

Article B.4: EI Rebate

❖ Overview

This article establishes provisions for remitting the rebate awarded by Employment Insurance (EI) and provides that the rebate must be reported as taxable income to employees.

❖ Article B.4: EI Rebate

- 1. The employer shall remit monthly to the BCTF Salary Indemnity Fund the proportionate share of the unemployment insurance premium reduction set out in the Previous Local Agreement. Where the proportionate share is not expressed in the Previous Local Agreement, the employer shall remit monthly to the BCTF Salary Indemnity Fund an amount consistent with the past practice of the local parties. The amount remitted on behalf of any employee shall not be less than 5/12 of said reduction.*
- 2. The employer shall calculate each employee's share of the savings which have been remitted pursuant to Clause 1 above and include that amount as part of the employee's taxable income on the yearly T4 slip.*

❖ Explanation

- B.4.1** *1. The employer shall remit monthly to the BCTF Salary Indemnity Fund the proportionate share of the unemployment insurance premium reduction set out in the Previous Local Agreement. Where the proportionate share is not expressed in the Previous Local Agreement, the employer shall remit monthly to the BCTF Salary Indemnity Fund an amount consistent with the past practice of the local parties. The amount remitted on behalf of any employee shall not be less than 5/12 of said reduction.*

B.4.1 obligates each employer to remit a proportionate share of the rebate awarded by EI to employers and employees where the sick benefit plan meets or exceeds the EI sick benefit plan, thus reducing use of EI. By regulation, the employee's share of the rebate is 5/12ths and the employer's share is the remaining 7/12ths. In two districts teachers receive 55% of the rebate, rather than the 42% that is the regulated 5/12ths.

Most Previous Local Agreements do not specify the amount of the rebate, but simply refer to it as the "employee's share" of the rebate. Unless a previous written agreement remits more than 42% or 5/12ths, or the past practice has been to remit more than 42%, each district will only remit this amount. B.4.1 also requires that the rebate be forwarded each month to the BCTF

Salary Indemnity Fund. A number of districts made the remittance less often than monthly, and at least one district remitted interest with its annual remittance. This practice has been standardized so that all districts make remittances each month.

- B.4.2** 2. *The employer shall calculate each employee's share of the savings which have been remitted pursuant to Clause 1 above and include that amount as part of the employee's taxable income on the yearly T4 slip.*

B.4.2 reiterates the obligation to report the rebate as taxable income to the employees.