

The information in this bulletin will help employers understand the annual filing requirements for Employer Health Tax (EHT). This bulletin provides general information only. It does not replace the *Employer Health Tax Act* and Regulations.

Are you required to pay Employer Health Tax (EHT)? You are required to pay EHT if you are an employer who pays remuneration to employees who:

- physically report for work at your permanent establishment in Ontario, or
- are attached to your permanent establishment in Ontario, (please refer to EHT bulletin on Permanent Establishment) or
- do not report for work at any of your permanent establishments, but who are paid from or through your Ontario permanent establishment. For example, if you have employees in another province who work from their homes but are paid from the Ontario office, remuneration paid to these employees may be subject to EHT.

Helpful Definitions:

- Permanent establishment is any fixed place of business where day-to-day business activities are carried out. It can be an office, agency, branch, factory, farm, warehouse, mine or workshop.
- Remuneration includes salaries and wages, bonuses, commissions, vacation pay, taxable allowances and benefits, directors' fees etc. It does not include pension benefits. Total Ontario remuneration refers to the remuneration that you are required to pay EHT on.
- Associated employers are connected by ownership or by a combination of ownership and relationship of the employers, either through blood, marriage or adoption. The rules for associated corporations under section 256 of the *Income Tax Act* (Canada) are used to determine whether employers are associated for EHT purposes. Although these rules refer to corporations, their application is extended under the *EHT Act* to include individuals, partnerships and trusts.

Do you need to file an EHT annual return? You must file an EHT annual return if:

- your total Ontario remuneration in the calendar year is greater than the \$400,000 tax exemption
- you are not eligible for the tax exemption and have Ontario remuneration
- you remitted EHT instalments for the year, or
- you are mailed an EHT return.

Do you qualify for a tax exemption? Most employers qualify for an exemption from paying EHT. They do not pay EHT on the first \$400,000 of Ontario remuneration each year.

Employers who do not qualify for the exemption may include:

- public sector employers
- crown agencies
- municipal and provincial corporations, and
- certain trusts.

Do you need to pay monthly instalments? **For total Ontario remuneration greater than \$600,000:** you must remit monthly instalments and file an annual return on or before March 15th of the following calendar year.

For total Ontario remuneration \$600,000 or less: you do not have to remit monthly instalments. You must pay EHT on or before March 15th of the following calendar year with your annual return.

Associated employers

If you are an associated employer:

- you must enter into an agreement to allocate the \$400,000 exemption among the group of associated employers. Beginning with the 2010 return, only one member is required to complete the Associated Employers Exemption Allocation form and submit it to the ministry by the return due date. The exemption for all members of the group will be denied if a completed form is not received by the ministry. Prior to the 2010 return, all members of an associated group were required to complete the form and file a copy with their returns.
- you must not claim more than your allocated portion of the \$400,000 tax exemption amount at any time.

How do you register for EHT?

You may register for EHT using **any one** of the following methods.

- visit ontario.ca/revenue and select 'Online Services' to access ServiceOntario Gateway for Business
- visit ServiceOntario.ca for a complete list of ServiceOntario Centre locations for availability of Public Access Workstations
- visit the Canada Revenue Agency website at businessregistration.gc.ca and register electronically.

What information do you need to register for an EHT account?

To register for an EHT account you must provide the following information:

- legal name
- trade name
- business address
- mailing address
- telephone and fax numbers
- name of contact person or authorized representative
- payroll start date, frequency and amount
- federal business number
- employer type (for example, associated, multiple accounts or public sector employer).

What can you do if you did not file EHT annual returns for prior years and should have?

You may qualify for the ministry's voluntary disclosure program. Under the program's conditions, employers will not be penalized for late filing. However, you must:

- initiate the disclosure yourself, prior to any audit or other enforcement action by the Ministry of Revenue, and
- pay the tax owing, plus any applicable interest.

Related publications

Other publications which provide further details on this topic include:

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|-------------------------|----------------------|
| Permanent Establishment | Tax Exemption |
| Voluntary Disclosure | Associated Employers |

More information

To obtain the most current version of this publication, or additional information, visit our website at Ontario.ca/revenue and enter 499 in the find page field at the bottom of the webpage or contact the Ministry of Revenue at:

- 1 866 ONT-TAXS (1 866 668-8297)
- 1 800 263-7776 teletypewriter (TTY)

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