



A Guide for Employers

Wage and Entitlement Pay

Alberta

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Payment of Wages

The Employment Standards Code (ESC) sets out the minimum standards for workplaces in Alberta.

Wage Regulations

Under the ESC, employers must:

- Establish a regular pay period (at least once a month);
- Keep employment records for 3 years; and
- Pay employees within 10 days after the end of the pay period.

You can pay wages by:

- Cash (Canadian currency)
- Cheque
- Direct deposit into the employee's bank account





Minimum Wage

Minimum wage is the lowest wage rate an employer can pay their employees.

Most employees are eligible for minimum wage, whether they are full-time, part-time, casual employees, on contract, or paid an hourly rate, commission, piece rate, flat rate or salary.

Rate of Pay by Category

Category	Definition	Rate*
General Minimum Wage	Most employees	\$15.00 per hour
Domestic Employees	Living in their employer's home	\$2,848 per month
Salesperson	Including commission sales person	\$598 per week

*As of October 2018

How is minimum wage calculated?

Compliance with minimum wage requirements is based on pay period. For example, if your employees are paid weekly and an employee works 37.5 hours in a week, then that employee must be paid at least \$562.50 for the week (37.5 hours X \$15.00 per hour = \$562.50).

Are meal breaks counted as working hours?

No; meals breaks are not counted as working hours.

What is the 3-hour rule?

The 3-hour rule applies when an employee who regularly works more than 3 hours a day is required to report to work but ends up working less than 3 hours. The employee must be paid the higher of 3 hours at the minimum wage or the employee's regular wage for the time worked.

What is the 2-hour rule?

The following employees must be paid at least 2 hours at the minimum wage:

- School bus drivers
- Part-time employees of non-profit recreation or athletic programs run by a municipality or community service organization
- Home care employees
- Adolescents (13, 14, and 15 years old) who work on a school day

Tips & Gratuities

As an employer, you can decide whether tipping is allowed in your business.

If you decide to allow tipping, it's a good idea to:

- Establish a clear policy for handling tips, such as how tip jars will be divided or how and when tips will be paid out
- Post the policy where employees can see it
- Track the amounts paid to employees

If you decide not to **allow tipping**, make sure to tell your customers that tips are not accepted.

You cannot make an employee return their tips, nor can you withhold or make deductions from their tips.

You can distribute tips by cash, cheque, or direct deposit. There is no required timeline for distributing tips to employees, but it's a good practice to distribute them on a regular basis.

Pay Statements

You must provide your employees with a pay statement at the end of each pay period setting out the following:

- The pay period that the pay covers
- The regular and overtime hours of work
- The wage rate and overtime rate
- The gross amount of wages
- The way the wages were calculated (if applicable)
- The amount and purpose of each deduction
- Hours take off in lieu of overtime
- The net amount of wages

The pay statement may be provided in writing or electronically, provided employees can view and print them.





Deductions

As an employer, you are also responsible for making the appropriate deductions from the employee's pay. The ESC states that only three types of deductions are permitted:

1. Statutory deductions
2. Deductions authorized by a court order
3. Deductions authorized by the employee in writing

Each are described below.

Statutory Deductions

Statutory deductions are made according to federal and provincial legislation. They include:

1. Income Tax
2. Employment Insurance (EI) premiums
3. Canada Pension Plan (CPP) contributions

Court Orders and Garnishment

A court may order an employer to deduct an amount from an employee's wages.

There may be cases where a court decides to garnish a person's wages, and directs you, as their employer, to deduct an amount from their wages.



Written Authorization

An employer may deduct money from an employee's wages if that employee has agreed to this in writing. The written authorization must:

- State that the employee authorizes the deduction of his or her wages
- Specify the amount of money deducted or a method of calculating the amount

For example, your employee may want some money directed into a savings account. With the employee's written authorization, you can make this deduction directly from their pay.

