

May 2018

Changes to Alberta Employment Standards for Farm Businesses

With the 2018 seeding season in full force, many Alberta farmers are no doubt looking for a few extra hands on deck to ensure that all their work gets done right and on time. If you run a farming or ranching business in Alberta and plan on hiring additional workers you will need to be aware of the new Alberta labor standards in effect for 2018 which apply to all farms and ranches with waged, non-family workers. The new standards came into effect on January 31, 2018, and include both general standard guidelines as well as industry specific exemptions for farms and ranches. The following summary details some of the most important changes that may impact farm and ranch businesses in Alberta. These changes should be carefully considered to ensure that your business remains in compliance with the new laws:

- Overtime

Farms and ranches will continue to be exempt from current overtime standards in order to help farmers cope with the demands of seasonal work such as harvesting and seeding. Farm employers must provide all non-family waged workers with 4 days off within every 28 days, and selection of the days off is at the employer's discretion.

- Vacation Pay

Employees are entitled to vacation pay calculated on their wages. Employees are entitled to a minimum of two weeks vacation with pay after each of the first four years of employment, and three weeks vacation with pay after each subsequent year.

- General Holiday Pay

Farms and ranches are required to adhere to the general standards for general holiday pay unless the employee has missed scheduled shifts immediately before or after the holiday without the employer's consent.

If an employee has either taken the general holiday off, or has worked the general holiday and taken another day off in lieu, the employer is required to pay the employee on the day off taken a minimum of 4.2% of the employees' wages, vacation pay, and general holiday pay earned in the four weeks immediately preceding the general holiday.

If the employee has worked the general holiday and not taken a day-off in lieu, the employer is required to pay normal wages earned for the general holiday PLUS 4.2% of the employees' wages, vacation pay, and general holiday pay earned in the four weeks immediately preceding the general holiday.

- Youth Workers

Rules for paid, non-family youth workers on farms and ranches come into effect on June 1, 2018. The new rules place the following restrictions on underage workers:

- 12 years of age and under – May only be employed in certain artistic endeavors and can work no later than 9pm when school is in session (11 pm if next day is a weekend day).
 - 13 – 15 years of age – Can work any job that is deemed to be light work and is not deemed to be hazardous work, cannot be employed during the employee’s school hours and cannot work between the hours of 12:01 am and 6:00 am.
 - 16 – 17 years of age are eligible to work in all types of work except certain types of hazardous work unless authorized by permit.
- Job Protected Leave

Employees will now be entitled to unpaid, job-protected leave for various reasons once the employee has worked 90 days on the job. Farm and ranch employers are not exempt from these standards.

For more details on the new standards you can visit the following Government of Alberta webpages:

<https://www.alberta.ca/employment-standards-changes.aspx>

<https://www.alberta.ca/es-exceptions-farm-and-ranch.aspx>

Increase in CRA Prescribed Interest Rates

The CRA recently released a Tax Tip (Interest rates for the second calendar quarter) setting out the prescribed interest rates for the second quarter of 2018 (April 1 – June 30). The rates have increased by 1%, to 2% for taxable benefits and corporate refunds, 4% for personal refunds, and 6% for arrears and instalment interest.

With the increase in the interest rate charged on arrears payments, it will be even more important to ensure that your taxes are paid on time. If you are required to make installment payments throughout the year for either taxes (personal or corporate) or GST, it will also be important to ensure that sufficient installments are made on schedule as the 6% interest rate for arrears payments will apply to any late or insufficient installment payments made as well.

Gift cards and Other Incentive Revenues

On March 28, 2018 the CRA released an Alert focusing on their efforts to uncover unreported income and reminding taxpayers to ensure that they are reporting all of their income earned in the form of incentives from suppliers, manufacturers, and other parties a taxpayer may deal with in conducting business. It is common for businesses to receive incentives in the form of an electronic transfer of funds, cheque, or even pre-loaded credit card or gift card. Regardless of the means by which it is received, incentive income earned as part of the business or professional activities of a person (individual, corporation, or trust) or a partnership, is taxable in the year it is received and must be reported.

As the CRA is becoming more actively engaged in obtaining third party data about businesses that have received incentive income in order to identify taxpayers that may have unreported income, it is important that businesses are diligent in tracking incentives to ensure that these types of income are being fully reported.

SR&ED Credit for Grain Checkoff Fees

Did you know that if you are a grain farmer in Alberta you may be eligible for a Scientific Research and Experimental Development (SR&ED) tax credit of 35% on a portion of check-off fees paid to certain organizations? The portion of fees on which the tax credit is available varies between each organization and from year to year. For 2017 the SR&ED credit was available on the following portions of fees paid:

Alberta Barley – 17.00%

Alberta Canola Producers Commission – 14.32%

Alberta Oat Growers Commission – 11.80%

Alberta Pulse Growers – 13.70%

Alberta Wheat Commission – 21.00%

Western Grains Research Foundation – 71% for wheat; 75% for barley

As an example of how the credit works, if you paid \$1,000 in checkoff fees to Alberta Wheat Commission in 2017, you would be eligible to report on your personal or corporate tax return a 35% credit on \$210, for a total tax credit of \$73.50. The amount of the credit claimed must then be reported as business income on the tax return for the subsequent fiscal year.

If you are not already tracking payment of checkoff fees paid you will want to start tracking and recording these payments separately for the purposes of determining your eligibility for the SR&ED credit when the time comes to prepare your personal or corporate tax return.