tax per employee
	0	164,195	438,630,667	0	0	2,671
1-4		78,716	285,189,869	154,220	2	3,623
5-9		17,186	97,148,911	125,435	7	5,653
10-19		15,013	100,854,348	214,459	14	6,718
20-49		12,984	172,020,448	391,198	30	13,249
50-99		4,461	130,581,141	305,384	68	29,272
greater than 100		2,840	709,946,261	811,461	286	249,981
		295,395	1,934,371,645			875

Andrews query through ITB

35,298  
352,980,000

Page 129 to/à Page 131

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Table 282-0089 Labour force survey estimates (LFS), employment by class of worker and sex, seasonally adjusted  
 Survey or program details:

Labour Force Survey - 3701

Geography	Class of worker	Sex	Statistics	Data type
British Columbia	Total employed, all classes of workers	Both sexes	Estimate	Seasonally adjusted
British Columbia	Employees	Both sexes	Estimate	Seasonally adjusted
British Columbia	Public sector employees (2)	Both sexes	Estimate	Seasonally adjusted
British Columbia	Private sector employees (3)	Both sexes	Estimate	Seasonally adjusted
British Columbia	Self-employed (4)	Both sexes	Estimate	Seasonally adjusted

Footnotes:

- 1 Fluctuations in economic time series are caused by seasonal, cyclical and irregular movements. A seasonal adjustment is applied to the data.
- 2 Those who work for a local, provincial or federal government, for a government service or agency, or for a government-owned business.
- 3 Those who work as employees of a private firm or business.
- 4 Includes both incorporated and unincorporated working owners, self-employed persons who do not have any employees.
- 5 The Labour force survey collection of tables, starting with number 282-, is large with many possible variations.
- 6 The data are based on the Labour force survey, which is a monthly survey of the labour force.
- 7 For more information on seasonal adjustment see <http://www.statcan.gc.ca/eng/dai/btd/>

Source:

Statistics Canada. Table 282-0089 - Labour force survey estimates (LFS), employment by class of worker and sex (accessed: August 04, 2016)

ed and unadjusted, monthly (persons x 1,000)(1,5,7)

Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
2248.4	2251.6	2259.8	2272.8	2261.4	2262.2	2258.6	2272.4	2275.4
1835.9	1836.3	1839.6	1867.1	1850.4	1847.6	1865.6	1867.6	1862.4
427.3	414.8	416.8	417.4	414	419.4	425	429.3	419.7
1408.6	1421.5	1422.7	1449.7	1436.3	1428.2	1440.6	1438.3	1442.7
412.5	415.3	420.3	405.7	411.1	414.6	393.1	404.8	413

Seasonally adjusted series is one from which seasonal movements have been eliminated. Seasonal movements are those movements that are expected to occur in a crown corporation, or a government funded establishment such as a school (including universities) or a

that have a business and persons working in a family business without pay.

cross-tabulations for the 10 provinces and other geographic regions. To ensure respondent's confidentiality, the following information is provided: Seasonally adjusted data - Frequently asked questions

x, seasonally adjusted and unadjusted, monthly (persons)

Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
2268.4	2260.8	2255.2	2250.9	2271.8	2253.7	2268.1	2266	2266.3
1847.7	1844	1850.1	1831.6	1829.9	1833.9	1838.6	1848.7	1841.7
414.5	416.6	425.1	421.2	424.4	421.4	433.2	433.3	430.6
1433.2	1427.5	1425	1410.4	1405.5	1412.5	1405.4	1415.4	1411.1
420.7	416.8	405.1	419.2	442	419.8	429.5	417.4	424.6

nents are defined as those which are caused by regular annual events such as climate, holidays, vacation hospital.

ality, detailed data are suppressed. Data for Canada, Quebec, Ontario, Alberta and British Columbia are

Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
2265.5	2277.9	2269.1	2262.9	2252.2	2267.8
1842.9	1853.5	1863.4	1859.9	1861	1872.6
413.3	413.7	423.2	426.9	422.9	430.2
1429.6	1439.8	1440.2	1433	1438	1442.4
422.6	424.5	405.7	403	391.2	395.2

1 periods and cycles related to crops, production and retail sales associated with Christmas and Easter. It

suppressed if the estimate is below 1,500, for Newfoundland and Labrador, Nova Scotia, New Brunswick

t should be noted that the seasonally adjusted series contain irregular as well as longer-term cyclical flux

k, Manitoba and Saskatchewan, if the estimate is below 500, and for Prince Edward Island, under 200. Fi

ctuations. The seasonal adjustment program is a complicated computer program which differentiates be

or suppression levels within census metropolitan areas (CMAs) and economic regions (ERs), use the resp

etween these seasonal, cyclical and irregular movements in a series over a number of years and, on the

pective provincial suppression levels above. While suppressing to protect respondent confidentiality has

basis of past movements, estimates appropriate seasonal factors for current data. On an annual basis, tl

the added effect of blocking-out the lowest-quality LFS data, some remaining non-suppressed data in th



he historic series of seasonally adjusted data are revised in light of the most recent information on chan

hese very large LFS CANSIM tables may be of insufficient quality to allow for accurate interpretation. Ple

ges in seasonality.

ase be warned that the more detailed your LFS CANSIM download, the smaller the sample size upon wh

rich y

Page 143 to/à Page 151

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Page 152 to/à Page 153

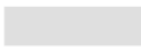
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Page 154 to/à Page 159

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Page 161

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s.13



CPP	<p>What's in remuneration</p> <p>salary, wages, bonuses, commissions, other remuneration</p> <p>cash and non-cash taxable benefits and allowances except certain ones</p> <p>honorariums, director's fees, ...</p> <p>tips and gratuities</p> <p>payments from supplementary unemployment benefit plan</p> <p>benefits from wage-loss replacement plans</p> <p>stock option benefits</p>	<p>What's not in remuneration</p> <p>special rules for certain industries when a low amount is paid for a little amount of work</p> <p>casual employment if it is for a purpose other than usual trade or business</p> <p>employment as teacher in foreign country</p> <p>employment of spouse or partner if deduction denied under ITA</p> <p>employment of child if not paid</p> <p>employment of person in a rescue or disaster operation as long as do not regularly employ that person</p> <p>circus performers etc. in certain situations</p> <p>election worker in certain instances</p> <p>employment as a religious order</p> <p>employment in Canada by foreign government</p>
EI	<p>salary, wages, bonuses, commissions, other remuneration</p> <p>most cash taxable benefits and allowances</p> <p>employer contribution to RRSP</p> <p>gifts, prizes and awards paid in cash</p> <p>honorariums, profit shares, management fees...</p> <p>stipends, fees paid to union reps</p> <p>certain tips and gratuities</p> <p>vacation pay</p> <p>benefits from wage-loss replacement</p>	<p>casual employment...</p> <p>non-arm's length employment.</p> <p>employment of controlling shareholders</p> <p>tenure of office type employees - mayor, private representative on lobby group, municipal politicians.</p> <p>employment that is an exchange of work or services</p> <p>employment in agriculture when no cash paid</p> <p>circus workers etc. if short term</p> <p>employment of person in a rescue or disaster operation as long as do not regularly employ that person</p> <p>election worker in certain instances</p> <p>employment in Canada under an exchange program if employer paying remuneration is not resident in Canada</p> <p>member of religious order with vow of poverty</p> <p>if employment requires payment of EI to US. Or to other foreign gov</p> <p>employment by foreign gov.</p> <p>non-cash benefits.</p>

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
And Deputy Premier

**Date Requested:** March 15, 2018  
**Date Required:** March 16, 2018

**Initiated by:** Richard Purnell  
A/Executive Director

**Date Prepared:** March 16, 2018

**Ministry  
Contact:** Andrew Avis  
Strategic Advisor

**Phone Number:** 778-679-4962  
**Email:** Andrew.Avis@gov.bc.ca

**Cliff #:** 366039

---

**TITLE:** Employer Health Tax – Outstanding Policy Decision

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**PURPOSE:**

**Decisions**

---

**COMMENTS:**

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**DATE PREPARED:** March 16, 2018

**TITLE:** Employer Health Tax – Outstanding Policy Decisions

**ISSUE:** Outstanding decisions are required for employer health tax implementation

**BACKGROUND:**

In Budget 2018, the Government announced that a new payroll tax, the employer health tax, will be effective on January 1, 2019. In order to meet this deadline, decisions on the issues below are required.

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Page 165 to/à Page 168

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Page 169 to/à Page 187

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s.12;s.14;s.13

**From:** [Flanagan, Paul FIN:EX](#)  
**To:** [Avis, Andrew FIN:EX](#)  
**Subject:** FW: BN - Payroll Tax Jan 28 2018.docx  
**Date:** Monday, January 29, 2018 1:21:36 PM  
**Attachments:** [BN - Payroll Tax Jan 28 2018.docx](#)

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, January 29, 2018 1:18 PM  
**To:** Vinkle, Angela FIN:EX  
**Subject:** BN - Payroll Tax Jan 28 2018.docx

We need to send this up to Lori quickly.

