

# Wage Earner Protection Program – Frequently Asked Questions

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## Q. 1 As an employee, am I entitled to a priority claim for my unpaid wages? What are my rights?

An employee is entitled to a priority secured claim for unpaid wages and vacation pay, which were earned during the six (6) month prior to the initial bankruptcy event or the date of receivership. The amount of the priority is limited to \$2,000 per employee with an additional \$1,000 for disbursements made by a travelling salesperson, secured against the bankrupt's current assets (such as cash, accounts receivable and inventory). The priority claim for unpaid wages does not include termination and severance pay.

## Q. 2 What is the Wage Earner Protection Program (“WEPP”)?

WEPP is a program delivered by Service Canada, which reimburses eligible employees for eligible unpaid wages, vacation pay, severance and termination pay that are owed after an employer becomes bankrupt or is subject to a receivership and as of November 29, 2021 qualifying insolvency proceedings: Proposal under the Bankruptcy & Insolvency Act (BIA) (Division 1 Part III), including Notice of Intention to file a proposal under the BIA (Division 1 Part III), certain Companies' Creditors Arrangement Act (CCAA) proceedings, certain foreign proceedings. For these other proceedings, the former employer must have terminated all of its employees, in Canada, other than any retained to wind down its business operations. The trustee/receiver appointed may be required to provide court documents in order to validate these proceedings.

## Q. 3 What is the maximum Wage Earner Protection Program (“WEPP”)?

The maximum payment for an eligible employee is equivalent to seven (7) weeks of insurable Employment Insurance earnings. For 2023, the maximum amount that you will receive is \$8,278.83.

## Q. 4 Who makes the Wage Earner Protection Program (“WEPP”) payment?

Payments under WEPP will be made directly by Service Canada and not by the Trustee. If a payment is made to an employee by Service Canada, then Service Canada will be entitled to any dividend payments made by the Trustee or to the employee, up to the amount paid by Service Canada.

## Q. 5 How can I contact Wage Earner Protection Program (“WEPP”)?

Further information on WEPP can be obtained through contacting the following:

- Telephone Number: 1 (866) 683-6516
- Website: <http://www.servicecanada.gc.ca/eng/sc/wepp/index.shtml>

## Q. 6 Who is eligible for Wage Earner Protection Program (“WEPP”)?

Employees whose employment has ended, and whose former employer has filed for bankruptcy, is subject to a receivership, proposal under the Bankruptcy & Insolvency Act (BIA) (Division 1 Part III), including notice of intention to file a proposal under the BIA (Division 1 Part III), certain companies' creditors arrangement act (CCAA) proceedings, certain foreign proceedings, are owed wages, vacation pay, termination pay or severance pay from the former employer, amounts owed were earned during the eligibility period or, in the case of termination pay or severance pay, your employment was terminated either during the eligibility period or prior to the discharge of the trustee/receiver are eligible for WEPP payments.

Employees are **not eligible** for WEPP payments if during the period for which you are owed eligible wages, they were an officer or a director of the former employer, had a controlling interest in the business of the former employer, were a manager whose responsibilities included making binding financial decisions impacting the business of your former employer, and/or making binding decisions on the payment or non-payment of wages by your former employer, were not dealing at arm's length with any of these persons.

## Q. 7 What is the eligibility period for wages and vacations owed?

The wages, other than termination pay and severance pay, owed to employees must have been earned during the eligibility period. The WEPP eligibility period is normally the 6-month period before the bankruptcy or receivership or the event (Proposal under the Bankruptcy & Insolvency Act (BIA) (Division 1 Part III), including Notice of Intention to file a proposal under the BIA (Division 1 Part III), certain Companies' Creditors Arrangement Act (CCAA) proceedings, certain foreign proceedings).

## Q. 8 What are some of the eligible wages covered under WEPP?

The following amounts are considered eligible wages under the WEPP: Wages (salaries, commissions, compensation for services rendered, gratuities accounted for by the former employer, production bonuses and shift premiums) that were earned during the eligibility period; disbursements of a travelling salesperson properly

# Wage Earner Protection Program – Frequently Asked Questions

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incurred in and about the business of the former employer earned during the eligibility period; vacation pay earned during the eligibility period; amounts owed were earned during the eligibility period or, in the case of termination pay or severance pay, your employment was terminated either during the eligibility period or prior to the discharge of the trustee/receiver.