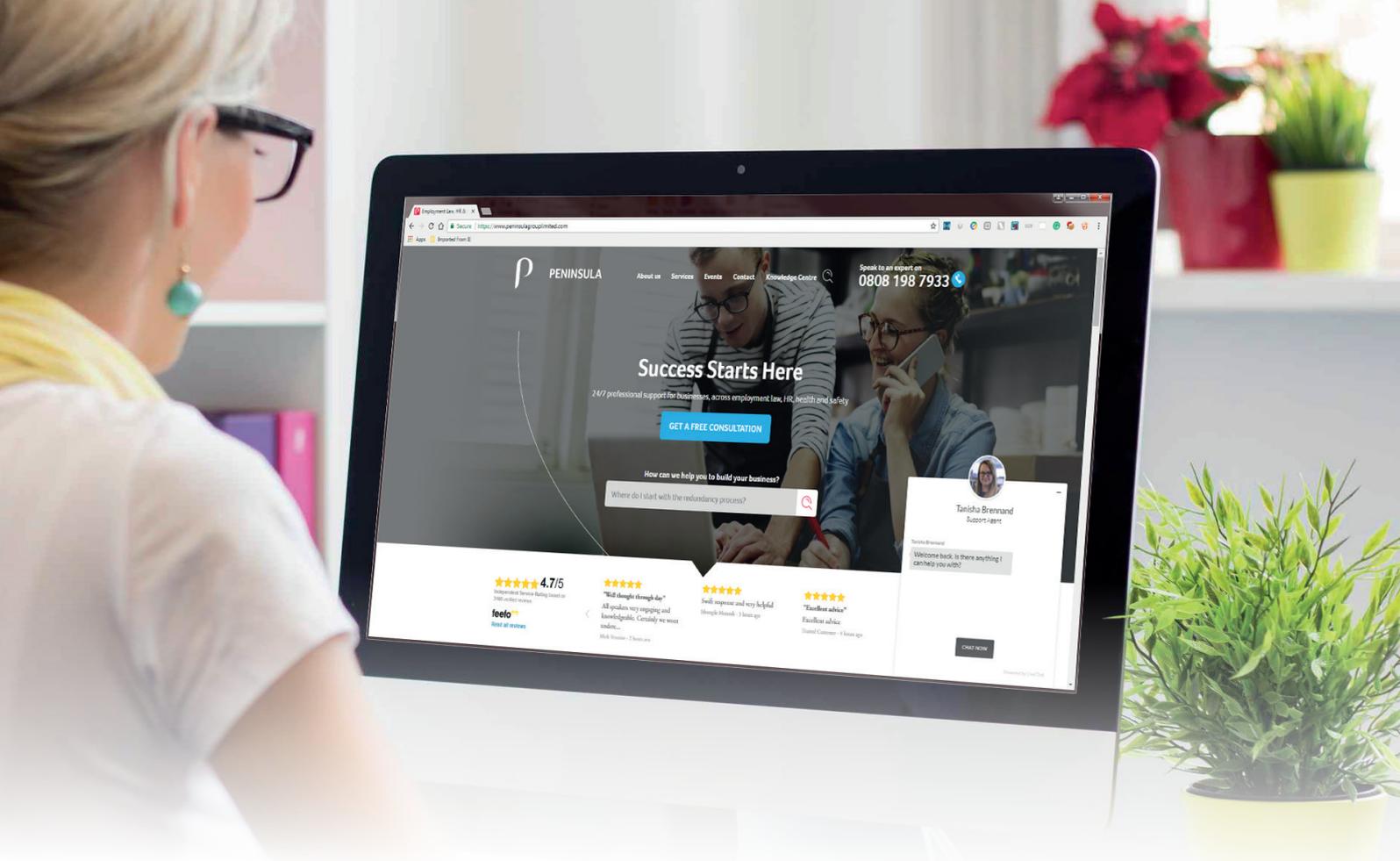
Unauthorized Deductions

Even if an employee has provided written authorization, amounts cannot be deducted for:

- A loss due to faulty work (e.g., a mistake in a credit card transaction, work that is spoiled or rejected, or damage to company tools or vehicles).
- A cash shortage or loss of property if a person other than the employee had access to the cash or property.
- A cash shortage resulting from a failure to collect all or part of the purchase price from a customer. For example, if restaurant customers leave without paying the bill, the bill amount cannot be deducted from the server's wages.
- Providing, using, repairing, or cleaning an employee's uniform.

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