Paul

**From:** Nelson, Aaron FIN:EX  
**To:** Flanagan, Paul FIN:EX; Avis, Andrew FIN:EX; Purnell, Richard FIN:EX; Karp, David FIN:EX  
**Subject:** RE: BN - Payroll Tax Jan 28 2018.docx  
**Date:** Monday, January 29, 2018 9:58:03 AM

s.13

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, January 29, 2018 9:46 AM  
**To:** Nelson, Aaron FIN:EX; Avis, Andrew FIN:EX; Purnell, Richard FIN:EX; Karp, David FIN:EX  
**Subject:** RE: BN - Payroll Tax Jan 28 2018.docx

s.13

**From:** Nelson, Aaron FIN:EX  
**Sent:** Monday, January 29, 2018 9:35 AM  
**To:** Flanagan, Paul FIN:EX; Avis, Andrew FIN:EX; Purnell, Richard FIN:EX; Karp, David FIN:EX  
**Subject:** RE: BN - Payroll Tax Jan 28 2018.docx

s.13

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Sunday, January 28, 2018 11:07 AM  
**To:** Avis, Andrew FIN:EX; Nelson, Aaron FIN:EX; Purnell, Richard FIN:EX; Karp, David FIN:EX  
**Subject:** BN - Payroll Tax Jan 28 2018.docx

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Page 190

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**From:** [Flanagan, Paul FIN:EX](#)  
**To:** [Avis, Andrew FIN:EX](#)  
**Subject:** FW: BN MSP - Payroll Tax (MO)  
**Date:** Friday, January 26, 2018 10:28:03 AM  
**Attachments:** [Payroll Tax Revenue Projection.docx](#)

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Thursday, January 25, 2018 9:08 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE: BN MSP - Payroll Tax (MO)

Note that the revenue tables in the BN are out of date. The revenue projection above holds the most current table.

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Thursday, January 25, 2018 9:06 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** BN MSP - Payroll Tax (MO)

I think this is the most recent

**Payroll Tax Revenue Projection**  
**Methodology Description**  
**January, 2018**

The government may want to consider introducing a provincial payroll tax as a means of generating incremental revenue. Most provincial payroll taxes impose the tax on employers based on total payroll cost. A de minimis rule is commonly featured through the setting of an exemption amount. For example, Ontario currently provides a \$450,000 exemption which eliminates the tax for most small employers.

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Page 193 to/à Page 195

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s.13

## **Avis, Andrew FIN:EX**

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**From:** Purnell, Richard FIN:EX  
**Sent:** Thursday, March 1, 2018 2:46 PM  
**To:** Nelson, Aaron FIN:EX; Avis, Andrew FIN:EX; Flanagan, Paul FIN:EX  
**Subject:** FAQs for the web.docx  
**Attachments:** FAQs for the web.docx

Can you think of anything else that would be helpful and a QA?

# Employer Health Tax

The government will introduce legislation in the fall of 2018 to implement an employer health tax on employers' payroll. The new tax will be effective January 1, 2019.

To protect small businesses, the tax will not apply to employers with payroll under \$500,000. Employers with payroll between \$500,000 and \$1.5 million will pay reduced rates. Employers with payrolls over \$1.5 million will pay the maximum rate of 1.95 per cent of total payroll. At 1.95 per cent, BC's employer health tax will be tied with Ontario for the lowest payroll tax rate in Canada.

The employer health tax rate is structured to ensure that most BC businesses are exempt from the tax. More than 85 per cent of the 400,000 businesses in BC will be exempt. Less than 5 per cent of businesses will pay the full rate.

## Employer Health Tax – Effective January 1, 2019

Annual BC Payroll	Annual Tax	Tax as a Per Cent of Payroll
\$500,000 or less	\$0	0.00%
\$750,000	\$7,313	0.98%
\$1,000,000	\$14,625	1.46%
\$1,250,000	\$21,938	1.76%
\$1,500,000	\$29,250	1.95%
Over \$1,500,000	\$29,250 plus 1.95% of payroll over \$1.5 million	1.95%

## Frequently Asked Questions

**Q. When is the employer health tax effective?**

**A.** The employer health tax will come into effect January 1, 2019.

**Q. Who's going to pay the tax?**

**A.** The tax is paid by employers. This includes the public and private sectors.

The employer health tax rate is structured will ensure most BC businesses are exempt from the tax. More than 85 per cent of the 400,000 businesses in BC will be exempt. Less than 5 per cent of businesses will pay the full rate.

**Q. Will charities and non-profits have to pay the employer health tax?**

**A.** The employer health tax will apply to the payroll of employers in B.C. unless there is an exemption.

The Province is currently developing the details of the tax including definition of employer and any exemptions that might apply.

These details will be shared in advance of the tax coming into effect.

**Q. What is the definition of payroll?**

**A.** The Province is currently developing the details of the tax including the definition of payroll for purposes of the tax.

These details will be shared in advance of the tax coming into effect.

**Q. I've read the FAQs but need further details to know if my business has to pay the tax? Where can I get more information?**

**A.** Further details regarding the employer health tax will be provided in the coming months, prior to the implementation of the tax.

## **Avis, Andrew FIN:EX**

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Friday, February 16, 2018 3:27 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** FW: Payroll - QA  
**Attachments:** Payroll - QA.docx

Have you seen this?

---

**From:** Gunther, Mark FIN:EX  
**Sent:** Tuesday, February 6, 2018 10:16 AM  
**To:** Nelson, Aaron FIN:EX  
**Cc:** Krasnick, Jeffrey S FIN:EX  
**Subject:** re: Payroll - QA

Hi Aaron,

Please find attached our comments.

Thanks,

Mark



**Payroll Tax  
Question and Answers  
February, 2018**

**Tax Structure**

**1) What is the tax structure?**

- a. The tax rate is 1.95% of the employer's total annual payroll. The tax features a threshold of \$500,000 meaning that employers with annual payroll amounts less than \$500,000 will not be subject to the tax. Employers with annual payroll between \$500,000 and \$1,500,000 will be subject to a notch rate.

**2) What is the notch rate?**

- a. The notch rate is 2.925%. The notch rate allows for a progressive tax rate for payrolls above \$500,000 but less than \$1,500,000. The notch rate applies to the total amount of annual payroll after a deduction. The deduction is equal to \$500,000. For example, an employer with annual total payroll of \$750,000 would be subject to tax on \$250,000 (\$750,000 less the deduction of \$500,000). The tax rate of 2.925% is applied to the net taxable payroll amount of \$200,000 for a tax amount of \$7,313. This creates an effective tax rate of 0.98% (\$7,313 of \$700,000).

**3) When does the regular rate of 1.95% apply?**

- a. The full rate of 1.95% applies to all annual payrolls in excess of \$1,500,000. No deduction is available. The total tax payable for an employer with annual payroll of \$1,500,000 is \$29,250 (\$1,500,000 x 1.95%).

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**8) When will the tax take effect?**

- a. The payroll tax is expected to be effective January 1, 2019.

## **Administration**

### **9) When will businesses have to pay the payroll tax?**

- a. The payroll tax is based on annual payroll amount: s.13  
s.13

### **10) What is included in the definition of payroll?**

- a. Payroll is expected to include all employment income including benefits and allowances which are subject to tax under sections 5, 6, and 7 of the Income Tax Act (Canada). Examples include salaries and wages, gratuities paid through an employer, bonuses, commissions, vacation pay, taxable allowances and benefits (including stock options)

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### **13) Are any employers exempt from the tax?**

- a. No, all employers with income paid for work performed at a permanent establishment in BC will be subject to the payroll tax, including governments (federal, provincial and municipal), Crown corporations, universities, school boards, hospitals and charitable institutions

s.13

### **Examples**

**Example 1** – Employer A has 10 employees with annual payroll of \$400,000

Tax Payable – Nil (Annual payroll amount is below \$500,000 threshold)

**Example 2** – Employer B has 20 employees with annual payroll of \$750,000

Tax Rate - Notch rate of 2.925% applies

Taxable Payroll Amount – \$250,000 (\$750,000 less deduction of \$500,000)

Tax Payable - \$7,313 (\$250,000 x 2.925%)

**Example 3** – Employer C has 50 employees with annual payroll of \$2,000,000

Tax Rate – Regular rate of 1.95% applies

Taxable Payroll Amount - \$2,000,000 (no deduction)

Tax Payable - \$39,000 (\$2,000,000 x 1.95%)

s.13

**Payroll Tax**  
**Question and Answers**  
**February, 2018**

**Tax Structure**

**1) What is the tax structure?**

- a. The tax rate is 1.95% of the employer's total annual payroll. The tax features a threshold of \$500,000 meaning that employers with annual payroll amounts less than \$500,000 will not be subject to the tax. Employers with annual payroll between \$500,000 and \$1,500,000 will be subject to a notch rate.

