

# Reconciliation Form: Additional Instructions for Construction

In light of recent changes to mandatory coverage in the construction industry, we recognize that many of you are new to the Reconciliation process, so we've created this supplement to provide you with additional information that is specific to the construction industry.

## How to use this supplement

We recommend that you read the Reconciliation Guide content on the website at [www.wsib.on.ca](http://www.wsib.on.ca) before referring to this supplement, as there are important details listed on the WSIB website that you will need.

The first section of this supplement explains how to calculate and assign insurable earnings for employers with multiple classification units.

The second section provides sample pictures of

reconciliation forms for each type of construction employer (independent operator, sole proprietorship with workers, partnerships and corporations). You'll see line item descriptions that pertain to each type of employer that speaks to the information that each group needs to report on their Form.

**Please note:** if you are an employer in construction and you had a change to your status type during 2016 or 2017, please contact the WSIB's Employer Service Centre for assistance with completing your Reconciliation Form. We can be reached Monday to Friday, from 7:30am to 5pm at (416) 344-1000 or 1-800-387-0750 (TTY 1-800-387-0050).

If you would like further information please visit the Mandatory Coverage in Construction section of our website at [www.wsib.on.ca](http://www.wsib.on.ca)

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## Calculating and assigning insurable earnings

### Excess earnings

Refer to the Glossary section under in the Reconciliation Guide section of the WSIB website.

### Assigning insurable earnings

#### Multiple classification units (CUs)

If an account has more than one classification unit (CU), the insurable earnings may be considered either 'common' or 'direct'. The insurable earnings of sole proprietors, partners

and executive officers are considered common earnings if they cannot be segregated properly. To learn more, please see the Assigning Insurable Earning section of the Reconciliation Guide section of the WSIB website. The earnings in rate group 755 for non-exempt partners and executive officers are an exception to the rules for pro-rating common earnings. Insurable earnings for the eligible partners or executive officers are assigned to rate group 755 and are not considered common earnings. Rate group 755 is not to be used for the purpose of pro-rating common earnings.

#### **Example:** Corporation with multiple classification units including rate group 755

It's 2016. Riel Construction Inc has two executive officers. The corporation takes commercial roofing contracts and siding contracts, and has dedicated workers for each business activity.

One executive officer attends job sites with the workers. The other executive officer does not perform any construction work, but has chosen not to be exempt from WSIB coverage. The WSIB has confirmed the addition of rate group 755 for the non-exempt executive officer who does not perform any construction work.

It's March 2017 and it is time for the corporation to reconcile its earnings for 2016.

**Note:** For this example only, the premium rate for roofing (CU 1) is \$8 per \$100 of insurable earnings, the premium rate for siding (CU 2) is \$10 per \$100 of insurable earnings, and the premium rate for rate group 755 (CU 3) is \$0.25 per \$100 of insurable earnings.

For 2016, direct insurable earnings for the roofing workers is \$200,000 and \$50,000 for the siding workers. The insurable earnings for the executive officer in rate group 755 is \$70,000 (Box 2A - Separate Earnings) and \$80,000 (Box 2 - Common Earnings) for the executive officer performing construction work.

# Reconciliation Form: Additional Instructions for Construction

## Calculating and assigning insurable earnings

In the example account, there are three CUs with both direct and common earnings:

General steps	For the example
<b>1.</b> Determine the direct earnings for each CU, excluding rate group 755 for year. Write the amounts in column 1 beside the CU description.	CU 1 = \$200,000 CU 2 = \$50,000
<b>2.</b> Total the direct earnings from all CUs for the year. Write the total in box 1.	The corporation's total direct earnings are \$250,000
<b>3.</b> Determine the total common earnings including insurable earnings for the executive officers working in construction, if they cannot properly segregate their earnings. Write the total in box 2.	For this example the common earnings are for the one executive officer performing construction work who cannot segregate their earnings. Total common earnings is \$80,000 for 2016. (see box 2)
<b>4.</b> Determine the total insurable earnings for rate group 755. Write the total in box 2A and in column 4, opposite the CU description for this rate.	The total insurable earnings for the executive officer under rate group 755. CU 3 = \$70,000
<b>5.</b> Calculate the proportion of common earnings to use for each CU by dividing each CU by the total direct earnings calculated in step 1.	CU 1, divide direct earnings (\$200,000) in column 1 by the total direct earnings (\$250,000) in box 1 and multiplied by 100. The percentage (80%) in column 2, is used to determine the amount of common earnings to assign to CU 1.  CU 2, divide direct earnings (\$50,000) in column 1 by the total direct earnings (\$250,000) in box 1 and multiplied by 100. The percentage (20%) in column 2, is used to determine the amount of common earnings to assign to CU 2.
<b>6.</b> Multiply the percentage for each CU by the total common earnings box 2. Write the amounts in column 3 beside the applicable CU description.	For CU 1: $(80 \times 80,000 \div 100 = 64,000)$  For CU 2: $(20 \times 80,000 \div 100 = 16,000)$
<b>7.</b> Total the common earnings entered in column 3. Write the total in box 3. This should equal the amount from step 3.	The total prorated common earnings for the corporation is \$80,000.
<b>8.</b> Add the common earnings amount in column 3 plus the direct earnings in column 1 for each CU, excluding rate group 755. Write the totals in column 4 beside the applicable CU.	CU 1, the common earnings plus direct earnings equals insurable earnings. $(64,000 + 200,000 = 264,000)$  CU 2, the common earnings plus direct earnings equals insurable earnings. $(16,000 + 50,000 = 66,000)$
<b>9.</b> Total the insurable earnings in column 4 for all CUs. Write the total in box 4. This total equals the total direct box 1, plus common earnings box 2, plus the insurable earnings for rate group 755 box 2A.	Total insurable earnings are \$400,000. This total equals the direct earnings (\$250,000), plus the common earnings (\$80,000), plus the earnings rate group 755 (\$70,000).
<b>10.</b> Calculate the total premium rate.	CU 1: $(264,000 \times 8 \div 100 = 21,120)$ CU 2: $(66,000 \times 10 \div 100 = 6,600)$ CU 3: $(70,000 \times .25 \div 100 = 175)$ Total premium due: $(21,120 + 6,600 + 175 = 27,895)$

## Reconciliation Form: Additional Instructions for Construction

### Calculating and assigning insurable earnings

CHART: Calculating and Assigning Common Earnings - Construction

Classification		Column 1	Column 2	Column 3	Column 4
		Direct Earnings	% of Total Direct Earnings	Prorated Common Earnings	Insurable Earnings
CU Code	CU Description		$\text{Column 1} \div \text{Box 1} \times 100$	$\text{Box 2} \times \text{Column 2} \div 100$	$\text{Column 1} + \text{Column 3}$
CU 1	Roofing	\$200,000	80	\$64,000	\$264,000
CU 2	Siding	\$50,000	20	\$16,000	\$66,000
CU 3	Rate Group 755				\$70,000
<b>Total</b>		<b>BOX 1</b> \$250,000	100	<b>BOX 3</b> \$80,000	<b>BOX 4</b> \$400,000
<b>Total Common Earnings</b>		<b>BOX 2</b> \$80,000			
<b>Total Separate Earnings</b>		<b>BOX 2A</b> \$70,000			

Apply these steps for calculating your premiums for the reconciliation period (calendar year).  
Riel Construction Inc's premium is \$27,895 for 2016.

Use this worksheet to calculate amounts for Section B of the Reconciliation Form.

