Employment Standards
Rights and responsibilities at work

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Deductions from Earnings

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The *Employment Standards Code* (Code) and Employment Standards Regulation (Regulation) limit the deductions that employers are allowed to make from an employee's pay.

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, premiums for Employment Insurance or a garnishee of the court;
- authorized by a collective agreement (e.g. union agreements); or
- personally authorized in writing by the employee.

For more information, see section 12 of the Code.

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.

Deductions for board, lodging and uniforms

Sections 12 and 13 of the Regulation provide limits on the amounts an employer can deduct money from an employee's wages for:

- providing the employee with a place to stay, and
- supplying or cleaning the employee's uniforms and work clothing.

When an employer provides an employee with a place to stay, the employer can reduce the employee's wages below the minimum wage by a maximum of:

- $4.41 for each day that the employer provides the employee with a place to stay, and
- $3.35 for each meal consumed by the employee.

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An employer can deduct money from an employee's wages for supplying or cleaning uniforms and work clothing if:

- the deduction does not reduce the employee's wages below the minimum wage, and
- the employer does not deduct more than the actual cost of the uniform or work clothing.

Deductions that are not allowed

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.

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