The payroll tax will equal the lesser of A or B

Where:

$$A = 1.95\% \times \text{total annual payroll}$$

and

$$B = 2.925\% \times (\text{total annual payroll} - \$500,000)$$

**2) What is the notch rate?**

- a. The notch rate is 2.925%. The notch rate allows for a progressive tax rate for payrolls above \$500,000 but less than \$1,500,000. The notch rate applies to the total amount of annual payroll after the deduction of \$500,000. .

For example, an employer with total annual payroll of \$750,000 would be subject to tax on \$250,000 (\$750,000 less the deduction of \$500,000). The notch rate of 2.925% is applied to the net taxable payroll amount of \$250,000 for a tax amount of \$7,313. This creates an effective tax rate of 0.98% (\$7,313 of \$750,000).

**3) When does the regular rate of 1.95% apply?**

- a. No deduction is available if the total annual payroll is in excess of \$1,500,000. The tax rate of 1.95% applies to the total annual payrolls if the annual payroll exceeds \$1,500,000. The total tax payable for an employer with annual payroll of \$1,500,000 is \$29,250 (\$1,500,000 x 1.95%).

s.13

s.13

**8) When will the tax take effect?**

- a. The payroll tax is expected to be effective [for salary and wages paid after]/[for amounts paid after] January 1, 2019.

## **Administration**

### **9) When will businesses have to pay the payroll tax?**

- a. The payroll tax is based on annual payroll amounts however monthly installments may be required. Installments will be based on monthly payroll amounts and, if required, the first installment payment will be due February, 2019.

### **10) What is included in the definition of payroll?**

- a. Payroll is expected to include benefits and allowances which are included as employment income under sections 5, 6, and 7 of the *Income Tax Act* (Canada). Examples include salaries and wages, gratuities paid through an employer, bonuses, commissions, advances, vacation pay, taxable allowances and benefits (including stock options)

s.13

### **13) Are any employers exempt from the tax?**

- a. No, all employers paying payroll for work performed at a permanent establishment in BC will be subject to the payroll tax.[, including governments (federal, provincial and municipal), Crown corporations, universities, school boards, hospitals and charitable institutions.]

s.13

### **Examples**

**Example 1** – Employer A has 10 employees with annual payroll of \$400,000

Tax Payable – Nil (Annual payroll amount is below \$500,000 threshold)

**Example 2** – Employer B has 20 employees with annual payroll of \$750,000

Tax Rate - Notch rate of 2.925% applies

Taxable Payroll Amount – \$250,000 (\$750,000 less deduction of \$500,000)

Tax Payable - \$7,313 ( $\$250,000 \times 2.925\%$ )

**Example 3** – Employer C has 50 employees with annual payroll of \$2,000,000

Tax Rate – Regular rate of 1.95% applies

Taxable Payroll Amount - \$2,000,000 (no deduction)

Tax Payable - \$39,000 ( $\$2,000,000 \times 1.95\%$ )

s.13

## Avis, Andrew FIN:EX

---

**From:** Purnell, Richard FIN:EX  
**Sent:** Wednesday, December 20, 2017 1:49 PM  
**To:** Michell, Jennifer FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX; Karp, David FIN:EX; Avis, Andrew FIN:EX  
**Subject:** FW: misc budget issues  
**Attachments:** s.13 BN MSP - Payroll Tax  
s.13

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Jen, here are the notes for the Minister meeting tomorrow morning.

Richard Purnell  
Managing Director  
Tax Policy Branch  
British Columbia Ministry of Finance  
Phone: (778) 698-5864  
Cell: (250) 507-0410  
Fax: (250) 387-9061

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Tuesday, December 19, 2017 4:21 PM  
**To:** Purnell, Richard FIN:EX; Jillings, Duncan FIN:EX; Hawkshaw, Steve FIN:EX; Godfrey, Tim FIN:EX  
**Subject:** FW: misc budget issues

Fyi – copies are in the root revenue binder directory.

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Tuesday, December 19, 2017 4:20 PM  
**To:** Wanamaker, Lori FIN:EX; Michell, Jennifer FIN:EX  
**Subject:** misc budget issues

s.13

Paul



**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance

**Date Requested:** December 18, 2017  
**Date Required:** December 19, 2017

**Initiated by:** Paul Flanagan  
Executive Director  
Tax Policy Branch

**Date Prepared:** December 19, 2017

**Ministry:** Aaron Nelson  
**Contact:** Director  
Tax Policy Branch

**Phone Number:** (778) 698-8181  
**Email:** Aaron.Nelson@gov.bc.ca

**Cliff #:**

---

**TITLE:** Payroll Tax

---

**PURPOSE:**

**(X) FOR INFORMATION**

---

**DATE PREPARED:** December 19, 2017

**TITLE:** Payroll Tax

**ISSUE:** Payroll Tax Design Parameters

**BACKGROUND:**

Government may want to consider a payroll tax as a method of generating additional revenue.

Certain provinces and territories currently impose payroll taxes to help cover costs related to health care and education (Appendix A includes a summary of current provincial payroll taxes). These payroll taxes apply to both businesses and to the public sector. No new provincial payroll taxes have been introduced in Canada since 1993.

s.16

**DISCUSSION:**

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Page 211 to/à Page 212

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s.13

## Appendix A – Provincial/Territorial Payroll Taxes

Province/ Territory	Tax Name	Tax Rate	Exemption	Estimated Annual Revenue	Year Introduced
<b>Ontario</b>	Employer Health Tax	1.95%	450,000	\$6.0b	1990
<b>Manitoba</b>	Health and Post-Secondary Education Tax	2.15%- 4.30%	1,250,000	\$0.3b	1982
<b>Newfoundland</b>	Health and Post-Secondary Education Tax	2.00%	1,200,000	\$0.1b	1990
<b>Quebec</b>	Health Services Fund	2.70%- 4.26%	None	\$6.5b	1970
<b>NWT</b>	Payroll Tax*	2.00%	None	\$41.0m	1993
<b>Nunavut</b>	Payroll Tax*	2.00%	None	\$26.0m	1999 <sup>i2</sup>

\*The Payroll Taxes in NWT and Nunavut are paid by the employee not the employer.

<sup>2</sup> The *Nunavut Act* took effect on April 1, 1999 at which time the Territory was established. At this time Nunavut adopted the *Payroll Tax Act, 1993* as introduced by the Northwest Territories in 1993.

Page 214 to/à Page 215

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**Avis, Andrew FIN:EX**

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**From:** Peters, Melissa GCPE:EX  
**Sent:** Thursday, April 5, 2018 3:47 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** Examples - EHT?  
**Attachments:** Examples\_EHT.docx

I threw this together by trying to find average sizes and salaries of different businesses online to get a handle on what the costs to businesses might look like.

How does this look to you? Is my math okay? Is this valuable or does it not tell the right story?

Melissa Peters  
Senior Public Affairs Officer  
Ministry of Finance  
250-213-1634  
[melissa.peters@gov.bc.ca](mailto:melissa.peters@gov.bc.ca)

## **Employer Health Tax – Business Scenarios**

### **Example 1: Local Boutique**

Sam runs a small retail store in the Kootenays that sells handmade baby clothes and toys. They make most of the products themselves and hire three sales staff at \$20/hour to help run the store.

4 employees at average salary of \$50,000 – Payroll of \$200,000

EHT tax rate: 0%

Total Tax Payable: \$0

### **Example 2: Growing Tech Start-Up**

Avery owns a growing tech company in the Lower Mainland. They started small and created an app and have hired five new employees to help build their usage before going to market.

10 employees at average salary of \$75,000 – Payroll of \$750,000

EHT tax rate: 0.98%

Total Tax Payable: \$7,313/year (~\$60/employee/month)

### **Example 3: Large Franchise Restaurant**

Li is the owner-operator of a large fast-food restaurant in the Interior. Most of their 60 employees are students who work part-time for minimum wage.

60 employees at average salary of \$16,000 – Payroll \$1M

EHT tax rate: 1.46%

Total Tax Payable: \$14,625/year (~\$20/employee/month)

### **Example 4: Established Large Scale Manufacturer**

Jan runs a home construction supply company in the Northeast that they have owned for 30 years. They manufacture doors, windows and flooring for domestic and international markets. Their company employs more than 200 trained and specialized employees.

240 employees at average salary of \$70,000 – Payroll \$16.5M

EHT tax rate: 1.95%

Total Tax Payable: \$321,750 (~\$110/employee/month)

**Example 5: Professional Lawyer Firm**

John and David are a father-son team who own a law firm on Vancouver Island. They have two other partners and more than a dozen highly educated legal and support staff.

20 employees at average salary of \$100,000 – Payroll of \$2M

EHT tax rate: 1.95%

Total Tax Payable: \$39,000/year (~\$162/employee/month)



## **Avis, Andrew FIN:EX**

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, March 21, 2018 1:41 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** FW: Employer Health Tax -s.13

Ive calculated the EHT (averages) for each of these categories. Can you do the same and we can compare?

