
Law

s.78(6)

If an employer does not submit a statement to the WSIB, the WSIB may determine an amount of premiums that should have been paid by the employer. If it is later discovered that the amount of the premium determined by the WSIB is less than the actual amount of premium that should have been paid, based on the insurable earnings of the employer's workers, then the employer is liable to pay to the WSIB the difference between the amount fixed by the WSIB and the actual amount owing by the employer.

s.78(7)

The WSIB may require an employer who fails to calculate and submit premium calculations, or who fails to do so by the due date specified by the WSIB, to pay

1. interest at a rate determined by the WSIB on the premiums for the period to which the premiums relate; or
2. an additional percentage as determined by the WSIB of the employer's premiums for that period.

s.78(8)

If an employer underestimates the amount of the total wages required to be reported in a statement, the WSIB may require the employer to pay interest as described in 78(7)(a) or an additional percentage as described in 78(7)(b).

s.78(9)

A payment required under subsection 78(7) or 78(8) is in addition to any penalty imposed by a court for an offence under section 152.

s.88(1)

Every Schedule 1 employer shall calculate and pay premiums to the WSIB in accordance with the notice given by the WSIB.

s.89(1)

An employer who does not pay premiums when they become due shall pay to the WSIB such additional percentage on the outstanding balance as the WSIB may require.

Policy

Non-compliance interest

The WSIB charges and pays interest on adjustments made to an employer's reported premiums. The WSIB does not pay interest on any reversed or revised premiums, non-compliance interest or charges, experience rating adjustments, or Workwell surcharges to periods prior to January 1, 1997.

Non-compliance charges

The WSIB issues non-compliance charges when an employer fails to report premiums by the due date assigned under their reporting frequency. The WSIB has two non-compliance charges, the Premium Not Reported (PNR) and the Period Reconciliation Not Reported (PRNR).

Note

For adjustments in premiums see 14-02-06, Employer Premium Adjustments. To ensure that this policy is applicable with respect to registration non-compliance it must be read in conjunction with 14-02-15, Voluntary Registration which takes precedence if applicable.

Guidelines

General

This policy applies to the administrative non-compliance interest and charges that apply to Schedule 1 employers.

When an employer fails to comply with its reporting and premium payment obligations the WSIB

- levies administrative non-compliance interest and charges, and
- may lay charges under the Provincial Offences Act for specific offences (see 22-01-08, Offences and Penalties - Employer).

Debit interest rate - effective Jan. 1, 1997

The WSIB applies debit interest at the Bank of Canada rate plus 6%. This interest rate is adjusted quarterly and is shown on the monthly statement of account in annual and monthly amounts.

When debit interest is applied

- An outstanding balance is on the account. If an employer fails to submit full payment by the due date, the WSIB charges interest monthly on the overdue amount at the debit interest rate until the overdue balance is paid in full.

Example

An employer has a balance of \$5,000 owing to the WSIB. A payment of \$3,000 is processed by the WSIB on March 15th. The March statement of account shows a \$2,000 debit balance remaining on the account. Interest on the overdue balance is charged at the current Bank of Canada rate plus 6% on the \$2,000 that remains owing to the WSIB. The Bank of Canada rate that is current for March 31st based on the quarterly rate set will be used for calculation of the interest charge.

- A year-end reconciliation filed results in a reconciled debit difference. The start date for the calculation of interest on a reconciled difference at the 1997 year-end reconciliation and subsequent year-end reconciliation(s) is July 1 of the reconciled year. The end date

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for the calculation of debit interest on reconciled amounts is the end of the month prior to the date the reconciliation is received.

Example

An employer has a monthly reporting frequency for the year 2000 and is required to complete 12 monthly remittances. These remittances should equal the total reconciliation amount reported to the WSIB on the year-end Reconciliation form. At the time of processing the Reconciliation form, the remittances total less than the reconciled amount at year end. This adds a debit to the employer's account. The Reconciliation form was filed on time to the WSIB by March 31, 2001. Debit interest is charged at the Bank of Canada rate plus 6% from July 1, 2000 to February 28, 2001.

- A retroactive premium adjustment results in a debit

Example

An employer has two classification units (CUs). This employer segregated the payroll in half (50%) to each CU. During a routine audit conducted in July 2000, the WSIB auditor reviewed the wage records and determined that the segregation should be a 60/40 split of the insurable earnings from January 1, 1999 onward. The CU premium rates are not equal. The result is a debit adjustment to the account. Debit interest applies to the total difference and is charged at the Bank of Canada rate plus 6% from July 1, 1999 (as per reconciliation interest) to the end of June 2000.

When debit interest is not applied

- Debit interest is not applied to reconciliation differences of less than \$100.00 in net premium
- An adjustment is made to current year premiums that results in a debit difference.

Example

On October 12th, 2000, the WSIB is advised that an employer's premium remittance for the quarterly filing of April 1 to June 30, 2000, was reported lower than the actual amount that should have been filed. The WSIB revises the premium remittance to reflect the correct premium remittance amount and the employer then remits payment to offset the difference charged to the account. Debit interest is not charged as the employer corrected the premium remittance prior to the reconciliation process that takes place in March of the following year. If the employer does not advise the WSIB until April of 2001, debit interest is charged on the reconciled difference beginning July 1 of 2000.

