



MAPLE RIDGE | LANGLEY
CHARTERED PROFESSIONAL ACCOUNTANTS

EPR CLIENT NEWS BULLETIN

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British Columbia Employer Health Tax **- effective January 1, 2019**

Effective January 1, 2019, there will be a new **Employer Health Tax (EHT)** of 1.95% that applies to the taxable remuneration that is paid to all BC employees. The government has estimated that 15% of employers in BC will be required to pay this tax.

The Employer Health Tax (EHT) is calculated as:

- BC remuneration of \$500,000 or less don't pay employer health tax
- BC remuneration between \$500,000.01 and \$1,500,000 (notch rate amount) pay the reduced tax amount as calculated:
 - $2.925\% \times (\text{BC remuneration} - \$500,000)$
- BC remuneration greater than \$1,500,000 pay the tax on their total BC remuneration as calculated:
 - $1.95\% \times \text{total BC Remuneration}$

If you are associated with other employers, you must share the \$500,000 exemption. If you begin or cease to have a permanent establishment in BC during the calendar year, the exemption amount is prorated.

Employers with BC remuneration greater than \$500,000 (exemption amount) in a calendar year must register for the employer health tax. If you have annual BC remuneration greater than \$600,000, your first instalment payment will be due on June 15, 2019. If your annual BC remuneration is between \$500,000 and \$600,000 you can pay annually. Employers include an individual, a corporation, a partnership, a trust or a government.

BC is giving employers (who are subject to quarterly instalment payments) the option to calculate and pay EHT based on 25% of their prior year's 2018 BC remuneration OR the current year's 2019 estimated tax.

Using either method, the employer is to divide the tax payable by 4. The payment expectations around BC EHT are similar to corporate tax. In contrast, other payroll taxes in Canada base the payment obligation **on current-year remuneration, as it is paid.**

Note: The employer health tax is separate and distinct from remitting source deductions or MSP premiums.

B.C. Remuneration

An employer's B.C. remuneration includes the total of the following:

- All remuneration paid to the employer's employees who report for work at the employer's permanent establishment in B.C., and
- All remuneration paid to the employer's employees who do not report for work at a permanent establishment of the employer, but are paid from or through a permanent establishment in B.C.

A more detailed list of taxable remuneration is available here:

<https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview/eht-remuneration> - click on the "remuneration" link in the first paragraph.

You can use the employer health tax calculator to help you estimate the tax:

<https://forms.gov.bc.ca/taxes/employer-health-tax-calculator/>

How to Register with eTaxBC?

Registration begins January 7, 2019.

If you will be required to pay installments in the 2019 calendar year, you must **register** by May 15, 2019 and pay your first instalment by June 15, 2019.

All other taxable employers must register by December 31, 2019. You must file and pay your first return by March 31, 2020.

Employers who are taxable will first need to register for an employer health tax account using eTaxBC. The registration process will take approximately 10 to 20 minutes. Once your registration is processed, you will receive an employer health tax account number. An employer health tax account number is 11-characters long and will be in the following format: EHT-1234-5678.

Once you have registered for an employer health tax account you can enrol for access to eTaxBC, or if you already have an eTaxBC account, you can log on to add access to your employer health tax account.

If you are a registered charitable or non-profit organization with more than one location, please refer to [Employer Health Tax for Charitable and Non-Profit Employers](#) for additional rules that apply to determine at which location an employee reports for work.

Want more details?

Additional information is also available at the following links:

[Legislative Assembly of British Columbia: Bill 44](#)
[British Columbia Government website](#)

Contact us at EPR Maple Ridge Langley if you have questions.