---

**From:** Yong, Steven MCF:EX  
**Sent:** Wednesday, March 21, 2018 12:56 PM  
**To:** Enemark, Gord FIN:EX; Flanagan, Paul FIN:EX; Butler, Teresa MCF:EX; Purnell, Richard FIN:EX  
**Cc:** Wright, Martin P MCF:EX; Massey, Christine MCF:EX; Wetherill, Anne MCF:EX; Barry, Jonathan MCF:EX; Davidson, Leah MCF:EX; Brown, Jasmin MCF:EX  
**Subject:** RE: Employer Health Tax -s.13

s.13

Regards,  
Steve

**Steven Yong**  
Manager, Forecasting & Modelling  
Modelling, Analysis & Information Management  
Ministry of Children and Family Development

p: (778) 698-5100 \*New Number  
f: (250) 387-7618

---

**From:** Enemark, Gord FIN:EX  
**Sent:** Wednesday, March 21, 2018 12:37 PM  
**To:** Flanagan, Paul FIN:EX; Butler, Teresa MCF:EX; Purnell, Richard FIN:EX  
**Cc:** Wright, Martin P MCF:EX; Massey, Christine MCF:EX; Wetherill, Anne MCF:EX; Barry, Jonathan MCF:EX; Davidson, Leah MCF:EX; Brown, Jasmin MCF:EX; Yong, Steven MCF:EX  
**Subject:** RE: Employer Health Tax - s.13

Paul, what do you think?

---

**From:** Yong, Steven MCF:EX  
**Sent:** Wednesday, March 21, 2018 11:54 AM  
**To:** Flanagan, Paul FIN:EX; Butler, Teresa MCF:EX; Enemark, Gord FIN:EX; Purnell, Richard FIN:EX  
**Cc:** Wright, Martin P MCF:EX; Massey, Christine MCF:EX; Wetherill, Anne MCF:EX; Barry, Jonathan MCF:EX; Davidson, Leah MCF:EX; Brown, Jasmin MCF:EX  
**Subject:** RE: Employer Health Tax s.13

We have provider reported information (ie. estimates) of child care staff hours and hourly wages (this would exclude staff like janitors/cooks). If I assume 52 weeks a year, I can estimate annual payroll of child care staff for each facility.

Will the counts need to be an at organization level? Or facility? (Some organizations run multiple facilities – for example, the parent organization could be the YMCA of Greater Vancouver – which runs 20 individual facilities).

Thanks,  
Steve

**Steven Yong**

Manager, Forecasting & Modelling  
Modelling, Analysis & Information Management  
Ministry of Children and Family Development  
p: (778) 698-5100 \*New Number  
f: (250) 387-7618

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, March 21, 2018 11:43 AM  
**To:** Butler, Teresa MCF:EX; Enemark, Gord FIN:EX; Purnell, Richard FIN:EX  
**Cc:** Wright, Martin P MCF:EX; Yong, Steven MCF:EX; Massey, Christine MCF:EX; Wetherill, Anne MCF:EX; Barry, Jonathan MCF:EX; Davidson, Leah MCF:EX; Brown, Jasmin MCF:EX  
**Subject:** RE: Employer Health Tax s.13

Do you have any information on these larger providers like what their payroll is? If you can find that out it would be useful and if you do, the payroll number we need is wages only, not health and dental or msp premiums.

Paul

---

**From:** Butler, Teresa MCF:EX  
**Sent:** Wednesday, March 21, 2018 11:34 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Wright, Martin P MCF:EX; Yong, Steven MCF:EX; Massey, Christine MCF:EX; Wetherill, Anne MCF:EX; Barry, Jonathan MCF:EX; Davidson, Leah MCF:EX; Brown, Jasmin MCF:EX

**Subject:** Employer Health Tax

**Importance:** High

Good morning Paul,

s.13

Please don't hesitate to call if you'd care to discuss over the phone, rather than by email.

Respectfully,

**Teresa Butler, B.Ed, MPA**

A/Executive Director, Child Care Policy

Child Care Policy Team

Early Years and Inclusion Division

Ministry of Children & Family Development

Tel: (778) 698-9796

*Acknowledging the Lekwungen People, traditional keepers of this land*

*This e-mail is intended only for the use of the person to whom it is addressed and may contain confidential, personal and or privileged information. Any distribution, copying or other use by anyone else is strictly prohibited. If you have received this e-mail in error, please telephone me immediately and destroy this e-mail.*



**Please consider the environment before printing this email.**

## **Avis, Andrew FIN:EX**

---

**From:** Masi, Joe FIN:EX  
**Sent:** Thursday, March 1, 2018 4:48 PM  
**To:** Avis, Andrew FIN:EX  
**Cc:** Young, Tonya FIN:EX; Wonderham, Todd FIN:EX  
**Subject:** RE: EHT background

s.13

---

**From:** Masi, Joe FIN:EX  
**Sent:** Thursday, March 1, 2018 4:04 PM  
**To:** Avis, Andrew FIN:EX  
**Cc:** Young, Tonya FIN:EX; Wonderham, Todd FIN:EX  
**Subject:** RE: EHT background

s.13

Joe

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Thursday, March 1, 2018 2:29 PM  
**To:** Masi, Joe FIN:EX  
**Cc:** Young, Tonya FIN:EX; Wonderham, Todd FIN:EX  
**Subject:** EHT background

Hi Joe,

I have attached a BN we gave to the minister in January. Some of the numbers have changed since then but it should help you get the flavour of what we are trying to do.

I have also attached a summary of a call Suzanne, Aaron Nelson and Pat Parkinson had with Ontario a year ago.

Here is a more fuller explanation of how the chart on page 74 of the budget works:

Annual BC Payroll	Calculation of tax (this part was excluded from the budget)	Annual tax	Tax as a per cent of payroll (effective tax rate)
\$500,000 or less	N/A	\$0	0.00%
\$750,000	$(750,000 - 500,000) \times 2.925\%$	\$7313	0.98%
\$1,000,000	$(\$1M - \$500,000) \times 2.925\%$	\$14,652	1.46%
\$1,250,000	$(\$1.25M - \$500,000) \times 2.925\%$	\$21,938	1.76%
\$1,500,000	$(\$1.5M - \$500,000) \times 2.925\%$	\$29,250	1.95%
Over \$1,500,000	$(\$1.5M - \$500,000) \times 2.925\%$ Plus 1.95% x (payroll - \$1.5M)	\$29,250 + 1.95% of payroll over \$1.5M	1.95%

s.13

Paul thinks there may be a way to achieve the same result with a formula, but so far I have not been able to do so.

Please let me know if you have any questions.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance

105 – 617 Government Street, Victoria, BC V8W 9V8

Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

## **Avis, Andrew FIN:EX**

---

**From:** Fan, Ying FIN:EX  
**Sent:** Monday, March 5, 2018 2:50 PM  
**To:** Avis, Andrew FIN:EX  
**Cc:** Young, Tonya FIN:EX  
**Subject:** FW: EHT background  
**Attachments:** Ontario EHT.xlsx

Hi Andrew,

s.13

We have calculated Ontario's EHT and put the numbers in the attached spreadsheet for your review. Our understanding is that for Ontario, if the remuneration is between \$400,000 and \$5 million, for eligible employers, the notch rate is 1.95% (the effective rate is lower). For non-eligible employers, the effective rate is 1.95%, since there is no exemption. If the remuneration is above \$5 million, the basic tax rate is 1.95%. If the remuneration is below \$400,000, for eligible employers, the remuneration is exempted. For non-eligible employers, there is no exemption and they pay EHT at the rates listed in the legislation (from 0.98% to 1.829%).

Thanks,

Ying

---

**From:** Young, Tonya FIN:EX  
**Sent:** Thursday, March 1, 2018 2:33 PM  
**To:** Fan, Ying FIN:EX; Vu, Ken D FIN:EX  
**Subject:** FW: EHT background

fyi – additional information on the EHT

Tonya Young  
Manager, Income Tax Advisory – Related Programs  
Income Taxation Branch  
Ministry of Finance  
Phone: **\*new\*778-698-9146** Fax: 250-356-9243  
email: [Tonya.Young@gov.bc.ca](mailto:Tonya.Young@gov.bc.ca)



***VISION: Trusted financial and economic leadership for a prosperous province***

**Please Note:** This communication is intended for the use of the recipient to which it is addressed and may contain confidential, personal, and /or privileged information. Please contact me immediately if you are not the intended recipient of this communication and do not copy or distribute it. Any communication received in error should be deleted or destroyed.

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Thursday, March 1, 2018 2:29 PM  
**To:** Masi, Joe FIN:EX  
**Cc:** Young, Tonya FIN:EX; Wonderham, Todd FIN:EX  
**Subject:** EHT background

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s.13

s.13



Paul thinks there may be a way to achieve the same result with a formula, but so far I have not been able to do so.

