

Oracle Fusion Cloud Human Resources

**How do I process workers'
compensation for Canada?**

FA Latest



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1 About this Playbook

Use this playbook to set up and configure Workers' Compensation for Canada.

This table lists the setup tasks to define Workers' Compensation accounts, classification unit info, rates, and overrides.

Setup Tasks

Implementation Task Name	What you need to do
Define Legal Entity HCM Information task in the Setup and Maintenance area.	Define Workers' Compensation Account and Workers' Compensation Classification Unit information at the PSU level.
Component Group Rules task in the Payroll area.	Review the existing provincial wage basis rules for Worker's Compensation liability processing. Create rules if they aren't available for an applicable province.
Manage Locations task in the Setup and Maintenance work area.	Create or edit a location and override the default rate specified at the PSU level.
Manage Departments task in the Setup and Maintenance work area.	Create or edit a department and override the default Worker's Compensation details for the department.
Manage Jobs task in the Setup and Maintenance work area.	Create or edit a job and override the default Worker's Compensation details for the job.
Calculate Value Definitions task in the Payroll area.	Update the annual maximum assessable wages delivered for each province for processing Workers' Compensation.

2 Understanding Workers Compensation

Overview

Workers' Compensation programs protect employees from financial hardships associated with work-related injuries and occupational diseases.

Each province has designated Workers' Compensation Boards that administer workers' compensation. Each board publishes a list of classification units for various types of work being performed. The board also assigns a rate for each classification unit.

The provinces and the corresponding workers' compensation board are predefined in the application. Consider the following while defining the workers' compensation information:

- Since an employer can have multiple accounts within a province, designate one account as the default for the province.
- Since multiple classification units can apply to each account and each classification unit has an associated rate, designate one classification unit as the default for an account. There's a 1:1 relationship between the classification units and its associated rate.

The details you define at the PSU level are valid for all the tax reporting units associated with the PSU.

The province of employment determines which workers' compensation board is associated with the assignment of the employee. The rate associated with the default account is used to calculate the workers' compensation liability, unless you override the details. You can define overrides for workers' compensation processing for a person at the assignment level, job, location, or department. Certain assignments of employees may be exempt from workers' compensation premiums. Set this exemption at the assignment level.

The employer liability is calculated as a rate multiplied by the assessable wages, up to a maximum assessable wage defined for the province.

Considerations for Workers' Compensation Processing

Consider the following while setting up and processing Workers' Compensation liability for your organization.

Rate Retrieval

Rates used to calculate Workers' Compensation liability

- Rate from the default Workers' Compensation Account set for the Payroll Statutory Unit (PSU).
- Rate associated with the Workers' Compensation Classification Unit Override and the Workers' Compensation Province Override, that you entered at the Location, Job, or Department levels.
- Rate associated with the default Workers' Compensation Account for the Workers' Compensation Province Override on the assignment.
- Rate associated with the default rate of the Workers' Compensation Account Override on the assignment.

- Rate associated with the Workers' Compensation Classification Unit Override entered on the assignment.

Note: If no rates are defined at the PSU level, then no Workers' Compensation liability is calculated.

Calculation of Liability

The employee's province of employment determines which Workers' Compensation Board applies to their assignment. By default, the rate from the Workers' Compensation account is used to calculate liability, unless overridden at another level.

If an employee moves to a different province, their assessable wages and Workers' Compensation liability do not carry over to the new province.

Wage Basis Rules

These balances are created and tracked for Workers' Compensation:

- Workers' Compensation Gross represents the gross earnings.
- Workers' Compensation Subject represents the earnings used to calculate the Workers' Compensation liability amount. This also includes amounts above the maximum set for each province. It is the result of Workers' Compensation Gross - Workers' Compensation Exempt - Workers' Compensation Exempt Employee.
- Workers' Compensation Taxable (also known as Assessable) represents the earnings used to calculate the Workers' Compensation liability amount. This is the amount below (or equal to) the maximum set for each province.
- Workers' Compensation Exempt Employee represents the earnings that are exempt because defining the employee as exempt from Workers' Compensation in the assignment or the tax card.
- Workers' Compensation Exempt represents earnings that doesn't have wage basis rules setup.
- Workers' Compensation Excess is the earnings over the maximum assessable amount that isn't used in Workers' Compensation liability calculations.
- Workers' Compensation Liability represents the calculated Workers' Compensation amount due by the employer.

Annual Maximum Assessable Wages for a Province

Annual maximum assessable wages are delivered for each province. They are stored in the Calculation Information Repository of each province and Oracle updates them on an annual basis.

Use the **Calculate Value Definitions** task in the Payroll area to view the annual maximum assessable wages values for each province and update them.

Workers' Compensation Overrides

You can define overrides for Workers' Compensation processing at the person level, specifically on the assignment or term, and at the job, location, or department level.

Assignment Level Overrides

To enter the below overrides for a person at the Assignment section of the Employment Information page, navigate to **Hire an Employee** task under **New Person** in the Workforce Management work area:

- **Workers' Compensation Province:** You can override the province of employment. The default account for that province is used unless overrides exist.
- **Workers' Compensation Account:** You can select any valid account defined for the Payroll Statutory Unit (PSU) as the override. This uses the default classification unit and rate for this account unless lower-level overrides exist.
- **Workers' Compensation Classification Unit:** You can use any valid classification unit defined for the Workers' Compensation Account as the override. This override is used to determine the rate for calculating Workers' Compensation liability.

