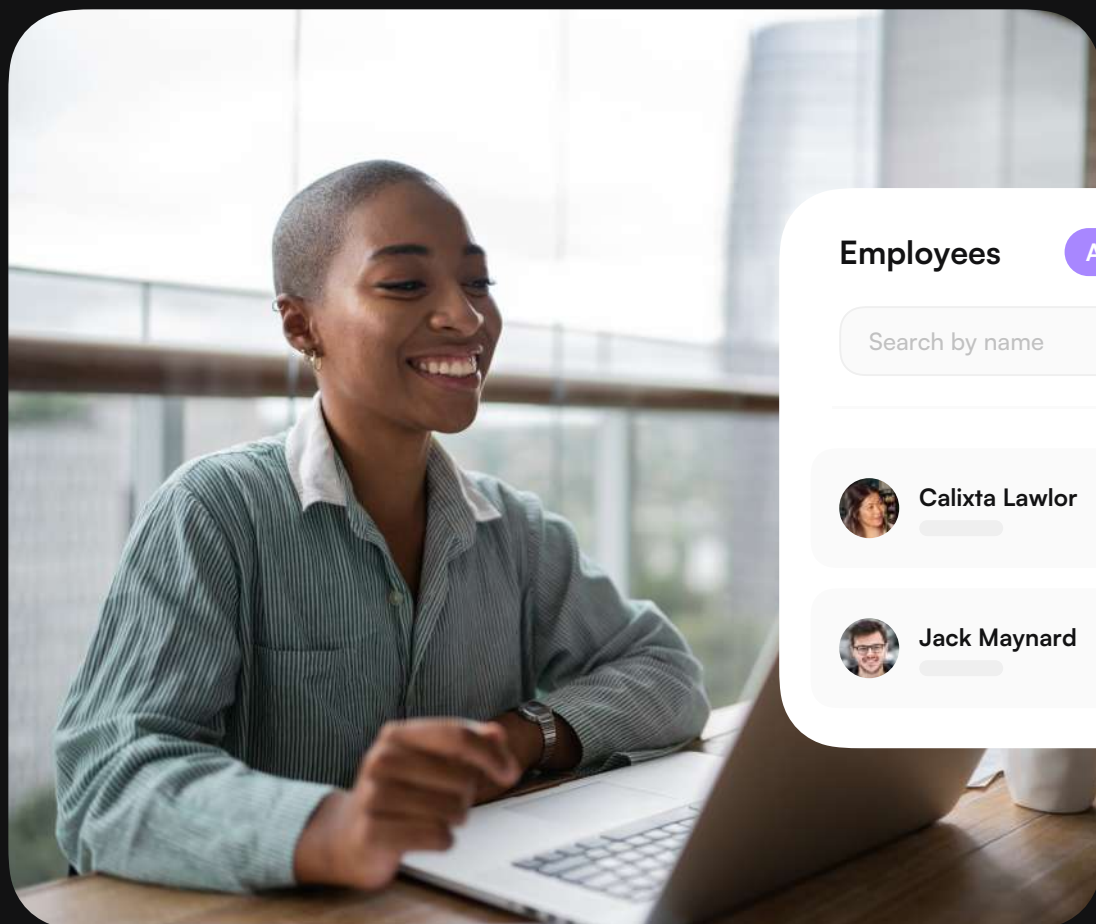


teamed.

# Global hiring guide for **Canada**



Did you know Canada is ranked among the top countries for ease of doing business?



Discover how you can tap into Canada's rich talent pool and innovative market with our essential guide.



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# What's inside

- 03 The hiring landscape in Canada
- 04 Canadian currency and payroll - Understanding Canadian tax compliance
- 05 Employer tax brackets in Canada
- 06 Canadian social security: What you need to know
- 07 Key Canadian labour laws to consider
- 08 Leave benefits in Canada
- 09 Teamed: Your global workforce partner
- 10 Getting started with Teamed is quick and easy!

**Note:** This is general advice. Though we have done our homework, it is always advised to seek legal counsel. We're dedicated to accuracy, but changes in legalities can happen. We're not liable for actions based on this guide.

# The hiring landscape in Canada

Canada, more than its maple syrup and magnificent landscapes, is a melting pot of talent, brimming with potential and opportunities for businesses looking to hire internationally.

However, every golden opportunity comes with its hurdles.