Please let me know if you have any questions.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance

105 – 617 Government Street, Victoria, BC V8W 9V8

Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

<b>Total Ontario remuneration</b>	<b>Tax Rate (notch tax rate and basic tax rate)</b>	<b>Payroll tax for non-eligible employers</b>	<b>Tax exemption for eligible employers</b>	<b>Payroll tax for eligible employers</b>	<b>Effective Tax Rate (tax/total remuneration) for Eligible Employers</b>
\$200,000	0.980%	\$1,960	\$450,000	\$0	0.000%
\$230,000	1.101%	\$2,532	\$450,000	\$0	0.000%
\$260,000	1.223%	\$3,180	\$450,000	\$0	0.000%
\$290,000	1.344%	\$3,898	\$450,000	\$0	0.000%
\$320,000	1.465%	\$4,688	\$450,000	\$0	0.000%
\$350,000	1.586%	\$5,551	\$450,000	\$0	0.000%
\$380,000	1.708%	\$6,490	\$450,000	\$0	0.000%
\$400,000	1.829%	\$7,316	\$450,000	\$0	0.000%
\$410,000	1.950%	\$7,995	\$450,000	\$0	0.000%
\$500,000	1.95%	\$9,750	\$450,000	\$975	<b>0.195%</b>
\$750,000	1.95%	\$14,625	\$450,000	\$5,850	<b>0.780%</b>
\$1,000,000	1.95%	\$19,500	\$450,000	\$10,725	<b>1.073%</b>
\$1,250,000	1.95%	\$24,375	\$450,000	\$15,600	<b>1.248%</b>
\$1,500,000	1.95%	\$29,250	\$450,000	\$20,475	<b>1.365%</b>
\$2,000,000	1.95%	\$39,000	\$450,000	\$30,225	<b>1.511%</b>
\$2,500,000	1.95%	\$48,750	\$450,000	\$39,975	<b>1.599%</b>
\$4,000,000	1.95%	\$78,000	\$450,000	\$69,225	<b>1.731%</b>
\$5,000,000	1.95%	\$97,500	\$450,000	\$88,725	<b>1.775%</b>
<b>\$5,050,000</b>	<b>1.95%</b>	<b>\$98,475</b>	<b>\$0</b>	<b>\$98,475</b>	<b>1.9500%</b>

For eligible employers in Ontario, if the remuneration is between \$450,000 and \$5 million, the notch tax rate (for eligible employers) is 1.95%. If the remuneration is above \$5 million, the basic tax rate is also 1.95%.

For Manitoba employers, if the remuneration is between \$1.25 million and \$2.5 million, the notch tax rate is 4.3%. If the remuneration is above \$2.5 million, the basic tax rate is 2.15%.

For BC employers, if the remuneration is between \$500,000 and \$1.5 million, the notch tax rate is 2.925%. If the remuneration is above \$1.5 million, the basic tax rate is 1.95%.

Annual BC Payroll	Calculation of tax (this part was excluded from the budget)	Annual tax
\$500,000 or less	N/A	\$0
\$750,000	$(750,000 - 500,000) \times 2.925\%$	\$7,313
\$1,000,000	$(\$1M - \$500,000) \times 2.925\%$	\$14,652
\$1,250,000	$(\$1.25M - \$500,000) \times 2.925\%$	\$21,938
\$1,500,000	$(\$1.5M - \$500,000) \times 2.925\%$	\$29,250
Over \$1,500,000 s.13	$(\$1.5M - \$500,000) \times 2.925\%$ Plus 1.95% x (payroll - \$1.5M)	\$29,250 + 1.95% of payroll over \$1.5M

s.13

Tax as a per cent of payroll (effective tax rate)
0.00%
0.98%
1.46%
1.76%
1.95%
1.95%
1.95%

## **Avis, Andrew FIN:EX**

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Monday, March 5, 2018 3:50 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** EHT  
**Attachments:** Payroll Tax - Projected - for Andrew.xlsx; Questions for Ontario - Administration of Employer Health Tax August 31 2016 - AN1.docx

Hi Andrew,

Here's the spreadsheet and some notes from a call Suzanne, Mark and I had with Ontario in 2016.

- I've highlighted the relevant tabs in green.

s.13

The spreadsheet is a little cryptic. Please let me know if you want to go through it.

Thanks,

Aaron

Page 232 to/à Page 235

Withheld pursuant to/removed as

s.16

## **Avis, Andrew FIN:EX**

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Tuesday, March 6, 2018 4:26 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** FW: MSP vs EHT  
**Attachments:** MSP EHT Chart.xlsx

You should have a copy of this one too<sup>s.13</sup>  
s.13

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Tuesday, March 6, 2018 1:30 PM  
**To:** Purnell, Richard FIN:EX  
**Subject:** RE: MSP vs EHT

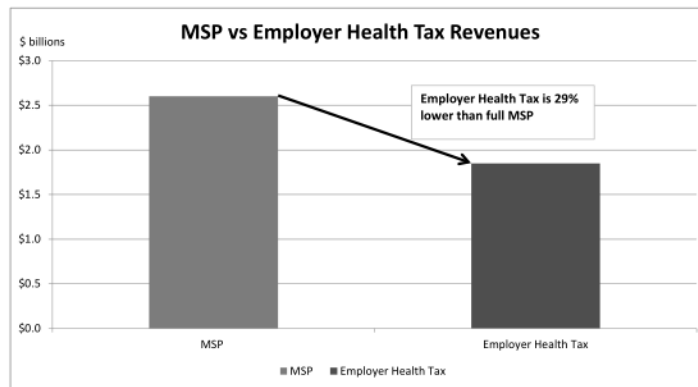
I've added another chart in the same file

---

**From:** Nelson, Aaron FIN:EX  
**Sent:** Tuesday, March 6, 2018 1:04 PM  
**To:** Purnell, Richard FIN:EX  
**Subject:** MSP vs EHT

Does this work? Note that I escalated 21/22 and 22/23 by 4%, all other values taken from Budget 2018.

MSP	2.6
Employer t	1.85
	0.75
	28.8%





Page 238 to/à Page 239

Withheld pursuant to/removed as

s.13

## **Avis, Andrew FIN:EX**

---

**From:** Peters, Melissa GCPE:EX  
**Sent:** Tuesday, March 27, 2018 1:26 PM  
**To:** Currie, David GCPE:EX; Avis, Andrew FIN:EX  
**Subject:** RE: QA\_MSP\_EHT\_OtherMins  
**Attachments:** QA\_MSP\_EHT\_OtherMins\_draft2.docx

Added one Q we got from MAH last week.

Melissa Peters  
Ministry of Finance  
250-213-1634

---

**From:** Currie, David GCPE:EX  
**Sent:** Tuesday, March 27, 2018 1:06 PM  
**To:** Avis, Andrew FIN:EX; Peters, Melissa GCPE:EX  
**Subject:** QA\_MSP\_EHT\_OtherMins

Can you pls both give this a read. Edits using track changes pls.

Aiming to get up to MO by 3.

Page 241 to/à Page 246

Withheld pursuant to/removed as

s.13

## **Avis, Andrew FIN:EX**

---

**From:** Peters, Melissa GCPE:EX  
**Sent:** Friday, March 23, 2018 11:17 AM  
**To:** Avis, Andrew FIN:EX  
**Subject:** RE: Standing wording EHT

You could also go back to the Blues, she spoke a lot in QP about the EHT about 2 weeks ago.

Melissa Peters  
Ministry of Finance  
250-213-1634

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Friday, March 23, 2018 11:16 AM  
**To:** Peters, Melissa GCPE:EX  
**Subject:** RE: Standing wording EHT

Will do thanks. s.13  
s.13

Thank you.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance  
105 – 617 Government Street, Victoria, BC V8W 9V8  
Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

---

**From:** Peters, Melissa GCPE:EX  
**Sent:** Friday, March 23, 2018 11:13 AM  
**To:** Avis, Andrew FIN:EX  
**Subject:** RE: Standing wording EHT

Andrew,

Here is our DRAFT QA – please note that this is still draft and the section with track changes is still unapproved. I would make sure that anything you use goes through the approval process. Please do not share around.

Let me know if you have any questions.

Melissa Peters  
Ministry of Finance  
250-213-1634

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Friday, March 23, 2018 11:10 AM  
**To:** Peters, Melissa GCPE:EX  
**Subject:** RE: Standing wording EHT

Hi Melissa,

I am working on an estimate note for the EHT now. Could I have all your Qs and As so that I could put them in the Q and A section?

Thank you.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance

105 – 617 Government Street, Victoria, BC V8W 9V8

Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

---

**From:** Peters, Melissa GCPE:EX

**Sent:** Thursday, March 22, 2018 10:03 AM

**To:** Avis, Andrew FIN:EX

**Subject:** RE: Standing wording EHT

Yes, here are our relevant QAs:

**1. By bringing in the employer health tax in 2019, but waiting until 2020 to eliminate the MSP aren't you double-dipping?**

- The EHT will only apply to businesses with payrolls above \$500,000.
- Therefore:
  - More than 85% of the approximately 400,000 businesses in B.C. will be entirely exempt.
  - Less than 5% of businesses will pay the full EHT rate.
- And the immediate 50% cut to MSP premiums mean businesses that pay MSP premiums will see savings this year and next.

