

# Determining compensation rates for sub-contractors and owner operators (without personal coverage)

Your compensation rate will be based on whether you were an **owner-operator** or a **sub-contractor** at the time of your accident.

## Owner-operator

An owner-operator is a worker who owns and operates mobile industrial equipment such as a tractor/trailer unit, bobcat, delivery truck, or truck-mounted mobile welding unit.

*(Although we may consider you an owner-operator for the purpose of establishing a compensation rate, you may also subcontract to an employer)*

## Sub-contractor

A subcontractor is a person who contracts to do work for another person or employer and incurs expenses to perform that work.

## How does WCB set my compensation rate if I am an owner-operator?

As per Policy 04-01 Part II, compensation rates for owner-operators are set based on the greater of:

- The worker's gross income, less business expenses, **or...**
- 50% of gross income for welders who own and operate a welding unit,
- 25% of gross income for all other types of owner-operators

If your gross earnings are on file when the claim is accepted, we will set your compensation rate based on 50% or 25% of gross earnings. If your gross earnings are not on file, we will set a provisional compensation rate for you, which is normally equivalent to minimum wage, and the average hours you work per week.

We then send you a letter requesting a copy of your T1 General for the tax year prior to your accident.

If your tax documents verify gross income less expenses higher than the percentages noted above, your compensation rate will be adjusted to reflect the gross income less expenses amount.

If your tax documents do not verify gross income less expenses higher than percentages noted above, your compensation rate will be set (or remain set) based on 50% of gross income for welders or 25% of gross for all other types of owner-operators.

## How does WCB set my compensation rate if I am a sub-contractor?

As per **Policy 04-01 Part II**, compensation rates for sub-contractors are set based on your gross income less any business expenses.

If your claim is accepted, we will set a provisional compensation rate for you, which is normally equivalent to minimum wage and the average hours you work per week. We then send you a letter requesting a copy of your T1 General for the tax year prior to your accident.

Once we receive your tax documents, we will adjust your compensation rate to reflect your gross income less business expenses.

## How much will I receive in wage replacement benefits?

If you are losing time from work due to a work-related injury, you may be entitled to wage replacement benefits. When we set the compensation rates as noted above for an owner-operator or a sub-contractor, it is set based on gross earnings (after business expenses if applicable).

However, Section 56 of the *Workers' Compensation Act* tells us to pay compensation based on 90% of net earnings earnings up to a yearly maximum if your date of accident was prior to September 1, 2018 or on or after January 1, 2021.

If your date of accident was on or after September 1, 2018 up to and including December 31, 2020, there was no maximum.

## Once you determine my gross earnings, how do you know what my net earnings are?

Every year, we receive information from the Canada Revenue Agency (CRA) which tells us the equivalent CPP, Employment Insurance and Income Tax amounts, which we use to determine your net earnings. Then we pay 90% of these net earnings subject to a yearly maximum (a yearly maximum affects claims where the date of accident was prior to September 1, 2018 or on/after January 1, 2021).

## What if I have a second job at the time of my injury?

If you had a second job when you were injured, and your injury prevents you from doing your second job, we may also consider those earnings when setting your compensation rate. We call this your concurrent rate.

## I need more information, what are my resources?

Section 56 of the *Workers' Compensation Act*

Section 1(2) of the General Regulations

Appendix E from the WCB Policy Manual

WCB Policy 04-01 Part I – Establishing Net Earnings

WCB Policy 04-01 Part II – Chapter 4 (Benefits) Subject A1 (General)

WCB Policy 04-01 Part II – Chapter 4 (Benefits) Subject A2 (Special Circumstances)

90% of Net Earnings Fact Sheet

