EMPLOYMENT STANDARDS FACT SHEET

PAYMENT OF EARNINGS

The *Employment Standards Code* (*Code*) sets out the rules for the payment of earnings to employees. Earnings include wages, overtime pay, vacation pay, general holiday pay and termination pay.

Pay Period

The maximum pay period that can be used by an employer to calculate earnings is one month. An employer can establish shorter pay periods such as daily, weekly, bi-weekly or semi-monthly.

An employee must be paid all wages, overtime, and general holiday pay earned in a pay period within 10 consecutive days after the end of the pay period.

Paying Earnings upon Termination of Employment

There are different time frames as to when earnings must be paid to employees depending on the circumstances that result in termination of employment. Employees must be paid as follows:

Within 3 consecutive days after the last day of employment, if:

- an employee provides the required amount of written notice of termination and the employee works to the end of their notice period,
- an employer provides the required amount of written notice and the employee works to the end of their notice period,
- an employer provides a combination of the required amount of written notice and pay in lieu of notice and the employee works to the end of the notice period, or
- an employer chooses to pay termination pay in lieu of the required amount of written notice.

Within 10 consecutive days after the last day of employment, if an employer or employee is not required by the *Code* to give notice of termination.

More than 10 consecutive days after the last day of employment, if an employee fails to give the required amount of written notice of termination. The employer must pay the employee's earnings not later than 10 consecutive days after the date on which the notice would have expired if it had been given.

Note: For information about how much written notice employers and employees must provide to terminate employment, please refer to Fact Sheet # 4, *Termination of Employment and Temporary Layoff*.

Deductions from Earnings

Deductions that employers can take from an employee's earnings are limited to those that are:

- required by law; such as federal and provincial tax, contributions to the Canada Pension Plan and premiums for Employment Insurance and Alberta Health Care Insurance or a garnishee of the court,
- authorized by a collective agreement (e.g. union agreements), or
- personally authorized in writing by the employee.

Note: Many deductions are agreed upon in writing when employees start their job. Examples include deductions for company pension plans, dental plans, social funds, and registered retirement savings plans.

There are certain deductions that an employer is not permitted to make even if they have the employee personally authorize the deduction in writing. They include deductions for:

- faulty workmanship, or
- cash shortages or loss of property if an individual other than the employee had access to the cash or property.

Faulty workmanship is given a broad interpretation by Employment Standards and can be defined as a failure by an employee to adequately perform their duties because of an accident, unforeseen circumstance, carelessness or incompetence. Examples of faulty workmanship include accidental damage to an employer's vehicle or equipment, "walkouts" in a bar, breakage in a restaurant and mistakes in production.

Deductions for cash shortages or loss of property cannot be taken from the employee's earnings if other persons have access to the cash or property. This includes access by the employer or their representative, other employees or customers. In cases where cash is involved, the employee must be allowed to count their float, account for their sales and finalize their accounting of the cash. Unless these conditions are met and the employee provides written authorization, the employer cannot make deductions for cash shortages or loss of property.

Pay Statement

At the end of each pay period an employer must provide a written statement to an employee that includes the following information:

- pay period covered by statement,
- number of regular and overtime hours,
- number of hours taken off in lieu of overtime,
- wage rate and overtime rate,
- earnings paid showing each component, separately (e.g. wages, overtime, general holiday pay and vacation pay), and
- amount of each deduction from earnings and the reason for the deduction.

Note: Employers may provide pay statements electronically to employees provided that employees have reasonable access to view and print the electronic version. In addition, privacy legislation may require an employer to maintain the confidentiality of the employee's payroll information.

How Earnings are to be Paid

Employment Standards encourages employers to pay employees at the work place but there is no specific requirement in the *Code* that this be done.

An employee is to be paid in Canadian currency by cash, cheque or similar document, drawn on an insured financial institution. An employer may choose to pay an employee by direct deposit to a financial institution of the employee's choice.

Employers must pay employees within the time frames set out in the *Code*. Employment Standards does not consider an employee to have been paid until the employee has actually received the funds.