**2. Aren't you hurting businesses by introducing a payroll tax?**

- We committed to eliminating a regressive, unfair tax and we're doing just that.
- That means very real savings for individuals and businesses.
- We have been clear that government would need to recover a portion of those revenues to be fiscally prudent and deliver services like child care and affordable housing that businesses have been asking for.
- We designed the employer health tax to help protect small businesses. We set the payroll threshold at \$500,000, entirely exempting more than 85% of businesses in B.C.
- We are giving businesses the time to adjust and incorporate the new measure into the budgets and business planning.
- To help support small businesses we've also lowered the small business tax rate by a half a percentage, and eliminated PST for businesses on electricity.
- We continue to have one of the lowest corporate tax rates in Canada.

Melissa Peters  
Ministry of Finance  
250-213-1634

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Thursday, March 22, 2018 9:52 AM  
**To:** Peters, Melissa GCPE:EX  
**Subject:** Standing wording EHT

Hi Melissa,

s.13

s.13 I have some MLA bullets for the EHT that I have been asked to respond to. ....

s.13

Do you have the wording she has been using for those responses?

Thank you.

*Andrew Avis*

**From:** [Kirsten.Hundza@gov.bc.ca](mailto:Kirsten.Hundza@gov.bc.ca) [<mailto:Kirsten.Hundza@gov.bc.ca>]  
**Sent:** Wednesday, March 21, 2018 1:26 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** CLIFF ID 365232

MLA-Bullets

MO-Minister's Office **Referral Slip for ID:365232**

2018/03/21

**CONFIDENTIAL**

<i>Log Type:</i> <b>Email</b>	<i>Action:</i> <b>Bullets-MLA</b>	<i>Due:</i> <b>2018/03/13</b>
<i>Batch:</i>	<i>Subaction:</i>	

*Author Type:* MLA-Government  
 Honourable David EBY, MLA  
 BC NDP MLA, Vancouver-Point Grey  
*Email:* [david.eby.MLA@leg.bc.ca](mailto:david.eby.MLA@leg.bc.ca)

*Written:* 2018/03/06 *Rush Reason:*  
*Received:* 2018/03/06  
*Actioned:* 2018/03/07 *File No.:*  
*Due:* 2018/03/13 *Entered By:* meverra  
 1  
*Signed:*  
*Closed:*

<i>Address To:</i> Minister	<i>Issue:</i> Tax-Employer Health
<i>Copy To:</i>	<i>X-Ref:</i>
<i>Branch Rsp:</i> PLD-Tax Policy	<i>Drafter:</i>

**Subject**

Medical Services Plan (MSP) / Employer health tax (payroll tax) / Employer Health Tax and Union fees / Under this new tax system where he pays the employer health tax will he still be paying the union to cover MSP (after MSP fees are phased out)?

**Log Notes**

2018/03/15 Emailed PLD-Tax Policy a status check  
 2018/03/12 Printed off hard copy of incoming and gave to Richard for review/response.  
 2018/03/07 Sent to Richard for review/response.

Referral MO-Minister's Office -> MO-Minister's Office					
<i>From:</i>	MO-Minister's Office	<i>Sent:</i>	2018/03/07	<i>Status:</i>	Accepted
<i>To:</i>	MO-Minister's Office	<i>Received:</i>	2018/03/07	<i>Reason:</i>	
<i>Assign To:</i>		<i>Completed:</i>		<i>Due:</i>	2018/03/13 (Pending (6))
				<i>Ref Action:</i>	Bullets-MLA
				<i>Subaction:</i>	
				<i>File No.:</i>	

<b>Referral</b> MO-Minister's Office -> MO-Minister's Office -> MCS-Correspondence					
<i>From:</i>	MO-Minister's Office	<i>Sent:</i>	2018/03/07	<i>Status:</i>	Pending
				<i>Ref Action:</i>	MCS Assign
<i>To:</i>	MCS-Correspondence	<i>Received:</i>		<i>Reason:</i>	
<i>Assign To:</i>		<i>Completed:</i>		<i>Due:</i>	2018/03/09 (Pending (8))
				<i>File No.:</i>	
<b>Referral Comments</b>					
2018/03/07 MO-Minister's Office Email notification sent to "MCS-Correspondence".					

<b>Referral</b> MO-Minister's Office -> MO-Minister's Office -> MCS-Correspondence -> PLD-Tax Policy					
<i>From:</i>	MCS-Correspondence	<i>Sent:</i>	2018/03/07	<i>Status:</i>	Pending
				<i>Ref Action:</i>	Bullets-MLA
<i>To:</i>	PLD-Tax Policy	<i>Received:</i>		<i>Reason:</i>	
<i>Assign To:</i>	Richard for review/response Mar. 7	<i>Completed:</i>		<i>Due:</i>	2018/03/13 (Active (6))
				<i>File No.:</i>	
<b>Referral Comments</b>					
2018/03/07 MCS-Correspondence Email notification sent to "PLD-Tax Policy".					



## **Avis, Andrew FIN:EX**

---

**From:** Peters, Melissa GCPE:EX  
**Sent:** Friday, March 23, 2018 11:13 AM  
**To:** Avis, Andrew FIN:EX  
**Subject:** RE: Standing wording EHT  
**Attachments:** QA\_MSP\_EHT\_5March18\_draft3.docx; IN\_MSP\_Elimination\_27Feb18\_FINAL.doc

Andrew,

Here is our DRAFT QA – please note that this is still draft and the section with track changes is still unapproved. I would make sure that anything you use goes through the approval process. Please do not share around.

Let me know if you have any questions.

Melissa Peters  
Ministry of Finance  
250-213-1634

---

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**To:** Peters, Melissa GCPE:EX  
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*Andrew Avis*  
Strategic Advisor | Policy & Legislation Division | Ministry of Finance  
105 – 617 Government Street, Victoria, BC V8W 9V8  
Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

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Melissa Peters  
Ministry of Finance  
250-213-1634

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Thursday, March 22, 2018 9:52 AM  
**To:** Peters, Melissa GCPE:EX  
**Subject:** Standing wording EHT

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s.13

Do you have the wording she has been using for those responses?

Thank you.

*Andrew Avis*

**From:** [Kirsten.Hundza@gov.bc.ca](mailto:Kirsten.Hundza@gov.bc.ca) [<mailto:Kirsten.Hundza@gov.bc.ca>]  
**Sent:** Wednesday, March 21, 2018 1:26 PM  
**To:** Avis, Andrew FIN:EX  
**Subject:** CLIFF ID 365232

MLA-Bullets

MO-Minister's Office **Referral Slip for ID:365232**

2018/03/21

**CONFIDENTIAL**

<i>Log Type:</i> <b>Email</b>	<i>Action:</i> <b>Bullets-MLA</b>	<i>Due:</i> <b>2018/03/13</b>
<i>Batch:</i>	<i>Subaction:</i>	

*Author Type:* MLA-Government  
 Honourable David EBY, MLA  
 BC NDP MLA, Vancouver-Point Grey  
*Email:* [david.eby.MLA@leg.bc.ca](mailto:david.eby.MLA@leg.bc.ca)

*Written:* 2018/03/06 *Rush Reason:*  
*Received:* 2018/03/06  
*Actioned:* 2018/03/07 *File No.:*  
*Due:* 2018/03/13 *Entered By:* meverra 1  
*Signed:*  
*Closed:*

<i>Address To:</i> Minister	<i>Issue:</i> Tax-Employer Health
<i>Copy To:</i>	<i>X-Ref:</i>
<i>Branch Rsp:</i> PLD-Tax Policy	<i>Drafter:</i>

**Subject**

Medical Services Plan (MSP) / Employer health tax (payroll tax) / Employer Health Tax and Union fees / Under this new tax system where he pays the employer health tax will he still be paying the union to cover MSP (after MSP fees are phased out)?

**Log Notes**

2018/03/15 Emailed PLD-Tax Policy a status check  
 2018/03/12 Printed off hard copy of incoming and gave to Richard for review/response.  
 2018/03/07 Sent to Richard for review/response.

Referral MO-Minister's Office -> MO-Minister's Office					
<i>From:</i>	MO-Minister's Office	<i>Sent:</i>	2018/03/07	<i>Status:</i>	Accepted
				<i>Ref Action:</i>	Bullets-MLA
<i>To:</i>	MO-Minister's Office	<i>Received:</i>	2018/03/07	<i>Reason:</i>	
				<i>Subaction:</i>	
<i>Assign To:</i>		<i>Completed:</i>		<i>Due:</i>	2018/03/13 (Pending (6))
				<i>File No.:</i>	

<b>Referral</b> MO-Minister's Office -> MO-Minister's Office -> MCS-Correspondence					
<i>From:</i>	MO-Minister's Office	<i>Sent:</i>	2018/03/07	<i>Status:</i>	Pending
				<i>Ref Action:</i>	MCS Assign
<i>To:</i>	MCS-Correspondence	<i>Received:</i>		<i>Reason:</i>	
<i>Assign To:</i>		<i>Completed:</i>		<i>Due:</i>	2018/03/09 (Pending (8))
				<i>File No.:</i>	
<b>Referral Comments</b>					
2018/03/07 MO-Minister's Office Email notification sent to "MCS-Correspondence".					

