

**Operational
Policy**Section
Employer accountsSubject
Clearance Certificate

Policy

The WSIB issues a clearance certificate ([hereafter](#) clearance) to relieve a principal of liability for payment obligations to the WSIB that a contractor or sub-contractor may incur with respect to a contract entered into between the principal and the contractor or sub-contractor during the validity period of the clearance.

NOTE

For information on obtaining clearances in construction, see 14-02-19, Clearance Certificate in Construction.

Purpose

This policy describes how a clearance protects the principal from a payment liability that the contractor or sub-contractor may incur during the validity period of a certificate with the WSIB.

Guidelines

Definitions

Principal - A person or business entity awarding or letting a contract to a contractor or a sub-contractor.

Contractor and **sub-contractor** - A person or business entity providing contractual services to a principal. The business relationship between a principal and a contractor includes the relationship between a contractor (the principal in this relationship) and a sub-contractor (the contractor in this relationship). Therefore, the term "contractor" includes sub-contractor in this policy.

General

This policy applies to all principals who let a contract to carry on a business activity in Schedule 1 or Schedule 2. It does not apply to householders who purchase services from a contractor.

A clearance also confirms that a contractor or sub-contractor is registered with the WSIB and that its account(s) is/are in good standing.

Accounts in good standing

A clearance is issued if the following requirements are met. If the contractor has more than one account, **each** account must meet these requirements before a clearance is issued for **any** of the accounts

- the contractor has an open account with the WSIB
- the contractor has completed and provided all required registration information and documents

**Operational
Policy**Section
Employer accountsSubject
Clearance Certificate

- the contractor's declared business activities are classified in the proper classification [units/codes](#), see 14-01-01, The Classification [Scheme Structure](#)
- the contractor has reported appropriate premiums based on actual or estimated insurable earnings for all past reporting periods
- all required Premium Remittance and Reconciliation [Forms](#) are filed, [and](#)
- all premiums and other amounts owing to the WSIB are paid up-to-date at the time the clearance certificate is requested. In addition to premiums on insurable earnings, other amounts owing include interest, service charges, experience rating surcharges [and premium adjustments](#), and other non-compliance charges.

Advance payment

Before a clearance is issued for a newly registered contractor, or to a principal for a newly registered contractor, the contractor must make an advance payment for the amount determined by the WSIB.

Principal's liability

By issuing a clearance, the WSIB waives its right to hold a principal liable for unpaid premiums and other amounts the contractor owes the WSIB, for the validity period of the certificate.

Limits to liability

If the contractor has payment obligations owing to the WSIB, the principal may be liable for the unpaid premiums and other outstanding amounts, up to the value of the labour portion of the contract(s) between the contractor and the principal.

Contractor's obligations

A contractor must meet its registration, reporting, and payment obligations to have its account in good standing.

Validity period [for clearances](#)

A clearance is valid for up to 90 calendar days, depending on the date that it is issued, and is renewable.

Exceptions [for issuing clearances](#)**Contractor's account not in good standing**

When a contractor's account is not in good standing, a clearance may be issued if

- the principal pays the amount owing, as determined by the WSIB, or
- an approved payment plan is in place and payments are made, as determined by the WSIB. See 14-04-04, Collections Based on Financial Hardship.

**Operational
Policy**Section
Employer accountsSubject
Clearance Certificate**Contractor's account closed**

Even though a contractor's account is closed, the contractor or the principal may request a clearance throughout the time period of the contract. In these cases, the WSIB may issue a letter relieving the principal of liability if

- the contractor owes no premiums and/or other amounts to the WSIB, or
- premiums and/or other amounts are owing, and the principal pays the amount due, up to the value of the premiums for the labour portion of the contract(s) between the principal and the contractor.

If a clearance is issued for an overdue account, or a letter waiving liability is issued for a closed account, the validity period is determined by the WSIB, taking into account the circumstances of the case.

Letter of credit

A contractor is permitted to post a letter of credit representing a disputed amount being appealed. A clearance is issued when the contractor has complied with all the requirements listed in "Accounts in good standing" and the letter of credit for the disputed amount is posted to the account. For more information, see 14-04-05, Alternative Payment Arrangements.

Retaining a clearance

Principals and contractors must keep record of clearances for at least three years from the date they were obtained.

Application date

This policy applies to all ~~clearance~~ decisions made on or after January 1, ~~2020~~[2013](#).

Document History

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14-02-04 dated October 12, 2004

14-02-04 dated September 28, 2001

08-03-06 dated July 25, 1996.

References

Legislative Authority

Workplace Safety and Insurance Act, 1997, as amended.
Section 141

Minute

Administrative

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