As you set out to hire Canadian talent, it's vital that you acquaint yourself with the nuances of hiring in Canada. From labour laws and welfare to cultural understanding — employing Canadians requires a great deal of preparation.

We've created this guide to offer practical insights, assisting international businesses in seamlessly hiring Canadian talent. From tips on paying in their currency to tax compliance and social security, think of this as your ultimate Canadian hiring checklist!



# Canadian currency and payroll

## Payroll currency

The Canadian Dollar is colloquially known as the "loonie". CAD is more than just a currency - it represents Canada's strong economy. The reasons for its appeal include its global recognition, market influence, and a consistent history of economic stability.

## Paying employees

Typically, Canadian businesses follow a bi-weekly payroll cycle, paying out salaries every other Friday. This structure is efficient, minimises errors, and aids company financial planning.

# Understanding Canadian tax compliance

Canadian tax compliance is crucial to avoid penalties, maintain company integrity, and ensure financial transparency. By making sure you're paying the right amount of tax, you will:

- ✔ **Dodge heavy fines:** Non-adherence to tax codes can lead to substantial penalties.
- ✔ **Uphold integrity:** A compliant tax stance emphasises your company's ethical foundations.
- ✔ **Ensure transparent finances:** Accurate tax documentation amplifies financial transparency, boosting investor confidence.
- ✔ **Instil employee confidence:** Ethical tax practices ensure employee contributions are handled with integrity.

# Employer tax brackets in Canada

Understanding Canadian tax brackets is essential to help you make informed decisions related to budgeting, salaries, or expansion.

Unlike in many countries, there are different tax brackets for both employees and employers based on the province you're located in. However, to give you an idea of your potential tax contributions, the total corporate tax burden usually amounts to 20-35%.

Canada also employs a progressive tax system on employee earnings, with tax rates rising alongside income. Unlike many countries, this system uses "marginal" tax brackets, applying tax to specific income portions rather than the total amount.

Understanding Canada's unique tax brackets can lead to substantial savings. For instance, knowing the right provincial corporate tax rate could translate into thousands of dollars saved annually.

As of August 2023, the Canadian employer tax brackets are as follows:

## EMPLOYERS

### Up to 35%

- ✓ Provincial/territorial 8% — 16%
- ✓ Federal 15% (standard rate)
- ✓ 5% VAT (standard rate)

## EMPLOYEES

### Up to 33%

- ✓ 15%: \$50,197
- ✓ 20.5%: \$50,197 — 100,392
- ✓ 26%: \$100,392 — 155,625
- ✓ 29%: \$155,625 — 221,708
- ✓ 33%: \$221,708+

**Our pro tip:** To navigate Canadian tax codes and capitalise on potential tax advantages, collaborate with local tax specialists. Knowing that your tax responsibilities as an overseas employer can be complex, and getting professional assistance early can save substantial costs.

# Canadian social security: What you need to know

In Canada, employers play a significant role in supporting the nation's social security system through mandatory contributions.

This includes contributions to the Canada Pension Plan (CPP), Employment Insurance (EI), Employer Health Tax (EHT), and Worker Insurance. Please note that worker Insurance rates are determined by the employee's location, not the employer's.

Taking Ontario rates as an example, tax brackets (as of April 2023) are as follows:

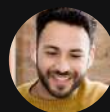
EMPLOYERS	EMPLOYEES
<b>Up to 10.1%</b>	<b>Up to 7.03%</b>
<ul style="list-style-type: none"><li>✔ <b>Canada Pension Plan (CPP):</b> 5.7% with a max. contribution of \$3,499.80</li><li>✔ <b>Employment Insurance (EI):</b> 2.212% with a max. contribution of \$1,333.84</li><li>✔ <b>Employer Health Tax (EHT):</b> 0.98% to 1.95% of the total payroll amount</li><li>✔ <b>Worker Insurance:</b> 0.31%</li></ul>	<ul style="list-style-type: none"><li>✔ <b>Canada Pension Plan (CPP):</b> 5.7% with a max. contribution of \$3,499.80</li><li>✔ <b>Employment Insurance (EI):</b> 1.58% with a max. contribution of \$952.74</li><li>✔ <b>Worker Insurance:</b> 0.31%</li></ul>

**Our pro tip:** It's worth noting that Canada's social security contributions vary by province and territory, reflecting the country's diverse economic landscape. Understanding these variations is key for any business to budget accurately and comply with local regulations.

