

New HR Laws: The 10 Changes in the Federal 2017 Budget HR & Payroll Need to Know About



The 2017 federal budget tabled by the Liberal government on March 22 is light on tax changes but heavy on non-tax measures affecting HR and payroll, including a long sought after change that will make distribution of T4 slips dramatically easier for employers. Here's a rundown of the 10 key changes to be aware of in case you don't feel like reading through the entire 100+ page budget document on your own.

1. Standardization of Electronic T4 Delivery

Budget changes generally have only a peripheral impact on payroll operations. But Budget 2017 includes a game changer: electronic T4 delivery. Explanation: Employers are required to send employees copies of their T4. Mailing is the standard form of delivery under current rules; electronic delivery is allowed only if the employee gives written consent. The new budget allows electronic delivery to current employees *without* consent, provided that employers follow privacy requirements to be established by the CRA. The new measure, which will apply to T4s for the 2017 tax year, has drawn hosannas from industry, including the Canadian Payroll Association which says it will save employers over \$100 million per year.

2. New EI Adult Caregiving Benefit

One of the overarching themes of Budget 2017 is work-life balance. The budget proposes a number of enhancements to EI benefits to achieve the objective. The strategy focuses not on benefit amounts but liberalization of eligibility rules to give employees more flexibility in balancing work and family demands. The first EI enhancement is a new 15-week caregiver benefit for individuals caring for an *adult* family member recovering from a critical injury or illness. Parents will also continue to have up to 35 weeks of EI benefits to care for critically ill or injured *children*.

3. New Options for EI Parental Benefits

Although Budget 2017 doesn't increase parental EI benefit amounts, it extends the maximum period during which parents can receive benefits from 12 to 18 months. Parents will have 2 EI parental benefit options:

- Stick with the current regime of 12 months at 55% of average weekly earnings; or
- Extend the benefit period to 18 months at 33% of average weekly earnings.

4. New Options for EI Maternity Benefits

Similarly, EI maternity benefit amounts aren't going up but women will be allowed to claim them up to 12 weeks before their due date—as opposed to 8 weeks under current rules. Potential impact: The proposed changes to maternity and parental benefits may increase benefits costs of employers that provide maternity and parental top-up benefits based on the EI eligibility benefits eligibility period.

5. New Training Options for the Unemployed

Starting in 2018, people who are unemployed will be allowed to go back to school or pursue training at their own expense without forfeiting their EI eligibility. Under current rules, claimants who receive training of more than 14 hours of week risk losing their EI unemployment benefits.

6. Labour Code Changes to Ensure Flexible Work Arrangements

Budget 2017 proposes changes to the *Canada Labour Code* to help employees (at least of federally regulated companies) secure more flexible work arrangements. While not offering details, the budget outlines 3 broad focus areas for change:

- Employee rights to request flexible working arrangements;
- Unpaid leaves for family obligations; and
- More flexibility in bereavement leave .

7. Limits on Employing Unpaid Interns

Another proposed *Code* change would bar unpaid internships in federally regulated industries. Exception: Unpaid internships would be allowed if they're part of a formal education program. And unpaid interns would still get the maximum work hours, weekly days of rest, general holidays and other non-wage protections of the *Code*.

8. Stronger Code Enforcement

Budget 2017 would beef up enforcement of *Code* requirements by:

- Boosting funding for enforcement personnel and activities;
- Increasing penalties particularly for wages violations ; and
- Creating new mechanisms to make it easier for employees to recover unpaid wages.

9. Elimination of Home Relocations Loan Deduction

One of the few personal income tax changes in Budget 2017 affecting HR and payroll is elimination of the deduction for employees who receive a home loan for a relocation related to their employment, effective in 2018.

10. More Money for Tax Enforcement

Budget 2017 provides additional funding for CRA enforcement initiatives, including:

- Increased verification activities;
- Hiring extra auditors to focus on the underground economy;
- Developing risk assessment systems and infrastructure targeting criminal and high-risk international tax evaders and schemes.

Changes that Didn't Make the Cut

No budget analysis would be complete without a look at the omissions. Changes that were talked about but failed to make it into Budget 2017 include:

- Dedicated parental leave for the second parent;
- Higher EI parental benefits for low-income earners;
- Changes to personal or corporate income tax rates;
- New limits on deductions for executive stock options; and
- Taxes on employer-sponsored health and dental benefits premiums;