



Service
Canada

WORK-SHARING PROGRAM

Applicant Guide

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A. Purpose

The purpose of this guide is to provide information to help employers apply for a Work-Sharing agreement. Please read **all the information** provided and **discuss it with your employees**.

B. Introduction

Work-Sharing is an adjustment program designed to help employers and employees avoid temporary layoffs¹ when there is a reduction in the normal level of business activity² that is beyond the control of the employer. The program provides income support to workers eligible for Employment Insurance benefits who work a temporarily reduced work week.

Work-Sharing is a three-party agreement involving employers, employees and Service Canada. Employees on a Work-Sharing agreement must agree to a reduced schedule of work and to share the available work over a specified period of time. Work-Sharing agreements must be agreed upon and signed by both employer and employee/union representatives (the employee/union representative signs on behalf of all employees in the Work-Sharing unit³).

i. Objective

The objective of the Work-Sharing program is to help employers and employees avoid temporary layoffs when there is a temporary shortage of work that is beyond the control of the employer. There must be a reasonable expectation that recovery (i.e. a return to normal working hours for all participating employees) will be achieved within 26 weeks.

ii. Advantages

The Work-Sharing program enables:

- employers to retain staff and adjust their work activity during temporary work shortages;
- employers to avoid the expenses of hiring and training new staff once business levels return to normal; and,
- employees to retain their skills and jobs while receiving Employment Insurance benefits for the days that they do not work.

iii. Applications

Completed applications (including the recovery plan and Attachment A) must be submitted a minimum of 30 days prior to the requested start date. All agreements start on a Sunday.

All applications are subject to an assessment and approval process by Service Canada.

You may apply for Work-Sharing in-person at a [Service Canada Centre](#) or by mail. Service Canada will acknowledge in writing the receipt of the application.

¹ For the purpose of the Work-Sharing program, a temporary layoff is defined as a severance of employment (i.e. ending an employment contract between employer and employee) for a minimum of six weeks to a maximum of six months due to a temporary reduction in work activity for which a Record of Employment is issued.

² Business activity is defined as the selling of goods or services with an objective to earning profit.

³ See **section C, subsection v**, for the definition of a Work-Sharing unit.

C. Eligibility Criteria

i. Eligible Employers

To be eligible for a Work-Sharing agreement, employers must:

- be a publicly-held company⁴, a private business or a not-for-profit organization⁵;
- have been in year-round business in Canada for at least two years;
- demonstrate a recent decrease in business activity of approximately 10%;
- demonstrate that the work shortage is temporary and beyond their control;
- submit and implement a recovery plan designed to return the Work-Sharing unit(s) to normal working hours by the end of the Work-Sharing agreement;
- not be undergoing a labour dispute; and,
- have the agreement of the union (if applicable) and employees.

Note: A franchise will be treated as a stand-alone business.

ii. Ineligible Employers

Employers who experience a reduction in business activity due to a seasonal shortage of work or any other recurring production slowdown will not be considered for Work-Sharing, as the program is not intended as a remedy for a pre-existing condition (i.e. business pattern).

The decrease in business activity cannot be directly related to an increase in the employer's workforce. For example: a company decides to increase the number of employees from 50 to 100 in September and there is a shortage of work in December whereby there is only enough work for half of the employees. In a case like this, the current employment levels would not support a normal level of business activity. The additional employees hired in September would not be considered core employees and would therefore not be eligible to participate in the Work-Sharing program.

A Work-Sharing agreement cannot be signed with a company that is directly involved in a work stoppage related to a labour dispute. A labour dispute includes work slowdowns, strikes, lockouts and work stoppages. Companies that are experiencing a reduction in business activity attributable to a labour dispute at a component, division, branch, subsidiary, etc., of that same company are also ineligible. As well, a Work-Sharing application cannot be approved where the work reduction is solely attributable to a labour dispute at one of the company's major suppliers or customers.

iii. Eligible Employees

Employees being proposed for a Work-Sharing agreement must:

- be "core employees" (i.e. year round permanent full-time or part-time employees who are required to carry out the everyday functions of normal business activity);
- be eligible to receive Employment Insurance benefits; and,
- agree to a reduction of their normal working hours in order to share the available work.

Although members of the Work-Sharing unit must qualify to receive Employment Insurance benefits, eligibility cannot normally be determined until after members have actually filed for benefits. Therefore, all members of a

⁴ A publicly-held company is a for-profit company whereby its shares/stocks are owned by the general public. Public sector employers, including government or publicly-owned corporations, such as crown corporations, are not eligible for Work-Sharing.

⁵ For a not-for-profit employer to be eligible, the shortage of work must be directly associated with a reduction in the organization's normal level of **business activity**. A reduction in revenue levels alone (e.g. grants, donations, memberships, etc) would **not** meet the Work-Sharing eligibility criteria.

Work-Sharing unit will automatically be considered eligible for benefits unless they are told otherwise by an Employment Insurance official.

Temporary (i.e. term or contract) employees are only eligible if they are not employed on a seasonal basis and if they have maintained hours similar to permanent full-time or part-time employees within the last 12 months.

Core employees who were laid off prior to the agreement start date are eligible to participate.

iv. Ineligible Employees

Seasonal employees and students hired for the summer or for a co-op term are not eligible to participate.

Those employees performing functions essential to the development and implementation of the recovery of the company (i.e. employees who are needed to help generate business) are not eligible to participate.

Employee shareholders, whose shares provide them with significant decision-making power as to the direction of the company, are not eligible to participate in Work-Sharing. (Under the Employment Insurance Act, a person who controls more than 40% of the voting shares of a company cannot be employed in insurable employment with that company. Any employee in this position could not qualify for Employment Insurance benefits and, consequently cannot be a part of the Work-Sharing unit.)

v. Work-Sharing Unit

A Work-Sharing unit is a group of core employees who have agreed to participate in the Work-Sharing program and to reduce their normal working hours. A Work-Sharing agreement may include more than one Work-Sharing unit.

