



Canada Revenue
Agency

Agence du revenu
du Canada

Fishers and Employment Insurance

Is this guide for you?

This guide will help to determine if you are a designated employer of fishers under the Employment Insurance (Fishing) Regulations. It will also explain your responsibilities as a designated employer, and how to calculate the insurable earnings of a fisher.

There are four types of designated employers:

- the buyer
- the head fisher
- the agent
- the common agent

For more information on each type of designated employer, see page 4.

If you hire workers as employees in the fishing industry, you do not need this guide. Instead, see guides T4001, Employers' Guide – Payroll Deductions and Remittances, and T4032, Payroll Deductions Tables.

Our publications and personalized correspondence are available in braille, large print, e-text, or MP3 for those who have a visual impairment. For more information, go to **canada.ca/cra-multiple-formats** or call **1-800-959-5525**.

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Table of contents

	Page		Page
Definitions	4	Digital services	10
Are you a designated employer?	4	Handling business taxes online	10
Buyer of a catch.....	4	CRA BizApp.....	10
Head fisher of a crew	4	Receiving your CRA mail online.....	10
Agent	4	Authorizing the withdrawal of a pre-determined	
Common agent.....	4	amount from your Canadian chequing account.....	10
What is a self-employed fisher?	5	For more information	11
What are your responsibilities as a designated		What if you need help?	11
employer?	5	Direct deposit.....	11
Calculating the insurable earnings of a fisher	5	Forms and publications	11
Calculations	5	Electronic mailing lists	11
Deducting and remitting EI premiums	6	Tax Information Phone Service (TIPS)	11
Filing a T4 information return	6	Teletypewriter (TTY) users	11
Keeping records	6	Complaints and disputes.....	11
Examples	7	Service complaints	11
		Formal disputes (objections and appeals).....	11
		Reprisal complaints	11
		Due dates.....	11
		Cancel or waive penalties or interest.....	11

Definitions

Buyer – A person who buys a catch to resell it raw or after processing it. A buyer does not buy a catch to use it for food, feed, or bait.

Catch – Any natural product or by-product of the sea, or any other body of water, that a crew catches or takes. A catch includes fresh fish, cured fish, Irish moss, kelp, and whales. However, it does not include fish scales or seals.

If only part of a catch is delivered to a buyer, the part delivered is the catch. If more than one catch or part of a catch is delivered to a buyer at one time, the catches or parts delivered are the catch.

Crew – A single fisher or a group of fishers who make a catch together.

Cured fish – Fish and fish products identified as follows:

- salted groundfish, smoked and pickled herring, pickled mackerel, pickled turbot, pickled and salted alewives, pickled trout, and other pickled fish products
- cod oil and cod livers

Designated employer – A person who is considered to be the employer of self-employed fishers. For more information, see the section “Are you a designated employer?” on this page.

Fisher – A self-employed individual who fishes. This means a person who does the following:

- makes a catch
- builds a fishing vessel for personal use or for the use of a crew of which the person is a member in making a catch
- works to make or handle a catch

Note

This includes loading, unloading, transporting, or curing a catch made by the crew of which the person is a member. It also includes preparing, repairing, dismantling, or laying up the fishing vessel or fishing gear the crew uses to make or handle a catch, when the person doing this work is also making the catch.

A fisher does not include a person who works as an employee or who fishes for sport. For more information, see the section “What is a self-employed fisher?” on page 5.

Fishing gear – Any specialized equipment that a crew uses only to make a catch. It does not include hand tools or clothing.

Fresh fish – Fish that is not cured fish.

Are you a designated employer?

You are a designated employer if any of the following conditions applies to you.

Buyer of a catch

You are the designated employer of all the self-employed fishers who make the catch if you buy the catch and **both** of the following conditions are met:

- it is bought for resale and not for your own use as bait, feed, or food
- it is delivered in Canada to either you or your agent

If you do not operate under these conditions, for example, if the delivery is made to an American buyer in the United States, you are not the designated employer.

Head fisher of a crew

You are the designated employer if you are the head fisher of a crew and:

- the buyer of the catch is not the designated employer
- the gross returns from the sale of the catch are paid to you

You are the designated employer of all other fishers who are members of the crew, but not yourself.

Agent

You are the designated employer if you are an agent acting either for the buyer or for the crew and:

- the buyer of the catch is not the designated employer
- the catch is delivered by a member of the crew
- the gross returns from the sale of the catch are paid to you

If you are a member of the crew, you are the designated employer of all the other fishers who are members of the crew, but not yourself.