# Key Canadian labour laws to consider

In Canada, labour laws vary significantly from province to province, reflecting the country's diverse cultural and economic landscapes. Here are some crucial aspects you should be aware of:

- ✔ **Probation periods:** These are generally set at three months. However, the specific duration can vary depending on the employer's discretion and the province's labour standards (for instance, the three-month probation period is mandatory in Quebec).
- ✔ **Drug tests:** Canada's approach to labour laws is unique, with significant variations across provinces. For instance, unlike many countries in the world, Canada restricts the use of drug tests, reflecting its legal stance on marijuana.
- ✔ **Minimum wage & overtime rules:** The federal minimum wage as of April 2023 is \$16.65 per hour; however, these vary by province. Overtime rules also vary, but generally, employees receive 1.5 times their regular wage for hours worked beyond the standard workweek.
- ✔ **Employment terms:** It's essential to have clear and comprehensive employment contracts in place to avoid misunderstandings or legal disputes. This includes clarifying job roles, compensation, benefits, termination rights, and any other necessary conditions of employment.
- ✔ **Flexible work rights:** Employees in Canada have the right to request flexible work arrangements after six months, including changes to their work location or hours. However, the details and conditions around this right can vary by province.
- ✔ **At-will employment:** Unlike the U.S., Canada doesn't practise at-will employment. Termination usually requires notice or pay instead of notice unless there's just cause for dismissal.



# Leave benefits in Canada

Canada places a significant emphasis on ensuring workers maintain a healthy work-life balance. The following are essential leave benefits:

- ✔ **Annual leave:** Employees are typically entitled to at least two weeks of vacation per year after one year of employment. After five years of employment, this increases to three weeks. In some provinces, it can rise to four weeks after ten years.
- ✔ **Parental leave:** Maternity leave for birth mothers covers up to 15 weeks minimum, with benefits amounting to 55% of their average weekly earnings, up to a yearly maximum. Parental leave can add up to 35 extra weeks for either parent or shared between them.
- ✔ **Bereavement leave:** All employees, irrespective of province, are entitled to a minimum of five days off when an immediate family member passes away. Out of these, employers must pay for three days.
- ✔ **Flexible arrangements:** While Canadian law mandates certain leave benefits, there's often room for you to negotiate or customise benefits based on employee needs and company policies. Understanding these flexibilities can enhance your employer-employee relationships in Canada.
- ✔ **Sick pay:** The Employment Insurance (EI) program can cover up to 15 weeks of medical leave at 55% of the worker's average weekly earnings, up to a yearly maximum. Some provinces mandate a certain number of paid sick days, but this varies.
- ✔ **Personal leave:** Federally, employees are entitled to five days of personal leave annually, with the first three days being paid if the employee has worked for the same employer for at least three consecutive months.
- ✔ **Ceremonial leave:** Indigenous employees have rights to ceremonial leaves, allowing them to participate in specific traditional Aboriginal ceremonies. This leave's exact duration and provisions vary by province and the nature of the ceremony.



# Teamed: Your global workforce partner

The easier way to hire and retain global employees.

Ready to simplify global hiring? Try out Teamed's easy-to-use Employer of Record platform, designed for companies like yours. From one-click payroll to local compliance, we're here to make your global growth feel like a breeze. Trusted by 220+ companies, it's easy to see why Teamed is taking the world by storm:

- ✔ **Payroll in 50+ currencies:** Pay teams from Tokyo to Toronto without a hiccup.
- ✔ **Quick onboarding:** Spend less time setting up and more on strategising.
- ✔ **Expert legal advice:** Stay compliant with our professionals guiding you.
- ✔ **24/5 support:** We're here for you, Monday through Friday, whenever you need.
- ✔ **Employee care:** Make every team member, no matter where, feel valued.
- ✔ **Clear pricing:** Transparent costs, starting at just £199/month.



# With Teamed as your partner, you can start hiring in Canada quickly and easily!

Start using the Teamed platform in just three easy steps:



## Step 1

Kick off call &  
platform access.



## Step 2

1-1 employee  
onboarding call with one  
of our local experts.



## Step 3

Contract sent to the  
employee to be signed  
and complete. Sorted!

## Learn more

To learn more about Teamed's global employment software and kickstart your global hiring journey with our in-house expertise, speak with one of our experts today!

Alternatively, try out our employment cost calculator to compare employment costs in different countries and discover how hiring overseas can benefit you.

[Speak to an expert](#)

[Calculate](#)