Credit interest rate - effective Jan. 1, 1997

The WSIB pays credit interest at the Bank of Canada rate. This interest rate is set quarterly.

When credit interest is applied

- An account has a credit balance at the beginning and ending of a monthly billing period. Credit interest is paid on the credit balance shown at the beginning of a billing period.

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Example

If at the beginning of a billing period an employer's account shows a \$250 credit balance and at the end of the billing period the same account shows a \$500 credit balance, the credit interest is applied at the Bank of Canada current rate on the \$250 credit amount for that month.

- A year-end reconciliation filed results in a reconciled credit difference. The start date for the calculation of interest on a reconciled difference at the 1997 year-end reconciliation and subsequent year-end reconciliation(s) is July 1 of the reconciled year. The end date for the calculation of credit interest on reconciled amounts is the end of the month prior to the date the reconciliation is processed.

Example

An employer has a monthly reporting frequency for the year 2000 and submits the year end Reconciliation form by the due date, March 31, 2001. The reconciliation is processed on April 10, 2001. The reconciled amount is lower than the total of the monthly remittances submitted throughout the year in 2000. The result is a credit adjustment to the employer's account. Credit interest is applied from July 1, 2000 to March 31, 2001.

- A retroactive adjustment is made to premiums that results in a credit difference.

Example

An employer was notified of a WSIB routine audit scheduled for July 15, 2003. The WSIB auditor reviewed the wage records and determined that the reported insurable earnings for the period January 1, 2002 to December 31, 2002 were over-reported. The correct 2002 insurable earnings were obtained by the auditor and the result is a credit adjustment to the account. The audit was processed November 2, 2003. The credit interest is applied to the total net difference of the 2002 insurable earnings premium beginning July 1, 2002 up to the billing period prior to the month-end of the month the audit was processed in this case, the end of September 2003.

When credit interest is not applied

- Credit interest does not apply to periods prior to January 1, 1997.

Example

An employer was audited in August 1998. The auditor determined that the employer was incorrectly classified in a rate group with a higher premium rate for the years 1996 and 1997. The audit was processed in October 1998 and resulted in a credit adjustment of \$5,000 to the employer's account. Credit interest will only be calculated from January 1, 1997 up to and including September 30, 1998. Credit interest is not applicable to the year 1996 since WSIB did not have a credit interest policy for employers until January 1, 1997.

- Credit interest is not paid on reconciliation differences for accounts of less than \$100.00 in net premium
- Credit interest is not applied to revised premium adjustments for current year filings, provided that the revision occurs prior to the year end reconciliation of the account.

Non-compliance charges

Premium not reported - (PNR) effective Jan. 1, 1997

The WSIB derives a premium on the missing report based on the employer's previous reporting history and charges **5%** of the derived premium as a non-compliance charge onto the employer's account.

This charge is assigned **only once** for the premium report that was not filed. If the charge remains unpaid it will be subject to interest on the overdue balance. The PNR charge is not reversed once the actual premium is reported, nor is it re-calculated to represent 5% of the actual premium reported.

Example

An employer fails to file their January 1, 2000 to March 31, 2000 Premium Remittance Form. The WSIB levies a 5% charge based on the premium report that was filed for January 1, 1999 to March 31, 1999. (one year prior)

Period reconciliation not reported (PRNR) - effective Jan. 1, 1996

The WSIB assigns this non-compliance charge when a year-end reconciliation is not received at the WSIB by the assigned due date (March 31st). The WSIB derives a premium for the reconciliation period based on the employer's previous reporting history and **charges 1%** of that amount, up to a **\$1,000 maximum**. This charge occurs **every month** until the reconciliation is reported to the WSIB.

The assigning of a PRNR also occurs when employers who report on a quarterly or annual basis have not filed all required premium reports.

Example

A quarterly employer has four reporting obligations to the WSIB. If the employer misses one reporting, the employer receives a PNR for that specific missing reporting on the following monthly statement of account.

At the end of the year if the report still shows outstanding, the employer receives a PRNR for every month that the reporting remains outstanding. If the charge remains outstanding it will become subject to interest on overdue balance.

Other charges

Non-sufficient funds (NSF)

When a payment is submitted to the WSIB and then returned from the employer's financial institution marked NSF, the WSIB will charge a NSF charge that must be paid at the end of the next statement due date. This charge is non-reversible.

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Application date

For the PRNR non-compliance charge, this policy applies to all decisions made on or after October 29, 2007.

For credit and debit interest, interest on overdue balances, and the PNR non-compliance charge; this policy applies to all decisions made on or after October 29, 2007.

Document history

This document replaces 14-02-07, dated October 12, 2004.

References**Legislative authority**

Workplace Safety and Insurance Act, 1997, as amended
Sections 78(6), (7), (8), and (9), 88(1), 89(1), and 159(2)(a)

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