The unit generally includes all employees in a single job description. The Work-Sharing unit should not include employees who are needed to help generate work and/or employees who are essential to the recovery of the business (e.g. senior management, executive level marketing/sales agents, outside sales representatives technical employees engaged in product development, etc.). These individuals should be working full-time in support of the company's recovery plan. Other supervisors and managers are eligible to participate and may be included in the Work-Sharing unit.

There must be a minimum of two employees in a Work-Sharing unit.

vi. Equal Sharing of Work

All members of a Work-Sharing unit must agree to reduce their normal work hours and to share the available work. If, during the period of the Work-Sharing agreement, work activity increases, the additional hours of work must be shared **equally** among all members of the unit. For example, a group of machine operators and a group of shipper/receivers can only form part of the same Work-Sharing unit if both groups are able to perform the job duties of the other and therefore share the available work. If the machine operators are unable to perform the job duties of the shipper/receivers, then the machine operators must form their own Work-Sharing unit.

Individual employees in the same job description cannot volunteer to participate in Work-Sharing while others decline to participate and continue to work normal hours. Members of a Work-Sharing unit who do not qualify for or who (for personal reasons) choose not to accept Employment Insurance benefits are still required to reduce their hours of work on an equivalent basis.

In the context of a unionized work environment, there must be an equal reduction of hours and sharing of all available work among members of a Work-Sharing unit regardless of any seniority clauses in a collective agreement.

vii. Employee/Union Representative

The members of each Work-Sharing unit must authorize an employee who will represent them in the agreement. Normally, the employee representative will be a member of the Work-Sharing unit. In a unionized workplace the authorized employee representative will be a member of, and designated by the union. This individual will normally be referred to as the union representative. The employee/union representative acts as the delegate and voice for all employees in a Work-Sharing unit. The employee representative works with the employer in the Work-Sharing application process and is responsible for communicating the needs and relaying any issues or concerns of the Work-Sharing participants to the employer. As well, the employee representative will ensure that the employees know what to expect when participating in a Work-Sharing agreement and provide them with a copy of the **signed agreement and the Employee Annex**. The employee representative must agree to what is stipulated in the Work-Sharing application and the Work-Sharing agreement by signing both documents.

viii. Shortage of Work

To be eligible for the Work-Sharing program, there must be a recent decrease of approximately 10% (or more) of a company's business activity. In other words, employers must demonstrate a decrease of approximately 10% in sales or production levels within the last six months.

Employers must provide a record of their sales or production figures (as well as the total number of employees) over the last 24 months up to and including the last month prior to submitting the application, broken down by month as part of their completed application form (box 29 of the application form).

For example, an application submitted in June 2011 must include sales/production and employment level figures from June 2009 to May 2011, inclusive. Note: Following receipt of the Work-Sharing application, Service Canada may request figures for future months as well.

ix. Expected Work Reduction

Work-Sharing agreements must include a reduction in work activity of the employees' regular work schedule between a minimum of 10% (one half day) and a maximum of 60% (three days). In any given week, the work reduction can vary depending on available work, as long as the work reduction **on average over the life of the agreement is between 10% and 60%**.

The proposed reduction in work hours should correspond with the number of anticipated temporary layoffs (identified in Box 37 of the application form). For example, if an employer submits a request for a 40% reduction in the hours of work, the employer must indicate there is a need to layoff approximately 40% of the workforce. Workforce is defined as all employees working at the location of the business (Box 19 of the application form) **and** who are working in the section(s) of the company affected by the shortage of work.

x. Agreement Duration and Extension

Work-Sharing agreements must have a minimum duration of 6 weeks. The maximum initial agreement duration is 26 weeks with a possible extension of up to 12 weeks.

Additional Temporary Work-Sharing Extension:

The temporary Work-Sharing measure has been extended providing an additional 16 weeks to employers with an active, new or recently ended Work-Sharing agreement.

- Employers with an active agreement of 38 weeks may apply for an extension of up to 16 weeks. These extensions must end by October 27, 2012.
- Employers with a recently ended agreement, who are serving the standard waiting period between agreements, may immediately apply for an agreement of up to 16 weeks without completing the balance of their waiting period. These agreements must end by October 27, 2012.

Extensions are not automatic; all requests for an extension must be assessed and approved by Service Canada.

Employers must submit an extension request form ([EMP 5103](#)) at least 30 days prior to the end date of their Work-Sharing agreement. The request for an extension must demonstrate a continued reduction in business activity that would result in the layoff of one or more employees. The employer must show that recovery of the business is well under way by providing an updated recovery plan outlining progress to date with a list of activities that will take place during the extension period that will lead to normal working hours by the end of the agreement.

xi. Recovery Plan and Attachment A

A recovery plan (Attachment B) and an Attachment A are mandatory for all Work-Sharing applications. Both documents form part of the Work-Sharing agreement.

The recovery plan must demonstrate that the employer will implement activities during the period of the Work-Sharing agreement to alleviate the work shortage in order to return the Work-Sharing unit(s) to normal working hours by the end of the agreement. The recovery plan should reflect the particular circumstances of the business, the cause of the work shortage and the conditions of the community/industry in which the employer operates.

The recovery plan template (available in [HTML](#) and [Word](#) format) must be completed by the employer. More information on what is required for the recovery plan can be found in **section E, subsection i** of this guide.

The Attachment A lists all employees who are participating in a Work-Sharing agreement (i.e. the members of the Work-Sharing unit). All non-union employees must sign the Attachment A; their signature indicates that they agree to participate in Work-Sharing and to reduce their hours of work. The Attachment A must also be signed by the employee representative. Union employees are not required to sign the Attachment A, however, the union representative must sign the document on their behalf. The union representative's signature indicates that all union employees in the Work-Sharing unit agree to participate in Work-Sharing and to reduce their hours of work.

D. Other Considerations

i. Work-Sharing Benefits

Participants do not have to serve a two-week waiting period for Work-Sharing benefits. However, as these benefits are processed through the Employment Insurance payment system, it may take a few weeks after the employer has submitted the first Utilization Report (see **section G, subsection ii** for further information) for the first cheque to arrive. **It is important that you advise your employees of this delay in the initial receipt of Work-Sharing benefits.**

The benefits payable are based on the employee's normal average weekly earnings, as calculated at the start of the agreement. If the employees work irregular hours, the average weekly wage is calculated by averaging the hours worked per week over the two years preceeding the application.