# Reconciliation Form: Additional Instructions for Construction

## Calculating and assigning insurable earnings

WORKSHEET: Calculating and Assigning Common Earnings – Construction

Classification		Column 1	Column 2	Column 3	Column 4
CU Code	CU Description	Direct Earnings	% of Total Direct Earnings	Prorated Common Earnings	Insurable Earnings
			<b>Column 1 ÷ Box 1 x 100</b>	<b>Box 2 x Column 2 ÷ 100</b>	<b>Column 1 + Column 3</b>
<b>Total</b>		<b>BOX 1</b>	100	<b>BOX 3</b>	<b>BOX 4</b>
<b>Total Common Earnings</b>		<b>BOX 2</b>			
<b>Total Separate Earnings</b>		<b>BOX 2A</b>			



Make copies of this worksheet for future use.

# Reconciliation Form Instructions

## Independent Operators

### Section A - Calculating Total Insurable Earnings

#### Non-insurable Gross Earnings

- Not applicable to independent operators.

#### Executive Officers' Earnings

- Not applicable to independent operators.

#### Excess Earnings

- If the total from line 6 exceeds the annual maximum of \$88,000 for 2016 or \$88,500 for 2017, deduct the difference on this line.
- For additional information visit the Reconciliation Guide section of the WSIB website.

#### Total Deductions

- Amount in box 9 (if applicable).

#### Total Insurable Earnings

- Box 6 minus box 10.

#### Section B - Allocation of Total Insurable Earnings by Classification

- For those with multiple rates use the amounts calculated on the WORKSHEET: Calculating and Assigning Common Earnings - Construction.



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VISIT [WWW.WSIB.ON.CA](http://WWW.WSIB.ON.CA) FOR A DETAILED GUIDE TO FILLING OUT THIS FORM

## SAMPLE ONLY

### For independent operators who are closing their account in 2017

**Section A - Calculating Total Insurable Earnings**

Gross Earnings Before Deductions			
1	Total Earnings per T4 Summary		
2	Other Earnings not on T4 Summary		
3	Contractors' Earnings		
4	Volunteer Forces (complete enclosed Schedule)		
5	Optional Insurance (see Attachment 1)		
6	<b>Total Gross Earnings Before Deductions</b>		
Deductions From Gross Earnings			
7	Non-insurable Gross Earnings		
8	Executive Officers' Earnings		
9	Excess Earnings		
10	<b>Total Deductions</b>		
11	<b>Total Insurable Earnings (Box 6 minus box 10)</b>		

**Section B - Allocation of Total Insurable Earnings by Classification**  
You must complete Section B  
If your business differs from the classification(s) below, notify the Employer Service Centre.

Reporting Period		Classification			(A)	(B)	(C)
Start	End	CU Code	RG	CU Description	Direct Earnings	Common Earnings	Insurable Earnings = (A) + (B)

#### Total Earnings per T4 Summary

- Not applicable to independent operator.

#### Other Earnings not on T4 Summary

- Not applicable to independent operator.

#### Contractors' Earnings

- Report the total of the labour portion of all your contracts/invoices for 2016.
- For information about labour portion of contracts regarding adequate and inadequate records see the Reconciliation Guide section on the WSIB website.
- For examples of how to calculate insurable earnings see [Administrative Practice Document](#) – Insurable Earnings in Construction.

#### Volunteer Forces

- Not applicable to independent operators.

#### Optional Insurance

- No pre-printed amount in this box means optional insurance is not applicable.
- If there is a pre-printed amount in this box do not change this amount.
- For information on Optional Insurance and who can obtain it see the Reconciliation Guide section on the WSIB website.

#### Total Gross Earnings Before Deductions

- This is the total labour portion from line 3 or Optional Insurance from line 5.

# Reconciliation Form Instructions

## Sole Proprietors

### Optional Insurance

- If there is no pre-printed amount in this box then optional insurance is not applicable.
- If there is a pre-printed amount in this box do not change this amount.
- See the Reconciliation Guide section on the WSIB website.

