A. POLICY PURPOSE

Under the workers compensation system, employers are required to report their payroll information to the Workers Compensation Board (WCB) for the calculation of premiums for coverage for workplace injuries and illnesses. The sound financial management of the workers compensation system depends on employers submitting accurate business and payroll information to the WCB.

The WCB will establish an assessment account for any employer, business or independent contractor who is required to have mandatory coverage, or requests to have optional or personal coverage, or any combination of these coverage types. For the general body of employers (employers in Class E), premiums are calculated using their workers' payroll figures multiplied by an assessment rate, as established by Policy 31.05.05, *Rate Setting for Class E Employers.* Once an employer's premium is calculated, the WCB sends a notice of the premium due. The process for paying premiums is outlined in Policy 35.05.20, *Paying and Refunding Premiums*.

The purpose of this policy is to describe the process for employers to follow when reporting payroll and the consequences of late reporting, failing to report, and inaccurate reporting of payroll.

B. POLICY

Worker Coverage: Reporting Responsibilities for Employers

Under *The Workers Compensation Act* (the *Act*) employers are responsible for advising the WCB when employing workers. Based on the employer's activities, the WCB will determine if the employer is required to cover their workers (mandatory industries), or if they have the option of providing coverage for their workers (optional industries).

Mandatory Coverage

Employers in mandatory industries are responsible for providing payroll information to the WCB for the purpose of determining premiums. Employers need to provide payroll information to the WCB at the outset of employing workers and annually thereafter.

By the last day of February in each year, employers are required to submit estimates of payroll for the current year and actual payroll for the preceding year. Any difference in actual payroll compared to the estimated payroll from the preceding year will be reconciled and adjusted if necessary. Once this information is received, the WCB will notify the employer of the premium due.

If an employer does not submit payroll information to the WCB as required, the WCB may impose a payroll value for the employer and use that value to calculate the premium.

WCB-imposed payroll will be adjusted by the WCB when more accurate information is supplied by the employer or other sources, provided that information is received by the last day of February of the following year. After that, the WCB-imposed payroll will only be adjusted upwards if the actual payroll is shown to be higher than the WCB-imposed estimate.

Optional Coverage

Employers in optional industries may decline WCB coverage or elect to obtain optional coverage for their workers as outlined in WCB Policy 35.10.120, *Terms and Conditions of Optional and Personal Coverage*. Applications for optional coverage will only be granted if a firm has complied with the requirements of the WCB.

Employers who elect to obtain coverage for their workers are responsible for providing payroll information to the WCB for the purpose of determining premiums. Employers need to provide payroll information at the time coverage is requested, and annually thereafter.

By the last day of February in each year, employers are required to submit estimates of payroll for the current year and actual payroll for the preceding year for the period of time coverage was in effect. Any difference in actual payroll compared to the estimated payroll from the preceding year will be reconciled and adjusted if necessary. Once this information is received, the WCB will notify the employer of the premium due.

If an employer does not submit payroll information to the WCB as required, the WCB will cancel any optional coverage on the account. The employer may also cancel optional coverage by notifying the WCB. Premiums will be calculated up to the date of cancellation.

Personal Coverage for Business Owners

Business owners may elect to obtain personal coverage with the WCB as outlined in WCB Policy 35.10.120, *Terms and Conditions of Optional and Personal Coverage*. A business owner includes a sole proprietor or a partner in a partnership, a director of a corporation or an independent contractor. Applications for personal coverage will only be granted if a firm has complied with the requirements of the WCB.

Personal coverage will begin once coverage is approved. At the end of the calendar year, personal coverage will automatically be renewed for the following year based on the business owner's selected coverage level.

If an employer does not submit payroll information to the WCB as required, the WCB will cancel any personal coverage on the account. The business owner or the employer may also cancel personal coverage by notifying the WCB. Premiums will be calculated up to the date of cancellation.