During the Work-Sharing agreement, the employer may request an employee to work on a Work-Sharing day. The employee is required to report to work as work becomes available.

Earnings received in any week by a Work-Sharing participant, from sources other than Work-Sharing employment, that are in excess of an amount equal to 40% of the participant's weekly benefit rate, or \$75 (whichever is greater), shall be deducted from the Work-Sharing benefits payable in that week.

ii. Taxation

Please ensure that all employees are made aware of the following tax implications of receiving Employment Insurance benefits:

Tax Deductions

Tax deductions for Employment Insurance Work-Sharing benefits are determined from the information the claimant provides in the Income Tax section of the Employment Insurance application; the amount of tax deducted is specific to the claimant's province, personal tax situation and benefit rate.

The Employment Insurance benefits received by Work-Sharing participants are taxable, however because of the weekly amount of benefits paid, taxes are not always withheld at source. Participants may wish to have their income tax deductions increased in order to avoid having to pay a large amount of income tax at year-end. This request can be made by [phone, mail or in person](#).

Employment Insurance and Repayment of Benefits at Income Tax Time

At the time the participant files their income tax return, depending on their net income, they may be required to repay some of the Employment Insurance benefits received. Benefit repayment requires claimants with a net yearly income exceeding a specified threshold to repay a percentage of the Employment Insurance regular benefits received during the tax year.

Example:

If the **2012 net income from all sources exceeds \$57,375** the claimant may be required to repay **30% of the lesser** of:

- net income in excess of \$57,375; or
- the total regular benefits paid in the taxation year.

Exemptions apply in certain circumstances. For more information on repayment of benefits at income tax time please visit: <http://www.servicecanada.gc.ca/eng/ei/information/repayment.shtml>

iii. Employee Benefits

The employer must maintain all existing employee benefits for the duration of the Work-Sharing agreement. Also, any statutory holidays occurring within a Work-Sharing period are not compensated by Employment Insurance benefits and are the responsibility of the employer.

iv. Workforce

Businesses are not allowed to increase their workforce during a Work-Sharing agreement, but may replace core-employees who choose to leave. Note: For businesses with multiple departments, the departments that are **not** participating in Work-Sharing (i.e. no employees form part of a Work-Sharing unit) may increase staff as required.

v. Subsequent Application for a Work-Sharing Agreement

Employers must serve a mandatory waiting period before they are eligible to begin a new Work-Sharing agreement involving the same employees who participated in a previous Work-Sharing agreement. The waiting period is equal to the number of weeks of the previous agreement, up to a maximum of 38 weeks. Note: If the previous agreement was signed for 26 weeks but terminated early at week 20, the waiting period would equal 20 weeks.

Employers may submit an application for a new Work-Sharing agreement involving a different group of core employees at any time (i.e. **no** mandatory waiting period). Employers must demonstrate that the work shortage is caused by new unforeseen and uncontrollable circumstances.

vi. Training Activities

Employer initiated training activities, whether on-the-job training or off-site courses, may take place during the period of the Work-Sharing agreement. The salary costs of employees taking part in training activities during normal scheduled working hours/days cannot be compensated by Service Canada. Training could take place

during the non-working days/hours for which the employees are in receipt of Work-Sharing Employment Insurance benefits; however, attendance would be optional.

vii. Agreement Monitoring

All Work-Sharing agreements are monitored at least once by Service Canada.

The purpose of monitoring is to determine the extent to which the objectives of the Work-Sharing program are being achieved and to ensure the Work-Sharing agreement is implemented as agreed to by all parties. Monitoring increases the likelihood that the agreement will succeed by providing on-going opportunities to support the employer and plan for any needed adjustments.

The Service Canada Program Officer will contact the employer and employee representatives directly. Employers may be asked to provide payroll records. Some Work-Sharing agreements may be subject to an on-site monitor involving a visit by Service Canada officials to the employer's premises.

During the Work-Sharing agreement, the employer must regularly report the total hours worked, the hours missed due to participation in Work-Sharing and hours missed due to any other reasons for each member of the Work-Sharing unit via a weekly Utilization Report. The Utilization Report submitted by the employer is necessary for the payment of Work-Sharing benefits and is the primary method of monitoring a Work-Sharing agreement. Please refer to **section G, subsection ii** of this guide for further information on the weekly Utilization Report.

E. Instructions for Completing the Work-Sharing Application

This section will assist you in completing your application for Work-Sharing. **It is essential that the application be fully and accurately completed, and signed by an employer representative (with the authority to enter into a legal agreement) and an employee and/or union representative.**

INCOMPLETE WORK-SHARING APPLICATIONS WILL DELAY SERVICE CANADA'S ASSESSMENT OF YOUR APPLICATION.

Your application **MUST** include a completed Attachment A (EMP 5101), which identifies all Work-Sharing unit members. Please use the form (EMP 5101) in [HTML](#), [PDF](#) or [Excel](#) format available at the Service Canada Work-Sharing Web site: http://www.servicecanada.gc.ca/eng/work_sharing/index.shtml

i. PART 1 - EMPLOYER INFORMATION

** The box numbers listed match the Work-Sharing application form (EMP 5100).*

- **Name of Employer (box 4)** – Provide the name by which the business is commonly known.
- **Date Business Established in Canada (box 5)** - Enter the date the business was established in Canada (at the location that is submitting the application).
- **Legal Name of Employer (box 6)** - Enter the legal name of your organization. This is the name that is associated with your registration with the Canada Revenue Agency.
- **Mailing Address (box 7)** - Enter the address to which all correspondence is to be sent. This may be a street address including the city and postal code or a post office box.
- **Street Address (box 8)** - Enter the street address of the business location applying for Work-Sharing, if it is different from the mailing address.
- **City/Town/Province/Territory (boxes 9–10)** - Enter the full name of the city/town in which the business is located, as well as the applicable province or territory.
- **Postal Code (box 11)** - Enter the valid postal code for the business location.