<b>Referral</b> MO-Minister's Office -> MO-Minister's Office -> MCS-Correspondence -> PLD-Tax Policy					
<i>From:</i>	MCS-Correspondence	<i>Sent:</i>	2018/03/07	<i>Status:</i>	Pending
				<i>Ref Action:</i>	Bullets-MLA
<i>To:</i>	PLD-Tax Policy	<i>Received:</i>		<i>Reason:</i>	
<i>Assign To:</i>	Richard for review/response Mar. 7	<i>Completed:</i>		<i>Due:</i>	2018/03/13 (Active (6))
				<i>File No.:</i>	
<b>Referral Comments</b>					
2018/03/07 MCS-Correspondence Email notification sent to "PLD-Tax Policy".					

## ADVICE TO MINISTER

**CONFIDENTIAL  
GCPE-FIN ISSUE NOTE**

Ministry of Finance

RECORD OPR:

Date: February 13, 2018

Updated: February 27, 2018

Minister Responsible: Carole James

### **Medical Service Plan Elimination**

#### **RECOMMENDED RESPONSE:**

- **We want a tax system that is fair.**
- **MSP premiums are regressive, expensive and are a significant financial burden for people.**
- **They are also complicated for businesses to administer.**
- **That's why we are delivering on our promise to eliminate MSP premiums.**
- **That will save individuals up to \$900 and families up to \$1,800 per year.**

#### **If asked: Won't the employer health tax hurt businesses?**

- **We committed to eliminating a regressive, unfair tax and we're doing just that. That means very real savings for individuals and businesses.**
- **We have been clear that government would need to recover a portion of those revenues to be fiscally prudent and deliver services like child care and affordable housing that businesses have been asking for.**
- **We designed the employer health tax to help protect small businesses.**
- **We set the payroll threshold at \$500,000, entirely exempting more than 85% of businesses in B.C.**
- **And the immediate 50% cut to MSP premiums mean businesses that pay MSP premiums will see savings this year and next.**
- **We are giving businesses the time to adjust and incorporate the new measure into the budgets and business planning.**
- **To help support small businesses we've also lowered the small business tax rate by a half a percentage, and eliminated PST for businesses on electricity.**
- **We continue to have one of the lowest corporate tax rates in Canada.**

## BACKGROUND:

Budget 2018 will eliminate Medical Service Plan (MSP) premiums effective Jan. 1, 2020, and replacing it with an employer health tax. Some stakeholders, including the Vancouver Board of Trade, are concerned about the effect of the employer health tax (EHT) on businesses. The Vancouver Sun reported that because the EHT comes in in 2019 but MSP premiums aren't eliminated until 2020 that the Province is "double-dipping" and hurting businesses.

The B.C. government committed to eliminating MSP premiums within four years. The government took the first step in *Budget 2017 Update* by cutting MSP premiums by 50% starting Jan. 1, 2018 and increasing the threshold for premium assistance by \$2,000. In total (including the recent 50% cut), eliminating MSP premiums will save individuals up to \$900 per year and will save families up to \$1,800 per year.

In order to continue to deliver the services like health and education, the Province is replacing the revenues from MSP premiums with an employer health tax.

This new payroll tax will come into effect Jan. 1, 2019 with the following rate structure:

- Businesses with a payroll of more than \$1.5 million will pay a rate of 1.95% on their total payroll.
- Businesses with a payroll between \$500,000 and \$1.5 million will pay a reduced tax rate.
- Businesses with a payroll under \$500,000 will not pay the tax.

At 1.95%, it is also the lowest rate among provinces with a payroll tax in Canada.

By exempting businesses with payrolls under \$500,000, the EHT is designed to help protect small businesses. Therefore:

- More than 85% of the approximately 400,000 businesses in B.C. will be entirely exempt.
- Less than 5% of businesses will pay the full EHT rate.

### Estimate of Business Impacts – By Payroll Size

	Size of Payroll			Totals
	0-500,000	500,000-1,500,000	over 1,500,000	
Estimated Number of BC Businesses by payroll size	350,000	36,000	14,000	400,000
Estimated Percentage of total businesses	87%	9%	3.5%	100%

Source: BC Ministry of Finance – analysis relies on Statistics Canada data including average weekly earnings, Survey of Employment, Payrolls and Hours, and Canadian business counts.

Subject to legislative approval, the proposed tax legislation will include clear rules regarding the frequency of installment payments and defining how payroll amounts are to be aggregated among associated businesses prior to applying deductions and tax rates.

The EHT will not fully replace the foregone revenues of the full MSP premiums. In 2016/17 MSP premiums provided a total of \$2.6 billion in revenue. The new employer health tax will collect an estimated \$1.9 billion in revenue in 2019-20 and 2020-21.

### MSP Task Force

The Province created the MSP Task Force in November 2017 to ensure MSP premiums elimination would be accomplished in the best way possible. <sup>s.13</sup>

s.13

## ADVICE TO MINISTER

The chair of the task force has been quoted in media that the government did not consider the task force's advice to do a combination of personal income tax and payroll tax. Media has also been critical of the Province deciding to eliminate MSP before the task force completes its final report.

The government intends that the MSP Task Force will continue its work, presenting its final report on March 31, 2018.

Communications Contact:	Melissa Peters	250 256-3698
Program Area Contact:	Richard Purnell	250
File Created:	February 13, 2018	
File Updated:	February 23, 2018	
File Location:	F:\Secure Folder\Budget 2018\Issues Notes	

Program Area	Comm. Director	Deputy	Minister's Office
RP	DC		

Page 259 to/à Page 265

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Page 266 to/à Page 267

Withheld pursuant to/removed as

s.14

Page 268 to/à Page 279

Withheld pursuant to/removed as

s.12;s.14;s.13

Page 280

Withheld pursuant to/removed as

s.14;s.13

**Avis, Andrew FIN:EX**

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**From:** Gunther, Mark FIN:EX  
**Sent:** Monday, February 5, 2018 3:51 PM  
**To:** Nelson, Aaron FIN:EX  
**Cc:** Krasnick, Jeffrey S FIN:EX  
**Subject:** Re: Payroll Tax  
**Attachments:** payroll tax.rtf

Hi Aaron,

Please find attached our comments.

Thanks,

Mark  
Mark Gunther  
Manager, Income Tax Advisory  
**New Phone: 778-698-9676**

## Payroll Tax

### Payroll Tax of 1.95 Per Cent Introduced

The government will introduce legislation in 2018 to implement a provincial payroll tax effective starting with the 2019 calendar year. To protect small businesses, the payroll tax will not apply to employers with payroll under \$500,000. Employers with payroll over \$1.5 million will pay the maximum rate of 1.95 per cent on their total payroll. For employers with payroll between \$500,000 and \$1.5 million, the tax rate will phase in gradually, based on a formula, until it reaches 1.95 per cent at \$1.5 million in total payroll.

#### BC Payroll Tax Effective 2019

Annual BC Payroll	Annual Tax	Tax as a per cent of payroll
\$500,000 or less	\$0	0.00%
\$750,000	\$7,313	0.98%
\$1,000,000	\$14,625	1.46%
\$1,125,000	\$18,281	1.63%
\$1,500,000	\$29,250	1.95%
Over \$1,500,000	1.95% of payroll	1.95%

Installment payments may be required. Special rules will apply for associated businesses. Subject to Legislative approval, the payroll tax is effective January 1, 2019.

## **Avis, Andrew FIN:EX**

---

**From:** Avis, Andrew FIN:EX  
**Sent:** Tuesday, March 6, 2018 5:04 PM  
**To:** Peters, Melissa GCPE:EX; Purnell, Richard FIN:EX; Zoeller, Sonja GCPE:EX  
**Cc:** Nelson, Aaron FIN:EX  
**Subject:** RE: FIN Media Request: B18 - EHT

Hi Melissa,

Here are the rough numbers for this request. Note we cannot breakdown our numbers as much as the reporter would like. For instance, we group health authorities and school districts into the provincial cost since the provincial government pays for them.

s.13

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance  
105 – 617 Government Street, Victoria, BC V8W 9V8  
Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)

---

**From:** Peters, Melissa GCPE:EX  
**Sent:** Tuesday, March 6, 2018 11:36 AM  
**To:** Purnell, Richard FIN:EX  
**Cc:** Nelson, Aaron FIN:EX; Avis, Andrew FIN:EX  
**Subject:** FIN Media Request: B18 - EHT

Richard – wondering if we are able to provide numbers to these questions – see below? If not, can you let me know asap so we can inform the reporter. If yes, then we can work on getting back to him tomorrow.