Review of Employer Business and Payroll Information

From time to time the WCB will examine the records of an employer to ensure that it has provided accurate business and payroll information to the WCB. The WCB may also obtain business and payroll information through a variety of sources. When the WCB determines that the business or payroll information submitted by an employer is incorrect, the WCB will adjust the employer’s account accordingly for a period of up to five years. In cases of material misrepresentation, the WCB will adjust the employer’s account to the date of the suspected misrepresentation.

Penalties and Interest: Worker Coverage

Penalties for Late Reporting of Workers’ Payroll

Employers in mandatory industries are required to advise the WCB when they begin employing workers. If they do not advise the WCB within the prescribed time, a late reporting penalty will be applied to their account for each calendar year workers were employed.

Employers in mandatory industries as well as employers in optional industries who have elected optional coverage are required to report workers' payroll annually. If they do not provide their payroll information by the prescribed date, a late reporting penalty will be applied to their account.

Late reporting penalty amounts are based on the employer's premium and are prescribed by Regulation. Penalties will not be adjusted for subsequent variations to the employer's payroll.

Penalties for Non-Reporting of Workers' Payroll

The WCB will impose a payroll value if employers in mandatory industries do not report their payroll to the WCB as required. A non-reporting penalty will be applied to their account.

The WCB will cancel coverage if employers in optional industries who elect to cover their workers fail to report their payroll as required. The WCB will impose payroll values up to the date of cancellation. A non-reporting penalty will also be applied to their account.

Non-reporting penalty amounts are based on the WCB-imposed payroll premiums and are prescribed by Regulation. Penalties will not be adjusted for subsequent variations to the employer's payroll.

Interest on Inaccurate Estimates

The Act provides that employers in both mandatory and optional industries are charged interest on the difference between understated estimates and actual amounts of reported payroll. Conversely, employers will receive interest on the difference between overstated estimates and reported actual payroll. Payroll differences within 25% of the actual payroll will not warrant the application of interest.

Penalties for Under-Reporting Actual Payroll

If, based on a review of an employer's records, the WCB determines that actual payroll information submitted by an employer does not reasonably reflect the actual value confirmed by the WCB, a penalty may be applied. This penalty will be based on the difference in premium between the actual the firm provided and the actual confirmed by the WCB and will be applied to employers in both mandatory and optional industries.

C. REFERENCES

The Workers Compensation Act, sections 80(1) to 86(1), 99(2) and (3), 100(4), 101(1), 109.7(1)
Regulation 15/2015, *Interest, Penalties and Financial Matters Regulation*
Regulation 1/2020, *Adjustment in Compensation Regulation*
Regulation 67/92, *Interest on Over-Assessment Regulation*

WCB Policy 31.05.05, *Rate Setting Model for Class E Employers*
WCB Policy 35.10.50, *Status of Workers, Independent Contractors and Employers*
WCB Policy 35.10.120, *Terms and Conditions of Optional & Personal Coverage*
WCB Policy 35.20.10, *Placement of Employers into Industry Classifications*
WCB Policy 35.20.15, *Associated Employers*
WCB Policy 35.05.20, *Paying and Refunding Premiums*

History:

1. Policy 35.00 was established by Board Order No. 26/08 on June 26, 2008, effective July 1, 2008.
2. Policy 35.00 was amended by Board Order No. 22/09 on September 29, 2009, effective January 1, 2010.
3. Policy 35.00 was amended by Board Order No. 08/11 on April 28, 2011, effective June 1, 2011.
4. Minor formatting and wording changes were made to the policy and the title was clarified, June 27, 2012.
5. Policy 35.00 was split into two new policies, Reporting and Verifying Payroll and Paying and Refunding Premiums. Policy 35.05.10, Reporting and Verifying Payroll was established by Board Order No. 09/13 on April 30, 2013, effective January 1, 2014.
6. Reference section updated to reflect Manitoba Regulations 15/2015 and 204/2015, August 24, 2016.
7. Reference section of the policy was updated effective January 1, 2018 to reflect new names for Policy 31.05.05 and Policy 35.20.10.
8. Reference section updated to reflect Manitoba Regulation 01/2020, *Adjustment in Compensation Regulation* on March 13, 2020.
9. Minor formatting changes were made to the policy, October 2020.