- **Telephone and Fax Numbers (boxes 12-13)** - Enter the main telephone and fax numbers normally used for business purposes.
- **E-mail Address (box 14)** - Specify the e-mail address that you wish to be used for future correspondence regarding your application.
- **Web Site (box 15)** - If the business has a web site, provide the Internet address.
- **Canada Revenue Agency Taxation No. (box 16)** - Enter the 15-character number that the Canada Revenue Agency assigned to the business for making remittances for employee deductions.
- **Name and Title of Authorized Employer Representative (box 17)** - Enter the name and title of the representative with legal signing authority for the business who is submitting the application and who will sign the agreement.
- **Telephone Number (box 18)** - If the employer representative uses a different number than the main telephone number for the business, enter it here.
- **Total Number of Employees at this Location (box 19)** - Enter the number of people employed within your company at the location of business identified in Box 8.
- **Name of Union Official (box 20)** - If there are employees within your company who are members of a union, you must supply the name of the union steward. This is the person who will sign the Work-Sharing agreement on behalf of the unionized employees in the Work-Sharing unit.
- **Area Code/Telephone Number (box 21)** - Enter the full telephone number for the union steward (if applicable).
- **Union Name and Local No. (box 22)** - Provide the name and local number of the union that represents all union employees included in the Work-Sharing unit.
- **Name of Employee Representative (box 23)** - Provide the name of the person representing the non-unionized employees in the Work-Sharing unit.
- **Area Code/Telephone Number (box 24)** - Enter the full telephone number for the employee representative for non-unionized employees (if applicable).
- **Name of Bookkeeper/Accountant (box 25)** - Enter the name of the employee responsible for preparing payroll records, taxes, and issuing of cheques.
- **Area Code/Telephone Number (box 26)** - If the bookkeeper/accountant has a different telephone number than the business telephone number, enter it here.
- **Submission of one or more applications to other Service Canada Centres? (box 27)** – Indicate whether your company (including other offices in Canada with the same company name) has recently submitted an application(s) for Work-Sharing to any other Service Canada Centre(s). If you select “Yes”, provide the specific location(s) where you submitted the other application(s) (e.g. Service Canada Centre in Winnipeg, 100 - 614 Des Meurons St. or Winnipeg La Verendrye Service Canada Centre)
- **Description and history of the company (box 28)** – Describe what type of business your company is involved in including the type of goods produced or the services provided as well as information on your typical clients or customers.
- **Record of sales/production and employment levels (box 29)** - The record must clearly detail the employer’s gross sales or production as well as the number of employees (at the location identified in box 8) over the past twenty-four months, broken down by month.

- **Cause and duration of work shortage (box 30)** – Provide a detailed explanation for the cause of the work shortage and its expected duration. e.g. problems obtaining raw materials, unexpected market shifts, changes in the industrial sector or local labour market, etc.
- **Labour Dispute (box 31)** – If the work shortage is due to a labour dispute, such as a work slowdown, strike, lockout or work stoppage, within the business or with a customer or supplier, select “Yes.” Otherwise, select “No.”
- **Recovery Plan (box 32)** – How to complete the recovery plan template:
 - **Section A** - Provide a clear outline of activities which will be taken during the life of the agreement to return the Work-Sharing unit(s) to normal working hours, thereby preventing layoffs. This outline must include activities that are over and above your day-to-day business. A description of any training activities for the members of the Work-Sharing unit(s) may be included.
 - **Section B** - Explain how the planned activities (outlined in section A) address the cause of the work shortage.
 - **Section C** - Provide a brief summary of the current labour market conditions. Smaller businesses may focus on their local community while larger companies should address the industry as a whole. (e.g. what are the job prospects in the industry/community for employees should they be laid off?)
 - **Section D** - Indicate whether or not you expect that the planned activities (outlined in section A) will ensure that your employees return to full-time work by the end of the agreement. Please explain your answer in two or three sentences.
- **Measures taken prior to applying for the program (Box 33)** – Briefly describe what your company has done to overcome the downturn in business before applying for the Work-Sharing program.

ii. PART 2 - EMPLOYMENT HISTORY

- **Average weekly earnings per Work-Sharing unit (box 34)** - Enter the average weekly earnings (over the last six months) for all participating employees in each Work-Sharing unit using the following formula: total weekly gross earnings of participating employees in the unit **divided by** the number of participating employees in the unit.
- **The shortage of work is expected to be: (box 35)** - Select the option that best describes the nature of the work shortage. If the work shortage is temporary, indicate the number of weeks the shortage is expected to last.
- **Return to normal hours of employment (box 36)** - Indicate the date (in YYYY-MM-DD format) that you anticipate all employees to return to normal working hours.
- **Number of temporary layoffs should Work-Sharing not be approved (box 37)** - Enter the number of employees that you will have to temporarily lay off if your Work-Sharing application is not approved.
- **Number of weeks of temporary layoff (box 38)** - Specify the number of weeks for which employees will be on temporary layoff, should Work-Sharing not be approved. Under the Work-Sharing program, a temporary layoff is considered to be between 6 and 26 weeks.
- **Number of employees on Work-Sharing (box 39)** - Specify the number of core employees to be included in the Work-Sharing unit(s) and include any employees who will be called back to work from a recent layoff.
- **Are there any planned shut-downs? (box 40)** - Indicate whether there are any shut-downs planned for the business. If you select “Yes,” provide the date (in YYYY-MM-DD format) that you expect the shut-down to begin.
- **Other employees not on Work-Sharing (box 41)** - If there are employees who will not be included in Work-Sharing but who have the same job duties as those who are to be included, please select “Yes.”

- **Hours/days/shifts of work per week while on Work-Sharing (box 42)** - Provide an approximation of the hours, days, and/or shifts of work that you will be able to offer each employee who is to participate in Work-Sharing.

iii. **PART 3 - COSTS**

- **Number of weeks (box 43)** - Specify the number of Work-Sharing weeks that you are requesting. The minimum required for a Work-Sharing agreement is 6 weeks and the initial maximum is 26 weeks.
- **% reduction of work hours (box 44)** - Provide the estimated schedule of work reduction for the duration of the agreement; the average reduction in business activity must be no less than 10% and no more than 60%. The average reduction should be comparable to the percentage of anticipated layoffs (Box 37) within your workforce. (See **section C, subsection viii**, for the definition of “workforce”.)
- **Requested start date of the Work-Sharing agreement (box 45)** – Indicate the date (in YYYY-MM-DD format) on which you would like your Work-Sharing agreement to begin. (Date must be a Sunday.)