### Deductions from Gross Earnings

#### Non-insurable Gross Earnings

- Enter any non-insurable gross earnings included in line 1 and 2.
- See the Reconciliation Guide section on the WSIB website.
- Enter sole proprietor's earnings included in line 2 for any time period they were exempt from mandatory coverage because they met the requirements of the home renovation work exemption (subject to 3 month minimum coverage).

#### Executive Officers' Earnings

- Not applicable to sole proprietors with workers.

#### Excess Earnings

- If the net business income for the sole proprietor (after any deductions on line 7) exceeds the annual maximum of \$88,000 for 2016 or \$88,500 for 2017, deduct the difference on this line.
- See the Reconciliation Guide section on the WSIB website.

#### Total Deductions

- Add lines 7 to 9 and enter the total amount in this line.

#### Total Insurable Earnings

- Box 6 minus box 10.

### Section B - Allocation of Total Insurable Earnings by Classification

- For those with multiple rates use the amounts calculated on the WORKSHEET: Calculating and Assigning Common Earnings - Construction.



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## SAMPLE ONLY

**For Sole Proprietorships with workers who:**

- report monthly
- are closing their account in 2017

### Section A - Calculating Total Insurable Earnings

Gross Earnings Before Deductions			
1	Total Earnings per T4 Summary		
2	Other Earnings not on T4 Summary		
3	Contractors' Earnings		
4	Volunteer Forces (complete enclosed Schedule)		
5	Optional Insurance (see Attachment 1)		
6	<b>Total Gross Earnings Before Deductions</b>		
Deductions From Gross Earnings			
7	Non-insurable Gross Earnings		
8	Executive Officers' Earnings		
9	Excess Earnings		
10	<b>Total Deductions</b>		
11	<b>Total Insurable Earnings (Box 6 minus box 10)</b>		

### Section B - Allocation of Total Insurable Earnings by Classification

You must complete Section B  
If your business differs from the classification(s) below, notify the Employer Service Centre.

Classification					(A)	(B)	(C)
Reporting Period Start	Reporting Period End	CU Code	RG	CU Description	Direct Earnings	Common Earnings	Insurable Earnings = (A) + (B)

### Section A - Calculating Total Insurable Earnings

#### Total Earnings per T4 Summary

- Enter the total gross T4 earnings for all workers, including earnings of out of province workers who do work in Ontario. If you have workers who come to Ontario to work, or who work in more than one Province or Territory, please see [12-04-12 Non-Resident Workers](#) and [14-02-12 Insurable Earnings - Interjurisdictional Agreement](#) for more information.

#### Other Earnings not on T4 Summary

- Enter the total gross earnings not reported on T4s for all workers including T4As (except those issued to contractors/subcontractors).
- Enter net business income (Line 135 - T1 General or T2125 Statement of Business or Professional Activities) for sole proprietor's earnings. If net business income is zero or negative enter \$0.
- If net business income is unknown, use the minimum amount (1/3 of WSIB annual maximum) unless the annual estimated amount is greater. Report actual amount when the net business income is known or T2125 is filed.
- For examples of how to calculate insurable earnings see [Administrative Practice Document - Insurable Earnings in Construction](#).
- Do not report sole proprietor's earnings if the sole proprietorship met the requirements for the home renovation work exemption for all of 2016.

#### Contractors' Earnings

- If you made payments to contractors/subcontractors considered your workers by the WSIB, enter their total insurable gross earnings based on the labour portion of the contracts.
- See the Reconciliation Guide section on the WSIB website for more information.

#### Volunteer Forces

- ONLY employers with volunteer forces should complete this box.

# Reconciliation Form Instructions

## Partnerships

### Optional Insurance

- No preprinted amount in this box means optional insurance is not applicable.
- If there is a pre-printed amount in this box do not change this amount.
- See the Reconciliation Guide section on the WSIB website.

### Total Gross Earnings Before Deductions

- Add lines 1 to 5 and enter the total on this line.

