The 10 Things You Need to Know about the Employment Insurance Work Sharing Program



Cutting staff is typically the first thing companies consider when they need to save money. But layoffs, even temporary, are a devil's bargain when they involve giving up good people that you may be unable to recall or replace when business improves. With this in mind, Canada created the Employment Insurance (EI) Work Sharing Program to help companies experiencing significant decreases in normal work levels for reasons beyond their control avoid temporary layoffs. When the U.S. began enacting tariffs last year, the government temporarily relaxed the rules to make it easier for companies to take advantage of Work Sharing. Service Canada just extended those tariff special measures for at least another year, until March 31, 2027. **Bottom Line:** Don't hit the temporary layoffs button until you give Work Sharing a look. Here are the 10 things HR directors need to know about the program to help your company take advantage of it.

1. What Work Sharing Is

Work Sharing (WS) is a federal program that helps companies dealing with crises brought on by external circumstances like COVID or tariffs ride out the storm without laying people off by entering into agreements to redistribute and reduce work hours. Normally, employees who are still working don't qualify for EI even if their work hours are reduced. But if a WS agreement is in place, they can work a reduced work schedule and still get EI. Meanwhile, employers get a temporary reprieve to overcome rough patches without laying off people they don't want to lose.

2. Which Employers Are Eligible for Work Sharing

To qualify for WS, an employer must:

- Be a year-round business operating in Canada for at least one year (the normal two-year requirement has been temporarily reduced as part of the tariffs measures).
- Be a private business, a publicly held company, or certain type of non-for-profit (government and public sector employers aren't eligible for WS).
- Seasonal and cyclical employers are also temporarily allowed to participate in WS under the tariff relief measures.
- Have experienced a decrease in overall work activities of at least 10% in the

last six months that's not due to a labour dispute or seasonal business cycles.
- Have recovery measures in place to return employees back to normal staffing levels and regular work hours by the end of the WS agreement.
- Have at least two eligible employees in the WS unit that must share the available work equally.

3. Which Employees Are Eligible for Work Sharing

To qualify for WS, employees must:

- Be "core staff," that is, year-round, permanent, full-time, or part-time employees required to carry out the business' day-to-day functions, as opposed to seasonal, casual, on-call, or temporary employees.
- **Exception:** As part of the tariffs relief measures, seasonal or cyclical employees assisting an employer's recovery efforts may also participate in WS.
- Be eligible to receive EI benefits.
- Agree to reduce their normal working hours by the same percentage and share the available work equitably.

4. How to Apply for Work Sharing

The recommended approach is to submit a WS application online via Service Canada's Grants and Contributions Online Services (GCOS). In addition to listing the required application information, you'll need to upload certain documents including the Attachment A: Work-Sharing Unit (EMP5101). If you can't use GCOS, you can mail or email your application, in which case you'll have to complete:

- The Work-Sharing application form (EMP5100).
- The Work-Sharing Unit Attachment A (EMP5101).
- A recent CRA payroll deductions account (RP) document that shows your legal business name, legal business address, and CRA payroll account number.

5. How to Implement a Work Sharing Agreement

If Service Canada approves the application, the employer, an employer representative, employee representative, and, if employees are unionized, a union representative must sign a WS agreement within 60 days of the approval date—either online if the application was via GCOS or in blue or black ink if it was submitted in paper by mail or email. The parties then have 60 calendar days to implement the signed WS agreement. Implementation means that all participating employees experience, during the same week, a minimum 10% reduction to their normal weekly earnings (also known as the interruption of earnings). The employer must advise its Service Canada program officer, in writing, of the week that implementation has or will occur.

6. What Employers Must Do When a Work Sharing Agreement Is in Effect

Utilization Reporting: Employers that enter into a WS agreement must complete a weekly utilization report to track utilization, that is, the percentage of reduction in work hours each week so that EI can determine the benefits payable to those employees. Utilization reports must be submitted using the Service Canada Data Gateway or by courier for each week the WS agreement is in effect, starting with the week of implementation and including weeks:

- Of shutdown
- With statutory holidays
- During which no hours are actually missed due to Work Sharing.

Enrolment Sheet: Upon signing the WS agreement, employers must also complete the enrolment sheet and submit via Data Gateway that lists all participating employees, their Social Insurance Numbers (SINs), and their normal weekly hours. The enrolment sheet details must exactly match the employees listed in the EMP5101 at the time the agreement was signed.

Changes: Employers must revise the WS agreement and get Service Canada approval after certain changes or events occur, including:

- Additions, deletions, and substitutions of employees in the WS unit.
- Changes to work schedules on a continuing basis.
- Changes to the employer, employee, or union representative.
- Layoffs or shutdowns.
- Extensions of the agreement.

7. How Long Work Sharing Agreements Can Last

Normally, WS agreements must last no less than six weeks and no more than 26 weeks. But the temporary tariff rules allow for WS agreements to last up to 76 weeks. When listing the desired starting date in your WS application, be aware that WS agreements must start on a Sunday to align with the EI payment cycle.

8. How Work Sharing Agreements Can Be Extended

Employers operating under a current WS agreement may apply for an extension of up to 12 weeks bringing the initial agreement to a maximum total of 38 weeks. Applications for extensions must be submitted to ESDC at least four weeks before the current WS agreement’s scheduled end date. Once the WS agreement ends, a successive agreement can’t be made until a mandatory “cooling off” period equal to the number of weeks the previous agreement lasted expires. **Exceptions:** Under the temporary tariff rules, a WS agreement can last up to 76 weeks. There’s also no cooling off period between successive WS agreements.

9. How Participating Employees Can Get EI Work Sharing Benefits

Participating employees can individually apply and qualify for EI benefits for the hours of work they miss due to WS. When applying for EI, employees must enter a reference code indicating that they’re a WS agreement participant. The reference code is listed on the “Applying for Employment Insurance Work-Sharing Benefits” document they receive from their WS employer representative or the employee/union representative.

For each week of WS, Service Canada will pay employees a benefit calculated by comparing the hours of work missed due to the WS agreement against the hours the employee would have normally worked. Benefits are paid as a percentage of hours missed.

> ## Example
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> Weekly benefit rate (55% of regular earnings to maximum of $573): $500
>
> Normal work week before WS agreement: 40 hours
>
> Hours employee actually worked during WS week: 30 hours

> Hours missed during week due to WS agreement: 10 hours
>
> **Benefit:** $125, i.e., 25% of $500 benefit rate for the 10 hours of 40 hours (25%) missed due to WS agreement.

EI pay WS benefits for each “Work Sharing Week,” that is, paid week an employee required to work misses at least 0.5 hours of work due to Work-Sharing. Just being paid for the week isn’t enough; actual work must also be performed. Employees must remain available for any hours, up to the number of hours normally worked for the employer before the WS agreement. If work is available, employees are expected to report for their normal shifts. Hours missed don’t include hours an employee could have worked but didn’t because they weren’t available or declined the work.

10. How EI Work Sharing Benefits Are Paid & Taxed

The normal one-week waiting period for receiving EI benefits doesn’t apply to EI WS benefits. That means employees can receive benefits from the very first week of the WS agreement. As with other EI benefits, WS benefits are considered taxable income.

The waiting period is deferred for Work Sharing participants, until a week that isn’t a Work Sharing week is processed as a week of regular or special benefits. This could occur either during the period of the Work Sharing agreement, or once the agreement has terminated.