Signature of Employer, Union and/or Employee Representative(s)

It is important that the parties involved, i.e. the employer and union and/or employee representative(s) understand that by signing the Work-Sharing application, they are making an attestation as per the following.

- **They accept that, subject to the terms of the Work-Sharing agreement, all information contained in the application provided by the employer, the union(s) or employee representative(s) will be treated as confidential in accordance with applicable legislation and used solely for the purpose of determining eligibility under the Work-Sharing program of the project described in the application, and in support of research and statistical gathering activities.**
- **The employer, the union(s) or employee representative(s) make application for approval by the Commission of their Work-Sharing project in accordance with Section 24 of Employment Insurance Act and Sections 42-49 of the Employment Insurance Regulations but agree that the preparation and filing of this application does not create any obligation on the part of the employer, the union(s), employee representative(s) or the Canada Employment Insurance Commission.**
- **They understand that deliberately giving false or misleading information for the purpose of entering into a Work-Sharing agreement shall be subject to penalties as provided under the Employment Insurance Act.**

In addition, the employer agrees to provide such documentation as may be required by the Canada Employment Insurance Commission, including copies of payroll records, for purposes of verifying the information provided in the application.

F. Assessment and Approval Process

Applications will be assessed in terms of both eligibility and assessment criteria.

i. **Review for Eligibility**

An application must meet all eligibility criteria to qualify for assessment. To be considered eligible, an application must be complete (with all required supporting documentation) and must be signed by the authorized employer, union(s) and/or employee representative(s). In addition, the application must meet the eligibility criteria outlined in section C of this guide.

ii. Assessment of the Application

The Service Canada Program Officer will review the application to ensure that it meets program criteria and that all the necessary information has been provided. The Program Officer will also review and validate the statements made by the employer. The recovery plan will be assessed within the context of the business itself, the needs of the community in which the business operates, and the conditions within the industry at the time of application.

The Program Officer will conduct a cost analysis (comparing the cost related to the temporary layoffs and the cost of the proposed Work-Sharing agreement) to establish the cost difference/effectiveness of recommending or not recommending a Work-Sharing application. As well, the Program Officer will consider a social/community impact assessment to determine the overall impact of the business on the community.

In order to recommend the application for approval, the Program Officer must conclude that Work-Sharing is the appropriate program vehicle to address the work reduction and that there is a reasonable expectation (based on a realistic plan of action by the employer) that all members of the Work-Sharing unit(s) will return to normal working hours by the end of the agreement.

iii. Approval

Applications are assessed and approved by Service Canada. Service Canada officials will inform you of the status of your application. All decisions on applications, whether rejected or approved, will be confirmed **in writing**.

Decisions regarding the assessment of applications are final. There is no appeal process for the rejection of a Work-Sharing application.

G. **Additional Instructions and Information for Employers**

This section contains helpful information employers need in order to maintain the Work-Sharing agreement including:

- instructions on completing the Records of Employment;
- instructions on completing the Utilization Report; and
- other important information regarding separations, layoffs and extensions.

i. Records of Employment

A Record of Employment must be provided to each employee who will be participating in the Work-Sharing program. A Record of Employment cannot be issued until the employees have completed their shifts up to the start date of the agreement. Records of Employment can be submitted electronically via the [Record of Employment on the Web](#) (ROE Web). If you have not already done so, you will need to register for ROE Web.

To simplify the issuance of Records of Employment, you may wish to consider starting your Work-Sharing agreement at the end of a pay period. Note: All Work-Sharing agreements start on Sundays.

Questions frequently raised:

- Item 11 - This box should reflect the last day of work PRIOR to the start date of the Work-Sharing agreement. For example, if your Work-Sharing agreement starts on Sunday, and your employees work from Monday to Friday, the employees' last day of work would be the Friday BEFORE the week the Work-Sharing agreement begins.
- Item 16 - The reason for issuing the record should indicate 'H' – Work-Sharing.

If you have any questions regarding the completion of the Records of Employment, visit our web site at www.servicecanada.gc.ca (click on "Employers" and then click on "Records of Employment") or contact a

Records of Employment advisor at the telephone number listed in the "How to Complete the Record of Employment Form" guide.

ii. **Enrolment Sheet**

To process Work-Sharing benefits for each employee, employers must complete and submit to Service Canada an enrolment sheet which lists all participating employees and their Social Insurance Numbers.

The [enrolment sheet](#) may be submitted by courier or through the Data Gateway.

The [Data Gateway](#) is a Web-based file transfer tool that was designed to give employers the capacity to send information about their employees electronically to Service Canada through a secure and reliable channel. The [Data Gateway User Guide](#) contains important information to assist you in submitting your weekly Utilization Reports.

Benefits of using the Data Gateway:

- you will be able to submit your Utilization Reports electronically through the Data Gateway Web site;
- it is fast, convenient and user-friendly; and
- encryption technology ensures that the information you send is kept safe and secure.

Your organization will be assigned a user ID and password that will be required to login to the Data Gateway Web site. This user ID and password will be provided to you, by letter, at the beginning of your agreement.

Additionally, the letter will provide you with a toll free number for support and will provide direction on how to get an instruction manual and all of the necessary web links.

To protect your employees' personal information, please do not send any documentation bearing Social Insurance Numbers by email or by fax.

iii. **Utilization Reports**

To track the percentage of time that Work-Sharing is utilized and to enable Service Canada to determine the benefits payable to your employees, employers who enter into a Work-Sharing agreement are expected to complete a Utilization Report **every week**.

To obtain an electronic copy of the Utilization report, please click on the version that is the best fit for your organization, based on the number of employees participating in the Work-Sharing agreement.

[For 1-25 employees](#)

[For 26-50 employees](#)

[For 51-100 employees](#)

[For 101-150 employees](#)

[For 151-250 employees](#)

[For 251-350 employees](#)

[For 351-500 employees](#)

For more than 500 employees please contact your Program Officer and they will obtain the appropriate Utilization Report for you.