Common agent

You are the designated employer if you are a common agent acting for both the buyer and the crew at the same time. If you are a member of the crew, you are the designated employer of all the other fishers who are members of the crew, but not yourself. If you are not a member of the crew, you are the designated employer of all the fishers who are members of the crew.

What is a self-employed fisher?

To be a fisher as defined under the Employment Insurance (Fishing) Regulations, an individual has to be a self-employed person and also has to:

- participate in making a catch
- not be fishing for his or her own or another person's sport
- meet at least one of the following conditions:
 - own or lease the boat used to make the catch
 - own or lease specialized fishing gear (not including hand tools or clothing) used to make the catch
 - hold a species licence, issued under the authority of Fisheries and Oceans Canada, necessary to make the catch
 - have a right of ownership to all or part of the proceeds from the sale of the catch and be responsible for all or part of the expenses incurred to make the catch

Note

This means the worker is required to pay a predetermined amount or percentage of the expenses incurred by the crew to make the catch, regardless of the value of the catch. Such expenses can include the cost of fuel used to make the catch.

For more information, go to canada.ca/cpp-ei-explained and choose "Fishers."

If a worker in the fishing industry does not meet any of the above conditions but you believe that he or she is a self-employed individual, you can request a ruling to have the status determined. If you have a payroll program account and are registered on My Business Account, you can use the "Request a CPP/EI ruling" service. For more information, go to canada.ca/my-cra-business-account.

A designated employer or a worker can request a ruling by sending a letter or a completed Form CPT1, Request for a CPP/EI Ruling – Employee or Self Employed?, to their tax services office.

You can get this form at canada.ca/cra-forms or by calling 1-800-959-5525. For a list of our tax services offices and tax centres, go to canada.ca/cra-offices.

It is important to determine a person's employment status as it affects your responsibilities and it could affect the processing of the person's file under the Canada Pension Plan, Employment Insurance Act, and the Income Tax Act.

For more information about the employment status of workers, see Guide RC4110, Employee or Self-employed?

What are your responsibilities as a designated employer?

If you are a designated employer of self-employed fishers, including self-employed Indian fishers whose earnings are tax-exempt, you are responsible for:

- calculating the insurable earnings of each fisher

- deducting employment insurance (EI) premiums from each fisher and remitting the EI premiums, including the employer portion, to the Canada Revenue Agency (CRA)
- filing a T4 information return
- keeping records

Calculating the insurable earnings of a fisher

The insurable earnings of a fisher are the amounts paid or payable to the fisher from the sale of a catch. These earnings do not include amounts paid for a catch or part of a catch made by other persons who were not members of the crew.

Calculating the insurable earnings of a fisher depends on the circumstances of the particular fisher. To help illustrate the calculation of earnings, we have categorized the fishers as one of two types, either "1" or "2." This labelling is done for the purposes of this guide only to help explain the calculation process.

"Type 1" fisher – a member of the crew who either:

- owns or leases the boat or specialized fishing gear used to make a catch
- employs other persons under a contract of service to make a catch

"Type 2" fisher – any self-employed fisher who is not considered "type 1." This includes a single fisher who borrows a boat and specialized fishing gear and has no employees. In this situation, you should ask for the details of ownership or leasing from the person who makes the delivery.

Calculations

To calculate the insurable earnings of a **"type 1" fisher**, start with the **gross value** of a catch, not including the value of any part of a catch the crew did not make. Then subtract:

- 25% of the **gross value** of the catch
- the amounts paid or payable to other members of the crew according to the share arrangement
- the total amount of wages paid to others employed, as employees, to make a catch

The remaining amount is the insurable earnings of the "type 1" fisher.

To calculate the insurable earnings of a **"type 2" fisher**, use the amount paid or payable to the fisher from the proceeds of a catch based on the sharing arrangement agreed to prior to embarking on the fishing trip. Do not include any amount paid for a catch or any part of a catch made by other persons who were not members of the fisher's crew.

Deducting and remitting EI premiums

When you pay self-employed fishers, you have to deduct EI premiums from the first \$56,300 of insurable earnings for 2021. There is no minimum amount of insurable earnings. You start deducting EI premiums on the first dollar of insurable earnings, and you only stop when you have deducted the maximum of \$889.54 for 2021 (the maximum for workers in Quebec is \$664.34 for 2021). At that point, the worker can continue to earn income without having any additional EI premiums deducted by the designated employer.

