



## SUBCONTRACTORS



Under the *Workers' Compensation Act*



## Does your company pay for the following services?

- Garbage removal
- Window washing
- Janitorial services
- Snow plowing
- Plumbing, etc. . .

They may be considered **your worker** under the *Workers' Compensation Act*.

Under the *Workers' Compensation Act* of New Brunswick, a "worker" means a person who has entered into or works under a contract of service or apprenticeship, written or oral, expressed or implied, whether by way of manual labour or otherwise.

The *WC Act* requires all employers with three or more workers to register for coverage with WorkSafeNB. These workers may be full-time, part-time, casual workers **or non-registered contractors, subcontractors** or brokers.

A subcontractor is often any company or individual, under the care and control of the employer, that provides the employer with a service. **Contracts must contain a labour component.**

## Unregistered contractors from New Brunswick

If an employer is doing business with a contractor who is not registered with WorkSafeNB because they employ less than three workers, the employer will be assessed for their coverage, based on the gross amount of the contract (not including HST) using the employer's annual assessment rate.

### Assessed Premium Calculation

(Below are percentages of the contract value.)

Labour only . . . . .	100%
Janitorial service . . . . .	80%
Labour and material . . . . .	50%
Courier and mail service . . . . .	40%
Hired equipment . . . . .	25%

Example: If an employer pays an unregistered subcontractor \$800 (HST not included) for office cleaning, the premium will be \$16.00.

Calculation:

\$ 800	X	80%	=	100	X	\$ 2.50
gross contract		assessable contract value		assessed on every \$100		employer's rate

## Assessment premium recovery from unregistered contractors

An employer is permitted to deduct or recover from the contractor the portion of the assessment for labour and materials, hired equipment, courier or mail service, and janitorial contracts. **Labour-only contracts cannot be charged back.** In the aforementioned example, the employer is permitted to withhold \$16.00 from the contractor. **However, an employer is not permitted to withhold workers' compensation premiums from their worker's wages or salaries.**

## How does an employer know if a contractor is registered?

A clearance certificate is a WorkSafeNB document that states in writing that a business in question has workers' compensation coverage.

1. Prior to work being performed, ask the subcontractor for a clearance certificate.
2. If a clearance certificate is obtained, verify that it is in good standing. If the employer is not in good standing, the principal employer may be liable for any assessment related to work carried out, and possibly the contractor's unpaid assessments.
3. Clearance certificates are valid for 45 days only.

Clearance certificates can be obtained through the WorkSafeNB website at [www.worksafenb.ca](http://www.worksafenb.ca) or by calling assessment services at 1 800 999-9775.

## Contractors from outside New Brunswick

When a contractor from another jurisdiction is awarded a contract for work to be carried out in New Brunswick, they are required to register with WorkSafeNB if the contractor has three or more workers and the duration of the job exceeds five days. An employer subject to the *Act* who operates in the province for less than five days during the year is not required to register with WorkSafeNB. However, should one or more of their workers suffer a workplace accident during that time, a claim may be accepted and any assessments and costs charged to the employer. Contractors from another jurisdiction, whose registration is not mandatory, then become the responsibility of the principal New Brunswick employer. To avoid being assessed for unregistered out-of-province contractors (less than three workers), an employer should request a clearance certificate from the contractor's jurisdiction indicating they are in good standing and covered while working in New Brunswick.

## In the event of an accident

In the event that an unregistered contractor or subcontractor has a work-related accident, the costs associated with the claim will be added to the principal employer's claim costs and used for rate setting purposes, if applicable.

## For more information

If you would like further information with respect to contractors, subcontractors or for any other assessment related inquiry, please contact assessment services at 1 800 999-9775 or visit the WorkSafeNB website at [www.worksafenb.ca](http://www.worksafenb.ca).