A [visual sample](#) of the Utilization Report is provided for your convenience, however, to enable Service Canada to process your claim, please complete the appropriate Excel version of the form above.

The Utilization Report must be completed weekly beginning the first week of your Work-Sharing agreement as it is required by Service Canada in order to pay your employees.

If you have made a mistake or error on a Utilization Report already submitted to Service Canada, please complete and submit the [Amended Utilization Report](#), updating only the changes required.

Please refer to the table below for instructions on how to complete the Utilization Report. Any questions about completing the Utilization Report should be directed to the Employer Contact Centre (1-800-367-5693).

Agreement Number	Indicate the number assigned to the Work-Sharing agreement. This is a 7 to 10 digit number and should be inputted with no spaces or non-numeric characters.
Employer	Indicate the name of your business
Week Starting Date (Sunday)	Indicate the start date of the week of the reporting period. The date should always be a Sunday and should be inputted in a format that is compatible with your computer, i.e. 26/07/2009, 2009/07/26 or July 26, 2009.
SIN	Indicate the Social Insurance Number of the employee. This is a 9 digit number and should be inputted with no spaces or dashes.
First Name	Indicate the first name of the employee
Last Name	Indicate the last name of the employee
Normal Weekly Hours	<p>Indicate the number of hours the employee would work in a normal work week. When the normal weekly hours vary from week to week please average out the work hours for each employee over the last 2 years.</p> <p>For the purpose of the Utilization Report only, indicate the number of hours the employee would have normally worked in the week had there not been Work-Sharing, e.g. 40, if the employee normally worked 8 hours a day, 5 days a week. If the employee was on an irregular work schedule, their Normal Weekly Hours will vary from week to week on the Utilization Report.</p> <p>Example of an irregular work week and the resulting Utilization Report: Week one: Normal Weekly Hours consistently = 35 Week two: Normal Weekly Hours consistently = 45</p> <p>Looking at this example, Attachment A (completed by the Work-Sharing employer and employees at the beginning of the WS agreement) would indicate NWH of 40 because 40 is the average for the employee's work schedule $[35 + 45 / 2]$. The Utilization Report, however, will indicate Normal Weekly Hours as 35 in each week one of the work schedule and NWH as 45 in each week two of the work schedule.</p>
Hours Worked	<p>Indicate the actual number of hours the employee physically worked including overtime.</p> <p>In a week with a statutory holiday, the hours worked would not include the statutory holiday unless the employee physically worked that day. If the employee does not work any hours in a week with a statutory holiday, you must remember to put the amount of the statutory holiday pay in the "all other amounts paid" column and indicate 'statutory holiday pay' in the comments column.</p> <p>If an employee was called in to work and only worked 1 hour but due to labour laws or a collective agreement was paid for 4, the Utilization Report would indicate the 1 hour the employee physically worked not the 4 he/she was paid for.</p>

Hours Missed Work-Sharing	<p>Indicate the total hours of work missed by the employee due to Work-Sharing. (e.g. If an employee usually works 40 hours over five days and took one Work-Sharing day, the hours missed would be 8.) If a portion of an hour was worked please round up to the nearest half hour.</p> <p>Any overtime worked by the employee must be deducted from the hours missed due to Work-Sharing. For example, if the employee worked 2 hours overtime the hours missed due to Work-Sharing would be reduced by 2 hours.</p> <p>In a week with a statutory holiday, the hours missed due to the holiday would not be included in the hours missed due to Work-Sharing.</p> <p>If there are unusual circumstances and you are unsure whether hours missed are due to Work-Sharing or not, please consult with your Program Officer.</p>
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Only complete these shaded columns if hours worked are 0	
Days not available (excluding sick)	<p>Indicate the number of full days the employee was unable to work for reasons other than sick leave. This number should not be higher than 7.</p> <p>Days not available would include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Vacation days ▪ Out of Canada ▪ Incarcerated ▪ Unable to work due to a sick child or no daycare ▪ Unable to get to work due to road or weather conditions ▪ Unwilling to come to work <p>Days not available would not include days missed due to statutory holidays.</p>
Days missed due to sick	<p>Indicate the number of full days the employee was unable to work due to illness. This number should not be higher than 7.</p> <p>If this column is completed, please ensure the column for 'paid sick leave amount' is also completed.</p>
Paid sick leave amount	<p>Indicate the dollar amount of all sick leave moneys paid to the employee.</p> <p>If other moneys, such as moneys from the Workers' Compensation Board (WCB) or the Workplace Safety and Insurance Board (WSIB), are being paid to the employee for sick time, the employer is not obligated to provide the amount on the Utilization Report. They must, however, indicate that a third party is paying the employee by completing the comments column, e.g. WCB for month/day/year.</p>
All other paid amounts	<p>Indicate the dollar amount of all other moneys paid to the employee, i.e. vacation pay, statutory holiday pay or money paid upon separation.</p>
Comments	<p>Indicate any further information here, e.g. employee is on short/long term disability, or the type of "other paid amounts" received by the employee)</p> <p>If the employee was laid off, quit or dismissed, on leave of absence or suspended, please provide the reason for separation and the date of the separation.</p> <p>All planned shutdowns should be noted in this section.</p>

Totals	Provide a total for the amounts in these three columns. <i>* If the form is completed electronically a formula will automatically calculate the totals.</i>
% of Utilization	Use formula: Total Work-Sharing Hours Missed ÷ Total Normal Weekly Hours x 100. <i>* The electronic form will automatically calculate this percentage.</i>
Certified by	This space must contain the name of the authorized employer representative completing this declaration. Note: This space also needs to be signed if you are submitting a paper Utilization Report.
Position	Indicate the position of the authorized representative.
Date	Indicate the date the report was completed.
Phone Number	Indicate the telephone number of the authorized representative.

The Utilization Report can be submitted electronically via a Data Gateway.

Sending your Utilization Reports via the Data Gateway is strongly encouraged as it allows us to receive your Utilization Report within an hour of submission thereby ensuring quicker processing of your employees' benefits.

