Human Resources Legislative Update

Small Business Job Credit and New EI Rate-Setting Mechanism Announced

Date: September 11, 2014

On September 11, 2014, the federal government announced the introduction of the Small Business Job Credit ("Credit"), which is intended to provide tax relief for small employers. The Credit effectively lowers the Employment Insurance ("EI") premium rate for eligible businesses from the current, legislated rate of $1.88, to $1.60 per $100 of insurable earnings in 2015 and 2016. The Canada Revenue Agency ("CRA") will automatically apply the new Credit on an eligible business' tax return.

To be eligible, an employer must:

- have deducted EI premiums from the remuneration paid to its employees (or the worker's share of EI premiums in the case of certain employees) and remitted same to its payroll program ("RP") account;
- reported the income and deductions on a T4 slip and filed this information on its RP account for 2015 and/or 2016; and
- have paid $15,000 or less (total) in employer EI premiums for all of its RP accounts in 2015 and/or 2016.