### Non-insurable Gross Earnings

- Enter any non-insurable gross earnings included in line 1 and 2.
- See the Reconciliation Guide section on the WSIB website.
- Enter partners' earnings included in line 2 for any time period they were exempt from mandatory coverage because they met the requirements of the home renovation exemption (subject to 3 month minimum coverage).

### Executive Officers' Earnings

- Enter the partners' earnings included in line 1 and 2 for the time period they were exempt from mandatory coverage (if applicable).
- For information regarding Partners/ Executive Officers Exemption visit [www.wsib.on.ca](http://www.wsib.on.ca).

### Excess Earnings

- If the net business income for a partner (after any deductions on line 7) exceeds the annual maximum of \$88,000 for 2016 or \$88,500 for 2017, deduct the difference on this line.
- See the Reconciliation Guide section on the WSIB website.

### Total Deductions

- Add lines 7 to 9 and enter the total amount in this line.

### Total Insurable Earnings

- Box 6 minus box 10.

### Section B - Allocation of Total Insurable Earnings by Classification

- For those with multiple rates use the amounts calculated on the WORKSHEET: Calculating and Assigning Common Earnings - Construction.



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## SAMPLE ONLY

### For Partnerships with or without workers who:

- report monthly
- are closing their account in 2017

#### Section A - Calculating Total Insurable Earnings

Gross Earnings Before Deductions			
1	Total Earnings per T4 Summary		
2	Other Earnings not on T4 Summary		
3	Contractors' Earnings		
4	Volunteer Forces (complete enclosed Schedule)		
5	Optional Insurance (see Attachment 1)		
6	<b>Total Gross Earnings Before Deductions</b>		
Deductions From Gross Earnings			
7	Non-insurable Gross Earnings		
8	Executive Officers' Earnings		
9	Excess Earnings		
10	<b>Total Deductions</b>		
11	<b>Total Insurable Earnings (Box 6 minus box 10)</b>		

#### Section B - Allocation of Total Insurable Earnings by Classification

You must complete Section B  
If your business differs from the classification(s) below, notify the Employer Service Centre.

Reporting Period		Classification			(A)	(B)	(C)
Start	End	CU Code	RG	CU Description	Direct Earnings	Common Earnings	Insurable Earnings = (A) + (B)

## Section A - Calculating Total Insurable Earnings

### Total Earnings per T4 Summary

- Enter the total gross T4 earnings for all workers (if applicable), including earnings of out of province workers who do work in Ontario. If you have workers who come to Ontario to work, or who work in more than one Province or Territory, please see [12-04-12 Non-Resident Workers](#) and [14-02-12 Insurable Earnings - Interjurisdictional Agreement](#) for more information.

### Other Earnings not on T4 Summary

- Enter the total gross earnings not reported on T4s for all workers (if applicable) including T4As (except those issued to contractors/subcontractors).
- Enter net business income (Line 135 - T1 General or T2125 Statement of Business or Professional Activities) for partners' earnings.
- If net business income is zero or negative enter 0 for partners' earnings
- If net business income is not known, use the minimum amount (1/3 of WSIB annual maximum) unless the annual estimated amount is greater.
- Report actual amount when the net business income is known or T2125 is filed.
- For examples of how to calculate insurable earnings see [Administrative Practice Document](#) - Insurable Earnings in Construction.
- Do not report partners' earnings if the partnership met the requirements for the home renovation exemption for all of 2016.
- For information regarding the home renovation work exemption visit our website [www.wsib.on.ca](http://www.wsib.on.ca).

### Contractors' Earnings

- If you made payments to contractors/subcontractors who were or would be considered your workers by the WSIB, enter their total insurable gross earnings based on the labour portion of the contracts.
- See the Reconciliation Guide section on the WSIB website.

### Volunteer Forces

- ONLY employers with volunteer forces should complete this box.

# Reconciliation Form Instructions

## Corporations

### Total Gross Earnings Before Deductions

- Add lines 1 to 5 and enter the total on this line.