An employer not using the Data Gateway can mail a disk/CD with an electronic copy (or two paper copies) of the Work-Sharing Utilization Report to the Insurance Payment Operational Centre, for their region, at one of the following addresses:

Atlantic Canada (courier)	IPOC /Government of Canada Building 1081 Main ST Moncton NB E1C 9G8
Atlantic Canada (mail)	IPOC / Government of Canada Building PO BOX 6044 Moncton NB E1C 9G8
Quebec (courier)	IPOC 540 rue d'Avaugour Boucherville, QC J4B 0G6
Quebec (mail)	IPOC PO BOX 60 Boucherville QC J4B 5E6
Ontario (courier)	Service Canada 430 Courtneypark Drive East, Mississauga, ON L5T 2S5

Ontario (mail)	Service Canada 3515 P.O. Box 2602 Mississauga, ON L4T 0B1
Western Canada (mail or courier)	Service Canada - Work-Sharing 2nd Floor, 1816 Crowchild Trail NW Calgary, AB T2M 3Y7

iv. Amendments/Changes to a Work-Sharing Agreement

The following changes require prior approval from Service Canada:

- agreement extensions
- layoffs
- additions, deletions and substitutions to the Work-Sharing unit(s)
- shutdowns

Employers wishing to make changes to their Work-Sharing agreement must do so using the prescribed [“Amendment to a Work-Sharing Agreement” form](#) (EMP 5103) with the necessary information. Please allow at least 30 days for processing. It is essential that both the employer and employee representative sign all such requests for amendments. These changes cannot be implemented until you receive approval by Service Canada. Once approved, please ensure the change is reflected on your weekly Utilization Report under the “Comments” section.

Service Canada must be notified in writing within three days if any Work-Sharing unit members leave the company for one of the following reasons: quit, dismissed, leave of absence, illness, maternity. A letter should be sent to the Work-Sharing Program Officer indicating the name and Social Insurance Number of the affected employee(s), the employee(s)’ last day of work and the reason for departure. The letter must have the signature of the employer representative as well as the employee representative. Please ensure this information is reflected in your weekly Utilization Report under the “Comments” section.

v. **Other Employer Obligations**

During the life of the agreement, the **employer must:**

- make information about the Work-Sharing agreement available to all employees and ensure that the Employee Representative distributes a copy of the attached Employee Annex to all members of the Work-Sharing unit;
- report the total hours worked, the hours of work missed due to participation in Work-Sharing and the hours of work missed due to any other reasons for each employee via a weekly Utilization Report;
- maintain all existing benefits. There may be reductions on subsequent payouts of these benefits if, for instance, premiums and payouts are based on a percentage of gross earnings (this is because an employee’s gross earnings will be reduced during Work-Sharing);
- advise employees that benefits such as pensions, vacation pay and, in some circumstances, subsequent claims for Employment Insurance benefits, may be affected by participation in Work-Sharing, usually due to employees having lower gross (insurable) earnings;
- maintain proper records of each employee on Work-Sharing during the agreement including wages and any other remuneration paid to those employees each week;
- make such records available, upon request, to Service Canada for inspection and audit;
- report the progress of the recovery plan;
- notify Service Canada prior to any requested changes to the agreement;
- maintain a schedule of work and track any hours of overtime worked by Work-Sharing employees;
- advise Service Canada of changes to work schedules on a continuing basis. Specific dates and number of employees involved must be included and should be given prior to the change; and,

- schedule at least one half hour of work per week for employees in order for them to qualify for Work-Sharing Employment Insurance benefits.

Instructions and Information for Employees

This section contains helpful information employees need in order to participate in a Work-Sharing agreement including:

- instructions on completing a Work-Sharing application;
- instructions on work shortage and duration of agreements; and,
- instructions on employee conditions, waiting periods, layoffs, bi-weekly report cards and *Family Orders and Agreements Enforcement Assistance Act*.

Please read all the information provided and discuss it with your employer. **PLEASE KEEP** this document as you may need it throughout the term of the agreement.

Work-Sharing is a three-party agreement between employers, employees and Service Canada.

Applying for a Work-Sharing Agreement

To apply for Work-Sharing an employer must provide:

- a **completed application form** (including attachments and signatures of both employer representative(s) and employee representative(s);
- a **recovery plan**; and,
- a list of employees included in the **Work-Sharing unit**.

All information with respect to applications will be kept confidential.

A formal application for Work-Sharing must be received by the Service Canada Centre at least 30 days in advance of the requested start date of the agreement.

The Work Shortage and Duration of Agreements

- Employers must show that the work shortage is temporary and beyond their control. (The program is not intended to support companies during an expected seasonal slowdown.)
- The shortage of work must be significant enough to warrant support of the program.
- The average reduction in working time must be between 10% and 60% of the employees' normal working hours.
- Work-Sharing agreements cannot be put in place in instances where there is a labour dispute.
- Work-Sharing agreements must have a minimum duration of 6 weeks. The maximum initial duration is 26 weeks with a possible extension of up to 12 weeks.
- Under the temporary Work-Sharing measure, agreements may be extended up to a maximum of 16 weeks. These extensions must end by October 27, 2012.

Employer Responsibilities

- The employer must report the total hours worked, the hours of work missed due to participation in Work-Sharing and the hours of work missed due to any other reasons for each employee via a weekly Utilization Report;
- The employer must identify the individuals to be included in the Work-Sharing unit(s). The Work-Sharing unit must consist of two or more people. The program is intended to cover "core staff" only (i.e. year-round permanent full-time/part-time employees);
- Outside sales representatives, senior managers, executive level marketing and sales agents and others who are needed to generate work are not eligible for inclusion in the Work-Sharing unit;

- Employers are not allowed to add or remove employees from the Work-Sharing unit without prior consent from Service Canada; and,
- The employer must maintain all existing employee benefits for the duration of the Work-Sharing agreement.