Thanks,

Melissa Peters  
Ministry of Finance  
250-356-5698

---

**From:** Sonja Zoeller [<mailto:Sonja.Zoeller@gov.bc.ca>]  
**Sent:** Tuesday, March 6, 2018 11:03 AM  
**To:** Zoeller, Sonja GCPE:EX  
**Subject:** FIN Media Request: B18 - EHT

### **Reporter**

Justin McElroy, Reporter  
CBC - Victoria  
[justin.mcelroy@cbc.ca](mailto:justin.mcelroy@cbc.ca)  
250-384-2685

## Deadline ASAP

### Request

- How many businesses will pay the tax? The Finance Minister has said 85 per cent won't, but I'm wondering if there's an exact number (or even approximate) that will. If that number can be separated out by the \$500,000-\$1.5 million bracket and the \$1.5 million and above bracket.

- Of the \$1.9 billion in estimated tax revenue this tax will generate, how much of this comes from public bodies, such as the provincial government, health authorities, school districts, etc?

### Background

#### Recommendation – on background

- How many businesses will pay the tax? The Finance Minister has said 85 per cent won't, but I'm wondering if there's an exact number (or even approximate) that will. If that number can be separated out by the \$500,000-\$1.5 million bracket and the \$1.5 million and above bracket.

RICHARD – CAN WE PROVIDE THE TABLE?

<\$500,000	\$500,000-\$1.5 million	>\$1.5 million	EHT tax rate
85%	10%	5 %	=100%
XX	XX	XX	=400,000

- Of the \$1.9 billion in estimated tax revenue this tax will generate, how much of this comes from public bodies, such as the provincial government, health authorities, school districts, etc?

s.13

Page 285 to/à Page 286

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s.13



## Tax Examples at Various Payroll Levels

s.13

## **Avis, Andrew FIN:EX**

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**From:** Masi, Joe FIN:EX  
**Sent:** Monday, April 30, 2018 8:34 AM  
**To:** Clarke, Treana FIN:EX; Lee, Andrew T FIN:EX; Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

My concern is with the security of the data, not the specifics being shared as the Ministry of Finance already has all the specifics.

Let's keep in mind that the Policy Branch is a branch of the Ministry of Finance. The ISA does not get into specifics on branches or divisions. Decisions made on this data will have an effect on Income Tax Act compliance as well, and the EHT could (though unlikely) become a subset of our income tax act.

Scrubbing the names is a good idea as a precaution in the case the data gets intercepted, but let's not concern ourselves with what data we can share with another branch of the Ministry of Finance (we are just moving the data the Ministry already has around. It's the Minister's data), but security of that data is paramount. Just keep in mind that Andrew is as bound to the ISA with WorksafeBC as we are.

---

**From:** Clarke, Treana FIN:EX  
**Sent:** Friday, April 27, 2018 4:04 PM  
**To:** Lee, Andrew T FIN:EX; Tsui, Wilson FIN:EX  
**Cc:** Masi, Joe FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Ok, I think it would be prudent to scrub entity details. The agreement we have with WCB provides that the information will be used for the admin/enforcement of specific taxes (i.e. PST, income tax). EHT is not yet listed as there is no Act to include.

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Friday, April 27, 2018 3:56 PM  
**To:** Clarke, Treana FIN:EX; Tsui, Wilson FIN:EX  
**Cc:** Masi, Joe FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

It needs to be by entity or there is no way to recalculate EHT. If you want to scrub the entity name, I'm okay with that too.

---

**From:** Clarke, Treana FIN:EX  
**Sent:** Friday, April 27, 2018 3:35 PM  
**To:** Tsui, Wilson FIN:EX; Lee, Andrew T FIN:EX  
**Cc:** Masi, Joe FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Is it only aggregate information going over?

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Friday, April 27, 2018 3:28 PM  
**To:** Clarke, Treana FIN:EX; Masi, Joe FIN:EX

**Cc:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Hi Andrea,  
Np from my end, but I gotta check with the bosses first to see if they have any issues with releasing the file to you.

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Friday, April 27, 2018 2:53 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Hi Wilson,

Could you check how big of an excel file the following would be:

- WBC information for 2016
- All employers
- All classification units
- Total payroll

If it is less than 100MB, could you email it to me? If it is more, I will see if I can arrange a way to get it through Travis.  
This one is not a rush, but I want to use this data to check our original estimates.

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Thursday, April 26, 2018 9:42 AM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

K. let me know if you change your mind or not. It's no biggie..

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Thursday, April 26, 2018 9:26 AM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

I think 2016 will suffice. I will assume that payroll for charities and not-for-profits don't fluctuate too much from year to year.

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Thursday, April 26, 2018 9:24 AM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Nope, Dec 2016.

Which leads me to my next question. Do you want stats for 2015, 2014, etc?

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Thursday, April 26, 2018 9:16 AM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Thanks Wilson.

Could you tell me what period this data is for? I am assuming it is for the year ended December 31, 2017, but I wanted to confirm.

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Wednesday, April 25, 2018 4:28 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Here you go...hopefully you don't need anything more today as I gotta run...

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Wednesday, April 25, 2018 4:23 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

s.13

Thanks.

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Wednesday, April 25, 2018 4:22 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

s.13

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Wednesday, April 25, 2018 4:21 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Hi Wilson,

Could you run the same report for a few more classification units?

s.13

s.13

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Tuesday, April 24, 2018 4:06 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

s.21

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:44 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Yes, that is right.

I am looking through the charities data.

s.21

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:43 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Ok, here's what I see, correct?

s.13

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:41 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Thanks Wilson.

Here are the NFPs. There are some "board" lines, but I had removed them because I think they are specifically one organization.

The lines in yellow are the ones that I believe contain the majority of NFPs.

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:39 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:08 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

There should only be two lines highlighted:

s.13

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:07 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Sorry Andrew, I don't see any demarkations...

---

**From:** Lee, Andrew T FIN:EX  
**Sent:** Tuesday, April 24, 2018 3:04 PM  
**To:** Tsui, Wilson FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Hi Wilson,

Here is the first set that I will need. These are just the charities, but I will get you the not-for-profits later.

Thanks,  
Andrew

---

**From:** Tsui, Wilson FIN:EX  
**Sent:** Tuesday, April 24, 2018 2:55 PM  
**To:** Lee, Andrew T FIN:EX  
**Cc:** Masi, Joe FIN:EX  
**Subject:** RE: Charity and Not-For-Profit NAICS Codes

Hi Andrew,  
As discussed, please find the unique CU codes from WorkSafe that would make for a better representation of what you are looking for.  
Please let me know the targeted CU codes that you want to pull stats for.  
Thx.

---

**From:** Young, Tonya FIN:EX  
**Sent:** Tuesday, April 17, 2018 2:29 PM  
**To:** Masi, Joe FIN:EX  
**Cc:** Avis, Andrew FIN:EX; Fan, Ying FIN:EX  
**Subject:** FW: Charity and Not-For-Profit NAICS Codes

Hi Joe,

As discussed, here's the email with the codes for information Andrew is looking for on registered charities and non-profits.

Thanks,

Tonya Young  
Manager, Income Tax Advisory – Related Programs  
Income Taxation Branch  
Ministry of Finance  
Phone: **\*new\*778-698-9146** Fax: 250-356-9243  
email: [Tonya.Young@gov.bc.ca](mailto:Tonya.Young@gov.bc.ca)



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---

**From:** Avis, Andrew FIN:EX  
**Sent:** Tuesday, April 17, 2018 2:13 PM  
**To:** Young, Tonya FIN:EX; Fan, Ying FIN:EX  
**Subject:** Charity and Not-For-Profit NAICS Codes

Hi Tonya and Ying,

Thanks for the call and finding the issue with charities. Here the relevant NAICS codes for charities and not for profits for a T4 analysis:

s.13

Thank you.

*Andrew Avis*

Strategic Advisor | Policy & Legislation Division | Ministry of Finance  
105 – 617 Government Street, Victoria, BC V8W 9V8  
Tel. \* New \* 778-698-5669 Email: [Andrew.Avis@gov.bc.ca](mailto:Andrew.Avis@gov.bc.ca)



## Avis, Andrew FIN:EX

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**From:** Masi, Joe FIN:EX  
**Sent:** Tuesday, April 24, 2018 2:05 PM  
**To:** Lee, Andrew T FIN:EX  
**Subject:** 2016 WorkSafe Sorted for NFP for EHT Analysis\_Ove<sup>s.13</sup>  
**Attachments:** 2016 WorkSafe Sorted for NFP for EHT Analysis\_Ove<sup>s.13</sup> only.xlsx  
2016 WorkSafe Sorted for NFP for EHT Analysis\_Ove<sup>s.13</sup> only.xlsx