### Non-insurable Gross Earnings

- Enter any non-insurable gross earnings included in line 1 and 2.
- See the Reconciliation Guide section on the WSIB website.
- Enter executive officers' earnings included in line 2 for any time period they were exempt from mandatory coverage because they met the requirements of the home renovation work exemption (subject to 3 month minimum coverage).

### Executive Officers' Earnings

- Enter the executive officers' earnings included in line 1 and 2 for the time period they were exempt from mandatory coverage (if applicable).
- For information regarding Partners/ Executive Officers Exemption visit [www.wsib.on.ca](http://www.wsib.on.ca).

### Excess Earnings

- If the T4 earnings for an executive officer (after any deductions on line 7) exceeds the annual maximum of \$88,000 for 2016 or \$88,500 for 2017, deduct the difference on this line
- See the Reconciliation Guide section on the WSIB website.

### Total Deductions

- Add lines 7 to 9 and enter the total amount in this line.

### Total Insurable Earnings

- Box 6 minus box 10.

### Section B - Allocation of Total Insurable Earnings by Classification

- For those with multiple rates use the amounts calculated on the WORKSHEET: Calculating and Assigning Common Earnings - Construction.

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**SAMPLE ONLY**

**For Corporations with workers and one or more Executive Officers and Corporations without workers and more than one Executive Officer who:**

- report monthly
- are closing their account in 2017

**Section A - Calculating Total Insurable Earnings**

Gross Earnings Before Deductions			
1	Total Earnings per T4 Summary		
2	Other Earnings not on T4 Summary		
3	Contractors' Earnings		
4	Volunteer Forces (complete enclosed Schedule)		
5	Optional Insurance (see Attachment 1)		
6	<b>Total Gross Earnings Before Deductions</b>		
Deductions From Gross Earnings			
7	Non-insurable Gross Earnings		
8	Executive Officers' Earnings		
9	Excess Earnings		
10	<b>Total Deductions</b>		
11	<b>Total Insurable Earnings (Box 6 minus box 10)</b>		

**Section B - Allocation of Total Insurable Earnings by Classification**  
You must complete Section B  
If your business differs from the classification(s) below, notify the Employer Service Centre.

Classification				(A)	(B)	(C)	
Reporting Period Start	Reporting Period End	CU Code	RG	CU Description	Direct Earnings	Common Earnings	Insurable Earnings = (A) + (B)

### Section A - Calculating Total Insurable Earnings

#### Total Earnings per T4 Summary

- Enter the total gross T4 earnings for all workers (if applicable), including earnings of out of province workers who do work in Ontario, as reported on line 14 of the T4 Summary. If you have workers who come to Ontario to work, or who work in more than one Province or Territory, please see [12-04-12 Non-Resident Workers](#) and [14-02-12 Insurable Earnings - Interjurisdictional Agreement](#) for more information.
- Enter the total gross T4 earnings for all executive officers as reported on line 14 of the T4 Summary.

#### Other Earnings not on T4 Summary

- Enter the total gross earnings not reported on T4s for all workers and/or executive officers (if applicable) including T4As, T5s etc, (except those issued to contractors/ subcontractors).
- For examples of how to calculate insurable earnings see [Administrative Practice Document - Insurable Earnings in Construction](#).
- Do not report executive officers' earnings if the corporation met the requirements for the home renovation work exemption for all of 2016.
- For information regarding the home renovation work exemption visit [www.wsib.on.ca](http://www.wsib.on.ca).

#### Contractors' Earnings

- If you made payments to contractors/ subcontractors who were or would be considered your workers by the WSIB, enter their total insurable gross earnings based on the labour portion of the contracts.
- See page 10 of the Guide for more details.

#### Volunteer Forces

- ONLY employers with volunteer forces should complete this box.

#### Optional Insurance

- No pre-printed amount in this box means optional insurance is not applicable.
- If there is a pre-printed amount in this box do not change this amount.
- See the Reconciliation Guide section on the WSIB website.