Employee Conditions

- Employees must be eligible for Employment Insurance benefits to participate in the Work-Sharing program;
- Work-Sharing benefits are paid based on employees' loss of normal hours of work Work-Sharing benefits are also based on the regular weekly Employment Insurance benefit rate, as calculated at the start of the Work-Sharing agreement.
- For the duration of the Work-Sharing agreement, the employer may request that an employee work on a Work-Sharing day. The employee is required to report to work.
- Wages received from sources other than the Work-Sharing employer, in excess of an amount equal to 40% of the employee's weekly benefit rate, will be deducted from the employee's weekly Work-Sharing benefits.
- If the Employment Insurance benefit rate is \$200 per week or less, then the employee can receive up to \$75 per week without any reduction in Work-Sharing benefits;
- statutory holidays occurring within a Work-Sharing period are not compensated by Employment Insurance benefits and are the responsibility of the employer;
- Employees will have the option of completing claimant reports or of completing an "Exemption from Completing Employment Insurance Report Cards" and simply advising Service Canada if special conditions apply (e.g. working for another employer or outside Canada);
- Employees will be expected to apply via Appli-Web and must use the reference code provided to them on the "Important Notice for Work-Sharing Employees" form; and,
- Employees will have their claim established in the province where their employer is located. Employees whose claim is set up outside the province in which they reside must use the employer's postal code when accessing [My Employment Insurance On-line](#). In the event employees contact the Employment Insurance call centre they must identify in which province they work.

Two-week Waiting Period

- Employees do not have to serve a two-week waiting period for Work-Sharing benefits.
- Benefits are processed through the Employment Insurance payment system, meaning it may take up to 28 days after the employee Records of Employment are received for the first cheques to arrive. (Benefits can only be paid if the employer submits the weekly Utilization Reports.)

Taxation

Tax Deductions

Tax deductions for Employment Insurance Work-Sharing benefits are determined from the information the claimant provides in the Income Tax section of the Employment Insurance application; the amount of tax deducted is specific to the claimant's province, personal tax situation and benefit rate.

The Employment Insurance benefits received by Work-Sharing participants are taxable, however because of the weekly amount of benefits paid, taxes are not always withheld at source. Participants may wish to have their income tax deductions increased in order to avoid having to pay a large amount of income tax at year-end. This request can be made by [phone, mail or in person](#).

Employment Insurance and Repayment of Benefits at Income Tax Time

At the time the participant files their income tax return, depending on their net income, they may be required to repay some of the Employment Insurance benefits received. Benefit repayment requires claimants with a net yearly income exceeding a specified threshold to repay a percentage of the Employment Insurance regular benefits received during the tax year.

Example:

If the 2012 net income from all sources exceeds \$57,375 the claimant may be required to repay **30% of the lesser of:**

- net income in excess of \$57,375; or,
- the total regular benefits paid in the taxation year.

Exemptions apply in certain circumstances. For more information on repayment of benefits at income tax time please visit: <http://www.servicecanada.gc.ca/eng/ei/information/repayment.shtml>.

Employee Layoffs

- If the business does not recover as expected and an employee is laid off during or at the end of a Work-Sharing agreement, the employee can apply to transfer their claim to regular benefits. That claim duration would be extended by the number of weeks of Work-Sharing.
- The benefit rate and the normal duration of the claim is not reduced by Work-Sharing.

Bi-Weekly Report Cards

Employees can 'opt out' of completing bi-weekly report cards by agreeing to allow their employer to report their hours worked on their behalf (i.e. exemption reporting). When an employee applies via Appli-Web, they will be presented with an Exemption from Completing Employment Insurance Report Cards question and if they choose to take part in exemption reporting they will advise Service Canada if special conditions apply. If an employee is not applying via Appli-Web, the employer will provide this form when the agreement is set-up. This form must be completed and returned immediately to their employer who will forward all forms together to Service Canada.

Employees who choose not to participate in exemption reporting will be required to complete bi-weekly reports cards. The payment of their Work-Sharing benefits will be based on these bi-weekly report cards and not on the Utilization Report completed by the employer.

Employees who decide to complete report cards:

There are situations where it would be to your advantage to complete report cards in order to avoid the payment of benefits for which you are not entitled (i.e. overpayments). These situations are listed below:

- moneys received from another employer;
- work for another employer;
- self-employment; and,
- outside of Canada.

For instructions on how to complete your report cards, please refer to the tables below:

Report Card - Side 1

Block	Description
1a	Answer NO unless you worked for another employer, in which case you must answer YES.
1b	<ul style="list-style-type: none">• if NO, indicate the Work-Sharing employer name;• if YES, indicate the name and address of the other employer (must be different than Work-Sharing employer). The total hours/dates worked/paid and earnings from that employment must be provided in the Blocks A and C of side 2.

2	Answer NO, unless you started a full time job with an employer other than your Work-Sharing employer, in which case you must answer YES and provide the name of the new employer.
3	If you are attending a course of instruction, you must declare total hours attended and any amount of training allowances in Block D of side 2.
4	Answer YES, unless you were on vacation, sick or unavailable for any days covered by the report, in which case you must answer NO. If you were outside Canada during the period covered by the report, you must indicate dates and "Outside Canada".
5	Answer NO, unless you received monies other than wages or salary from your Work-Sharing employer.

Report card - Side 2

Block	Description
A	Total hours and dates worked/paid for an employer other than your Work-Sharing employer, including overtime hours, paid sick leave, paid vacation or any other paid leaves.
B	Indicate Work-Sharing Employer Name.
C	Total earnings before deductions from employer(s) other than Work-Sharing employer for hours and dates as shown in block A.
D	Training allowance, if applicable.
E	Group sickness/maternity insurance/disability plan, if applicable.
F	Other monies received not already declared in block A and C and not from the Work-Sharing employer.

Both sides of the card must be completed and the front of each card must be signed and dated.

Family Orders and Agreements Enforcement Assistance Act

Family financial support orders, when unpaid, can be deducted from the Work-Sharing benefits according to the Family Orders and Agreements Enforcement Assistance Act and its Regulations.

If you have questions regarding the Work-Sharing program, please

- **consult our website** http://www.servicecanada.gc.ca/eng/work_sharing/index.shtml;
- **call** 1-866-891-5319 (TTY: 1-800-926-9105);
- **visit** your local [Service Canada Centre](#); or,
- **consult** the [Frequently Asked Questions](#).