You have to remit the premiums you deduct, plus the employer portion, to the CRA on a regular basis. The due date of your remittance depends on the date we consider you to have paid your employee or employees.

- If you are the employer and the **head fisher** or the **agent** of a crew, we consider that you paid your employees on the last day of the week in which you received the proceeds from the sale of the catch.
- If you are the employer and the **buyer** who settles accounts with a fisher at intervals of more than seven days, we consider that you paid your employees on the day the account is settled.
- If you are the employer and the **common agent**, we consider that you paid your employees on the last day of the week in which the catch is delivered.

For information on how to deduct and remit EI premiums, see Guide T4001, Employers' Guide – Payroll Deductions and Remittances. For information on how to calculate the amounts you have to deduct from the remuneration of your employees, see Guide T4032, Payroll Deductions Tables.

Note

If an employee leaves one employer during the year to work for you, or if an employee at the same time has another job with other employers, you still have to deduct EI premiums on the first \$56,300 (for 2021). In other words, you cannot use the EI premiums deducted by any other employer when you calculate the premiums of your employees.

Earnings of a fisher may be subject to employee and employers premiums for the Québec Parental Insurance Plan (QPIP). For information, see the publication TP-1015.G-V, Guide for Employers – Source Deductions and Contributions, which you can get from Revenu Québec.

Filing a T4 information return

You have to file a T4 information return if:

- you are a designated employer and make EI premium deductions for a self-employed fisher or self-employed Indian fisher
- a fisher gives you a completed Form TD3F, Fisher's Election to Have Tax Deducted at Source, in a calendar year

A T4 information return includes the T4 slips **and** the related T4 summary. You have to give each of the fishers and crew members their T4 slips **each year on or before the last day of February following the calendar year to which the information return applies**. For more information on how to fill out T4 slips and summary, see Guide RC4120, Employers' Guide – Filing the T4 Slip and Summary.

Keeping records

You have to keep records to support the following:

- the earnings of the fishers
- the EI premiums you have to remit
- the dates on which the EI premiums are payable

Your records should include:

- the name, address, and social insurance number of each crew member and the member's share of proceeds from the sale of a catch
- the amount and date of each fisher's insurable earnings for the period
- the amount and date the EI premiums are payable

Your records have to accurately reflect all transactions and contain supporting documents to prove your claims. Do not send your records with your T4 information return, but keep them in case we ask to see them. If we determine that your records do not support the insurable earnings you report, we may estimate the insurable earnings. Your premiums payable in 2021 would be calculated as 5% of our estimate.

Note

If you are a designated employer, you have to keep your books, records, accounts, and documents for the fishers separate from those of other insured persons.

You have to keep your records for six years. If you want to destroy them before the six year period is over, you have to get permission from your tax services office. To do this, either use Form T137, Request for Destruction of Records, or prepare your own written request. For more information, go to canada.ca/taxes-records.

Examples

We have included examples to explain the various types of earnings of a fisher and how to calculate insurable earnings. For information on calculating EI premiums, see Guide T4001, Employers' Guide – Payroll Deductions and Remittances.

Note

We use the 2021 EI premium rates (1.58%) in these examples.

Example 1			
Catch: Fresh lobster Date caught: June 13 Crew: A – Owner and sole fisher		Gross value: \$1,200 Date delivered: June 13 Sharing arrangement: A – 100%	
Determining the earnings			Insurable earnings
Gross value of catch	\$1,200		
Deduct 25% (prescribed amount)	- 300		\$900
EI premiums to be deducted on			\$900
Record of employment will show			\$900
The T4 slip will show	Gross income	EI insurable earnings	EI premiums
	\$1,200	\$900	\$14.22

Example 2			
Catch: Fresh clams Date caught: June 13 Crew: A – Sole fisher – no boat required		Gross value: \$100 Date delivered: June 13 Sharing arrangement: A – 100%	
Determining the earnings			Insurable earnings
Gross value of catch			\$100
EI premiums to be deducted on			\$100
Record of employment will show			\$100
The T4 slip will show	Gross income	EI insurable earnings	EI premiums
	\$100	\$100	\$1.58

