



## CALCULATION OF WAGE LOSS BENEFITS

The Workers Compensation Board of Manitoba (WCB) pays wage loss benefits based on your loss of earning capacity.

Wage loss benefits are designed to replace your wages if you miss work because of a workplace injury. In most situations, your wage loss benefit rate is based on 90 per cent of your take-home pay (net pay). Wage loss benefits for injuries that happened on or after January 1, 2022, are subject to a maximum insurable earnings cap. Maximum insurable earnings for 2025 is \$167,050.

### How does the WCB calculate my benefit rate?

The WCB calculates your wage loss benefits in four steps.

#### Step 1: Gross earnings are calculated

The WCB uses your earnings before the injury to calculate your gross earnings. Your gross earnings are calculated based on either your regular earnings, if you work the same hours each week, or average yearly earnings, if you work varying hours or have an irregular work pattern (for example, fluctuating hours or overtime, seasonal work, contract work, etc.).

The WCB will use the formula that best represents your employment and earnings pattern before the injury.

If you are losing income from other employment sources due to your injury, these will be included in the calculation to determine your total gross earnings.

#### Step 2: Net earnings are calculated

To determine net earnings, the WCB applies probable deductions and tax credits. Calculations are based on standard deductions and tax credits used by the Canada Revenue Agency (CRA), with reference to the *Income Tax Act*.

Probable deductions include:

- income tax
- Canada Pension Plan (CPP)
- Employment Insurance (EI) premiums
- other deductions the Board of Directors may establish by regulation

Tax credits include those claimed for basic personal amounts, spouse or common-law partner amounts, dependent children, childcare expenses and spousal support payments if you report these credits on your income tax return.



NOTE: Probable deductions represent estimated amounts; no payment is actually made to CRA on your behalf for income tax, CPP contributions or EI premiums.

**Step 3:** The WCB benefit rate is determined

The net earnings determined in step 2 are used to calculate your wage loss benefit rate.

- In most situations, your WCB benefit rate is based on 90% of net earnings.
- If your net loss of earnings are less than or equal to the net minimum annual earnings, your benefit rate will be 100% of your net earnings.
- If 90% of your net loss of earnings is less than what you would receive based on 100% of the net minimum annual earnings, your benefit rate will be based on 100% of your net earnings.

The minimum annual earnings in effect on October 1, 2024 were \$32,864 and this amount remains the same as of January 1, 2025.

**Step 4: Tax rebates (sheltering) are factored into the benefit rate**

WCB benefits are non-taxable. To offset the tax benefit created by your reduced taxable income, WCB reduces the benefit rate to more closely reflect your yearly loss of earnings.

**SAMPLE BENEFIT CALCULATIONS**

| Single, No Dependents |                   |                          |                             |                              |
|-----------------------|-------------------|--------------------------|-----------------------------|------------------------------|
| Gross Weekly Wage     | Gross Annual Wage | 100% Net Actual (Weekly) | 90% Net Sheltered (Weekly)* | 100% Net Sheltered (Weekly)* |
| \$350.00              | \$18,200.00       | \$321.87                 | n/a                         | \$316.75                     |
| \$500.00              | \$26,000.00       | \$423.82                 | n/a                         | \$402.91                     |
| \$650.00              | \$33,800.00       | \$514.31                 | n/a                         | \$494.05                     |
| \$1,000.00            | \$52,000.00       | \$764.72                 | \$668.76                    | n/a                          |
| \$1,200.00            | \$62,400.00       | \$891.02                 | \$775.14                    | n/a                          |
| \$1,500.00            | \$78,000.00       | \$1,083.22               | \$945.40                    | n/a                          |

| Married, Claims Spouse or Common-law Partner Amount, Two Dependents |                   |                          |                             |                              |
|---|-------------------|--------------------------|-----------------------------|------------------------------|
| Gross Weekly Wage   | Gross Annual Wage | 100% Net Actual (Weekly) | 90% Net Sheltered (Weekly)* | 100% Net Sheltered (Weekly)* |
| \$350.00  | \$18,200.00       | \$327.37                 | n/a                         | \$326.37                     |



|            |             |            |          |          |
|------------|-------------|------------|----------|----------|
| \$500.00   | \$26,000.00 | \$465.95   | n/a      | \$464.95 |
| \$650.00   | \$33,800.00 | \$587.91   | n/a      | \$586.91 |
| \$1,000.00 | \$52,000.00 | \$839.28   | \$716.89 | n/a      |
| \$1,200.00 | \$62,400.00 | \$963.64   | \$821.53 | n/a      |
| \$1,500.00 | \$78,000.00 | \$1,152.92 | \$989.16 | n/a      |

\*The 90% Net Sheltered and 100% Net Sheltered figures represent the full weekly wage loss benefits an injured worker receives from the WCB if they have no other income following the injury, based on the annual income levels shown.

It is extremely important that you report the correct tax information to the WCB because it makes a significant difference in the benefit calculation.

The tax credits and/or tax deductions applicable as of the date of the injury and referred to in step 1 will remain in place for the first two years, even if your status changes during that time. However, there are two exceptions:

- if your information is unavailable at the time the claim is accepted
- if the information we have at the time the claim is accepted is incorrect

If the tax credit and/or tax deduction information the WCB uses to calculate your wage loss benefits is unavailable or incorrect, our calculations will be based on "single with no dependents" until the information is received. Your wage loss benefits will be adjusted when your information is received or confirmed. The adjustment is applied retroactively to the date you began receiving wage loss benefits. This ensures that there is no delay to your payments.

If you are unwilling to supply the tax information, you will be classed as single with no dependents and no adjustment will be made to your benefit rate for a two year period.

### **Are there any exceptions to the procedure used to calculate loss of earning capacity?**

Yes, in certain cases, *The Workers Compensation Act* allows us to look to the future to establish average earnings based on your probable loss of earning capacity. This approach can only be applied in exceptional circumstances, such as:

- if you are in your probationary period with your employer
- if you just started your first job or have recently re-entered the workforce
- if your employment circumstances have significantly changed
- if you are an apprentice, declared worker or working student

Benefits for declared workers will be based on no less than half the Industrial Average Wage at the time of the injury. Declared workers are any persons or class who are not



in a typical employment situation but are declared workers under *The Workers Compensation Act*. Examples of declared workers include:

- an emergency service worker who receives nominal or no compensation
- a high school or post-secondary student or a learner in a registered centre who is in a work experience as part of their course and who is performing work in any trade, business, industry or occupation but is not employed by the work experience provider.

**Note:** Workers' average earnings are subject to any maximum annual earnings level that is in place as of the date of the accident.

For additional information about the calculation of benefits, please call your adjudicator or case manager.

This publication is provided for general information. It is not intended to be legal advice, and should not be relied on as such. See *The Workers Compensation Act and Regulations* and WCB Policies for more specific information. These documents are available on the WCB website at [wcb.mb.ca](http://wcb.mb.ca).