

Liability for Wages



The so called “single employer” (aka “common employer”) rule makes corporations potentially liable for the wage obligations of their parents, subsidiaries and related companies. The idea is to prevent corporations from using “shell games” to avoid paying their employees. The rules vary slightly by jurisdiction, as illustrated by this map:



Red Square: “Single employer” allowed if: 1. Common ownership and control; and 2. Intent or effect of arrangement is to avoid wage obligations

Pink Square: “Single employer” allowed if common ownership and control

White Square: “Single employer” rooted in common law, not ESA

NOTES

 Under Federal law, the Department of Labour may order that 2 or more employers in related or associated businesses be treated as a single employer, where there is common control or direction