

EMPLOYMENT STANDARDS FACT SHEET

DEDUCTIONS FOR BOARD, LODGING AND UNIFORMS

The Employment Standards Regulation limits the amount that an employer may deduct from an employee's wages, or receive from an employee for meals, lodging and uniforms or other work clothing.

Sections 12 and 13 of the Employment Standards Regulation state:

12(1) *If board and lodging or either of them are furnished by an employer to an employee, the amount by which the wages of the employee may be reduced below the minimum wage to which the employee is entitled by way of a deduction from wages or a payment out of wages, or both, must not exceed the following:*

- (a) *for a single meal, ...*
 - (iii) *\$2.30, effective September 1, 2005;*
- (b) *for lodging, ...*
 - (iii) *\$3.05 a day, effective September 1, 2005.*

(2) *Despite subsection (1)(a), an employer must not make deductions from the minimum wage for a meal not consumed by an employee.*

13 *No employer may reduce the wage of an employee below the minimum wage to which the employee is entitled by making a deduction from or receiving payment out of wages for the furnishing, use, repair or laundering of any uniforms or special articles of wearing apparel that the employer requires the employee to wear during the employee's hours of work.*

Basic principles

- The employee's wage may not be reduced below the minimum wage by more than:
 - \$3.05 a day for lodging, or
 - \$2.30 for a single consumed meal.
- The restrictions on deductions for lodging and meals only apply on the days that the employee works for the employer. An employee and employer may negotiate the rate to be charged on non-work days.
- Deductions for uniforms or other wearing apparel required by the employer may not reduce the employee's wages below the minimum wage.
- No deduction from wages may be made with respect to lodging and consumed meals, uniforms, work clothing, or the cost of their cleaning or repair, without written authorization by the employee, as required by section 12 of the Employment Standards Code.
- An employer may not charge an employee more than the cost to the employer of the uniform, work clothing or the cost of cleaning or repair.

- A bonus received by an employee will increase the hourly rate for the period of employment to which the bonus applies.

How will this apply in practice?

The following example applies these principles to a meals and lodging situation. In the event that either lodging or meals are not provided, these items are simply removed from the calculation.

Example:

In a one month pay period an employee works on 15 days, lodging is provided by the employer for the 31 days in the month. The daily hours worked are variable but over the pay period 105 hours are worked. The pay rate is \$8.00 per hour.

The employer has decided to charge the employee \$10.00 per day for lodging and \$2.00 for each meal consumed. In order to determine whether this is within the permissible amount that may be deducted, the following calculation is made. Note that lodging is only brought into the calculation for the number of days actually worked.

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- Contact our Information Centre at: **427-3731**
(Toll-free in Alberta by dialing 310-0000, then 780-427-3731)
- Visit our Web site at: www.gov.ab.ca/hre/employmentstandards

Step 1 - Calculate total wages in the pay period

Total wages earned (105 hours x \$8.00) \$840.00

Step 2 - Determine the minimum amount that the employee may be paid after lodging and meal deductions have been made

Total wages if paid minimum wage

(105 hours x \$7.00) \$735.00

Less deductions:

15 meals x \$2.30..... \$34.50

15 days lodging x \$3.05 \$45.75

Permissible deductions..... \$80.25 .. \$ 80.25

Minimum wages payable..... \$654.75.. \$654.75

Step 3 - Calculate maximum that can be deducted from wages in this pay period (Step 1 minus Step 2)

Maximum permissible deduction for:

meals and lodging..... \$185.25

Step 4 - Calculate deductions based on the employer's rates

In this example the employer charged the employee the following for lodging and meals:

15 days lodging x \$10.00 \$150.00

15 meals x \$2.00..... \$30.00

Total deductions made..... \$180.00. \$180.00

Step 5 - Compare amounts in Step 3 and Step 4

Since the deductions made in this pay period (Step 4), are less than the maximum permitted, there is no adjustment to be made.

Note: If the amount in Step 4 is greater than in Step 3, the maximum that can be charged the employee in the pay period is the Step 3 amount.

Note: An employee may be given a bonus if they stay until the end of the season. This bonus may take the form of an additional sum of money for each hour worked. For example, an employer and employee may agree that if an employee stays until September 30, the employee will receive an extra \$1.00 for each hour worked. These bonus monies will be added to the initial hourly rate when assessing whether or not the deductions for board, lodging or both meet minimum requirements.