Example 3			
Catch: Fresh herring Date caught: June 13 Crew: A – Owner B – Shareperson C – Shareperson		Gross value: \$1,000 Date delivered: June 13 Sharing arrangement: A – 60% B – 20% C – 20%	
Determining the earnings of A			Insurable earnings
Gross value of catch		\$1,000	
Deduct:			
■ 25% (prescribed amount)	\$ 250		
■ Amount paid to B and C (\$200 each)	+ 400	- 650	\$350
Determining the earnings of B and C			
B has 20% of the gross value of the catch (\$1,000 × 20%)			\$200
C has 20% of the gross value of the catch (\$1,000 × 20%)			\$200
EI premiums to be deducted on			
A			\$350
B			\$200
C			\$200
Record of employment will show			
A			\$350
B			\$200
C			\$200
The T4 slip will show			
	Gross income	EI insurable earnings	EI premiums
A – Owner	\$1,000	\$350	\$5.53
B – Shareperson	\$ 200	\$200	\$3.16
C – Shareperson	\$ 200	\$200	\$3.16

Example 4			
Catch: Fresh mackerel Date caught: June 13 Crew: A – Owner of boat B – Owner of gear		Gross value: \$1,000 Date delivered: June 13 Sharing arrangement: A – 65% B – 35%	
Determining the earnings			Insurable earnings
Gross value of catch		\$1,000	
Deduct 25% (prescribed amount)		- 250	\$750.00
Divide proportionately			
A – 65% (\$750 × 65%)			\$487.50
B – 35% (\$750 × 35%)			\$262.50
EI premiums to be deducted on			
A – 65%			\$487.50
B – 35%			\$262.50
Record of employment will show			
A – 65%			\$487.50
B – 35%			\$262.50
The T4 slip will show			
	Gross income	EI insurable earnings	EI premiums
A – Owner of boat	\$1,000	\$487.50	\$7.70
B – Owner of gear	\$1,000	\$262.50	\$4.15

Example 5

Catch: Fresh crab
 Date caught: June 13
 Crew: A – Co-owner 60% of partnership
 B – Co-owner 40% of partnership
 C – Shareperson
 D – Shareperson

Gross value: \$1,000
 Date delivered: June 13
 Sharing arrangement:
 Co-owners – 15% off the top for boat
 From the balance: A – 45%
 B – 25%
 C – 15%
 D – 15%

Determining the earnings of C and D

		Insurable earnings
Gross value of catch	\$1,000	
Less 15% off the top for boat	- <u>150</u>	\$ 850.00
C – 15% (\$850 × 15%)		\$ 127.50
D – 15% (\$850 × 15%)		\$ 127.50

Determining the net partnership amount of A and B

Gross value of catch		\$1,000.00
Deduct:		
■ 25% (prescribed amount)	\$ 250	
■ Amounts paid to C and D	+ <u>255</u>	- <u>505.00</u>
		\$ 495.00
Co-owner A (\$495 × 60%)*		\$ 297.00
Co-owner B (\$495 × 40%)		\$ 198.00

* (Ignore 15% as boat share, as this is income of the co-owners.)

EI premiums to be deducted on

A – Co-owner		\$ 297.00
B – Co-owner		\$ 198.00
C – Shareperson		\$ 127.50
D – Shareperson		\$ 127.50

Record of employment will show

A – Co-owner		\$ 297.00
B – Co-owner		\$ 198.00
C – Shareperson		\$ 127.50
D – Shareperson		\$ 127.50

The T4 slip will show

	Gross income	EI insurable earnings	EI premiums
A – Co-owner	\$1,000.00	\$297.00	\$4.69
B – Co-owner	\$1,000.00	\$198.00	\$3.13
C – Shareperson	\$ 127.50	\$127.50	\$2.01
D – Shareperson	\$ 127.50	\$127.50	\$2.01

Digital services

Handling business taxes online

Use the CRA's digital services for businesses throughout the year to:

- apply for COVID-19 support payments
- make a payment to the CRA online with My Payment or a pre-authorized debit agreement (PAD), or create a QR code to pay in person at Canada Post
- request a payment search
- file or amend information returns without a web access code
- submit documents to the CRA
- authorize a representative for online access to your business accounts
- register to receive email notifications and to view mail from the CRA in My Business Account
- manage addresses
- manage direct deposit information
- view and pay account balance
- provide a nil remittance
- transfer a misallocated payment
- download reports

To log in to or register for the CRA's digital services, go to:

- My Business Account at canada.ca/my-cra-business-account, if you are a business owner
- Represent a Client at canada.ca/taxes-representatives, if you are an authorized representative or employee

For more information, go to canada.ca/taxes-business-online.

