

This publication is provided as a guide only. It is not intended as a substitute for 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:

- report for work at your permanent establishment in Ontario, 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, then they may be subject to EHT.

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. 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
- if you remitted EHT instalments for the year, or
- if you were an associated employer on December 31st.

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 file an annual return every year
- you must allocate the \$400,000 exemption amount among the group of associated employers and each member in the group has to file an 'Associated Employers Exemption Allocation' schedule every year
- 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 | • payroll start date |
| • trade name | • payroll frequency and amount to determine if you are a yearly, monthly or special filer |
| • business address | • federal business number |
| • mailing address | • employer type to determine if you are an associated employer, multiple account employer or public sector employer. |
| • telephone and fax numbers | |
| • name of contact person or authorized representative | |

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 EHT publications which provide further details on this topic include:

Permanent Establishment	Tax Exemption
Remuneration	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 number 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)

*Cette publication est disponible en français sous le titre « Exigences de production annuelle ».
Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant ontario.ca/revenu.*

© Queen's Printer for Ontario, 2008
ISBN 978-1-4249-8377-3 (Print) ISBN 978-1-4249-8379-7 (PDF) ISBN 978-1-4249-8378-0 (HTML)
Dist #2482E