Job Level Overrides

Use the **Manage Jobs** task in the Setup and Maintenance work area and under Define Workforce Structures to enter these override values in the Canada Job Information section of the Create Job: Job Details page:

- Workers' Compensation Classification Unit Override
- Workers' Compensation Province

Location Level Overrides

Use the **Manage Locations** task in the Setup and Maintenance work area and under **Define Workforce Structures** to enter this override value in the Canada Legislative Information section of the Create Location page:

- Workers' Compensation Classification Unit Override

Department Level Overrides

Use the **Manage Departments** task in the Setup and Maintenance work area and under **Define Workforce Structures** to enter these override values in the Department Legislative Information section of the Create Department: Department Details page:

- Workers' Compensation Classification Unit Override
- Workers' Compensation Province

When defining overrides at the job or department-level, you must specify the province first, as this presents classification units specific to that province.

3 Setup Workers Compensation Information

Set Up Workers' Compensation Info for the Legal Entity

Complete these steps to define Workers' Compensation information for the legal entity you have created.

1. In the Setup and Maintenance work area, go to the following:
 - o Offering: Workforce Deployment
 - o Functional Area: Legal Structures
 - o Task: Define Legal Entities for Human Capital Management

Expand the task to display a list of related tasks.

2. Click the **Select Scope** link for the Manage Legal Entity HCM Information task. Set the scope for this task as given in the previous task.
3. Click **Go to Task** for the Manage Legal Entity HCM Information task.
4. Click Edit, and then select **Correct**.
5. If the legal entity is also a PSU, click the Payroll Statutory Unit tab.
6. Enter the Fiscal Year Start date, and select the Associated Legislative Data Group.

Note: You associate the legislative data group at the PSU level.

Enter the Workers Compensation Account, Workers Compensation Classification Unit, and Rate information for each province listed under Payroll Statutory Unit Details. Click on the name of a province, for example Ontario.

7. Click Add Row to enter Ontario Workers Compensation Account information. Enter this information:
 - o Enter the Account Number and Account Name associated with the Workers Compensation Board of Ontario.
8. Select the Default Account checkbox if this is the default account for the province or the board. Note: Only one account per province or board can be set as the default.
9. Enter the Classification Unit and the Classification Unit Description. o Enter the workers compensation Rate.

Note: A classification unit can't have two different rates for the same province. If a province has two different rates, you must define two different classification units.

10. Select the Default Rate check box.

Note: Only one rate can be set as the default per account.

11. Click Submit.

Create Provincial Wage Basis Rules for Workers' Compensation Processing

Use the Component Group Rules task from the Payroll area to create a wage basis rule, for example, Workers Compensation rules for Ontario.

To create a wage basis rule:

1. From the Payroll area, select the Component Group Rules task.
2. On the Component Group Rules page, select a Canadian Legislative Data Group and click Search.
3. Select the Regional node, to define wage basis rules at the provincial level. The earnings considered to decide the amount used to calculate the Workers' Compensation liability amount depends on the rules defined for the province.
4. In the Component Group Rules pane, navigate in the tree structure to Related Deductions > Workers Compensation > Wage Basis Rules.
5. Select Actions > Create. to open the Create Wage Basis Rule page.
6. Enter the following information:
 - o Enter the Effective Start Date. It is recommended to use either the implementation date or the earliest date a pay period exists.
 - o Select the Year End Forms
 - o Select the Province for which you are defining the wage basis rules.
 - o Select the Primary Classification. The primary classification for Workers Compensation is Employer Liabilities.
7. Select No for Select all secondary classifications checkbox.
8. Select either Yes, to decide if the selected secondary classification is subject to wage basis rule.
9. Click Submit.

To view the data you just created, search by the province on the Component Group Rules page. In the field directly above Province, enter the abbreviation of the province, for this example it's ON. This filters the data in the UI for Ontario. If a blank field isn't available for entry above Province, select the filter icon (Query by Example).

These rules that you've created are linked to a Legislative Data Group. They can't be overwritten by the rules predefined by Oracle Fusion Human Capital Management for Canada.

Create Overrides for Workers' Compensation Processing

You can define overrides for workers' compensation processing for a person at the job, location, or department.

Create Location-level Override

Use the Manage Locations task in the Setup and Maintenance work area to create locations. You enter information about a location only once. Complete these steps to create the workers' compensation override for a location.

1. In the Setup and Maintenance work area, do the following:
 - o Offering: Workforce Deployment

- Functional Area: Legal Structures
- Task: Manage Locations

Expand the entry to display a list of related tasks.

2. Select **Go to Task** for the Manage Locations task.
3. Click **Create**.
4. On the Create Location page, provide the required information.
5. Select the **Workers Compensation Payroll Statutory Unit** and the **Workers Compensation Classification Unit Override** to override the default rate specified at the PSU level.
6. Click **Submit**.