CRA BizApp

CRA BizApp is a mobile web app that offers secure access for small business owners and sole proprietors to view accounting transactions, pay outstanding balances, make interim payments, and more.

You can access CRA BizApp on any mobile device with an Internet browser—no app stores needed! To access the app, go to canada.ca/cra-mobile-apps.

Receiving your CRA mail online

Sign up for email notifications to get most of your CRA mail, like your PD7A – Statement of account for current source deductions, is available online.

For more information, go to canada.ca/cra-business-email-notifications.

Authorizing the withdrawal of a pre-determined amount from your Canadian chequing account

PAD is a secure online, self-service, payment option for individuals and businesses to pay their taxes. A PAD lets you set authorize withdrawals from your Canadian chequing account to pay the CRA. You can set the payment dates and amounts of your PAD agreement using the CRA's secure My Business Account service at canada.ca/my-cra-business-account, or the CRA BizApp at canada.ca/cra-mobile-apps.

PADs are flexible and managed by you. You can use My Business Account to view historical records and modify, cancel, or skip a payment. For more information, go to canada.ca/pay-authorized-debit.

For more information

What if you need help?

If you need more information after reading this guide, go to canada.ca/taxes or call 1-800-959-5525.

Direct deposit

Direct deposit is a fast, convenient and secure way to get your CRA payments directly into your account at a financial institution in Canada. For more information and ways to enrol, go to canada.ca/cra-direct-deposit.

Forms and publications

The CRA encourages electronic filing of your return. If you need a paper version of the CRA's forms and publications, go to canada.ca/cra-forms-publications or call 1-800-959-5525.

Electronic mailing lists

The CRA can notify you by email when new information on a subject of interest to you is available on the website. To subscribe to our electronic mailing lists, go to canada.ca/cra-email-lists.

Tax Information Phone Service (TIPS)

For tax information by telephone, use our automated service, TIPS, by calling 1-800-267-6999.

Teletypewriter (TTY) users

If you have a hearing or speech impairment and use a TTY call 1-800-665-0354.

If you can use an **operator-assisted relay service**, call our regular telephone numbers instead of the TTY number.

Complaints and disputes

Service complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the Canada Revenue Agency (CRA). For more information about the Taxpayer Bill of Rights go to canada.ca/taxpayer-rights.

If you are not satisfied with the service you received:

1. Try to resolve the matter with the CRA employee you have been dealing with or call the telephone number provided in the CRA's correspondence. If you do not have contact information, go to canada.ca/cra-contact.
2. If you have not been able to resolve your service-related issue, you can ask to discuss the matter with the employee's supervisor.
3. File a service complaint by filling out Form RC193, Service-Feedback. For more information and how to file a complaint, go to canada.ca/cra-service-feedback.

If you are not satisfied with how the CRA has handled your service-related complaint, you can submit a complaint with the Office of the Taxpayers' Ombudsperson.

Formal disputes (objections and appeals)

If you disagree with an assessment, determination, or decision, you have the right to register a formal dispute.

For more information about objections and formal disputes, and related deadlines, go to canada.ca/cra-complaints-disputes.

Reprisal complaints

If you have previously submitted a service complaint or requested a formal review of a CRA decision and feel you were not treated impartially by a CRA employee, you can submit a reprisal complaint by filling out Form RC459, Reprisal Complaint.

For more information about complaints and disputes, go to canada.ca/cra-complaints-disputes.

Due dates

When the due date falls on a Saturday, Sunday, or public holiday recognized by the CRA, your payment is considered on time if the CRA receives it or if it is postmarked on or before the next business day.

For more information, go to canada.ca/payroll and select "Important dates for payroll."

Cancel or waive penalties or interest

The CRA administers legislation, commonly called taxpayer relief provisions, that allows the CRA discretion to cancel or waive penalties or interest when taxpayers cannot meet their tax obligations due to circumstances beyond their control.

The CRA's discretion to grant relief is limited to any period that ended within 10 calendar years before the year in which a request is made.

For penalties, the CRA will consider your request only if it relates to a tax year or fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2020 must relate to a penalty for a tax year or fiscal period ending in 2010 or later.

For interest on a balance owing for any tax year or fiscal period, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2020 must relate to interest that accrued in 2010 or later.

To make a request, fill out Form RC4288, Request for Taxpayer Relief – Cancel or Waive Penalties or Interest. For more information about relief from penalties or interest and how to submit your request, go to canada.ca/cancel-waive-penalties-interest.