## **Q. 9 Do I qualify for WEPP if I continued to work for the trustee/receiver after the date of the bankruptcy or receivership?**

Employees sometimes continue to work after the date of bankruptcy or receivership. These individuals only become eligible for WEPP once their employment ends.

## **Q. 10 I am related to the employer, do I qualify for WEPP payments?**

You may still qualify for a WEPP payment if you are related to your employer. You must complete the [WEPP supplementary form \(Additional information regarding your relationship to your employer\)](#) in addition to your application. WEPP will assess to determine whether or not, despite your relationship to your employer, you were treated the same as other employees.

## **Q. 11 If the employer has filed for Receivership and Bankruptcy, who determines the most beneficial payment under WEPP?**

The [Wage Earner Protection Program Act](#) allows that when both a bankruptcy and a receivership occur, the greater amount owed is to be paid. Service Canada will determine the most beneficial payment, once a Trustee/Receiver Information Form is submitted under both the bankruptcy and the receivership proceedings.

## **Q. 12 What do you need before you apply for WEPP?**

Before you apply, you should have received a copy of the information provided to Service Canada by the trustee or receiver appointed in your employer's bankruptcy/receivership or event. You can still apply if you have not received this information, but there may be a delay if Service Canada has not received the information from the trustee, receiver or monitor. The information from the trustee or receiver is used in combination with your application to determine your eligibility and payment.

If you disagree with the amounts the trustee/receiver has indicated on the trustee/receiver information form, please discuss and provide related documentation proving your claim to the trustee/receiver before applying for WEPP.

If you agree with the trustee/ receiver, please submit a Proof of claim to the trustee/receiver. This is required to receive a WEPP payment.

## **Q. 13 What is the deadline to apply for WEPP?**

Applications must be submitted to Service Canada within **56 days** of the latest of the following dates: the date of bankruptcy/receivership/or date the court determined the former employer terminated all of its employees in Canada other than any retained to wind down its business operations; the date your employment ended due to termination, resignation, retirement or expiry of term; the date on which the receiver terminated your employment.

## **Q. 14 I am currently on Employment Insurance (E.I), do the payments received from WEPP affect my E.I. payments?**

A WEPP recipient who is or has been in receipt of Employment Insurance (EI) benefits is required to report any payment that they receive from WEPP, as it is considered earnings under the [Employment Insurance Regulations](#). You must report your WEPP payment to EI by using the EI [Telephone Reporting Service](#) or [Internet Reporting Service](#). Employment Insurance agents will contact you should they require additional information. In some instances, receipt of a WEPP payment can result in an EI overpayment. Should you receive notice of an overpayment, it is important to pay back any amounts owed immediately in order to prevent interest from accruing.

## **Q. 15. I am currently receiving payments under Guaranteed Income Supplement (GIS), does the WEPP payment effect my GIS payments?**

WEPP is considered income for the calculation of income-tested benefits under the Old Age Security Program, and can have an impact on your GIS Allowance (ALW) or Allowance for the Survivor (ALWS). In some instances, WEPP payments may result in an overpayment of your benefits. If your GIS ALW or ALWS payment has been

# Wage Earner Protection Program – Frequently Asked Questions

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calculated based on an estimate of your current year employment and pension income, it is important that you notify Service Canada of the receipt of your WEPP payment immediately to prevent any overpayment situations.

For further information on how a WEPP payment may affect your GIS, please visit your local [Service Canada Center](#), or call 1-800-277-9914.

## **Q. 15. What is the fastest way for a WEPP application to be processed?**

Due to the COVID-19 pandemic, Service Canada is strongly encouraging employees to apply for these benefits online. We also recommend you sign up for direct deposit to ensure seamless delivery of your payment. You are encouraged employees to [apply online for the Wage Earner Protection Program \(WEPP\)](#). Online applications must be completed in full. Please note that you cannot save a partially completed online application. If you did not submit your completed application, you must start over and re-enter all of your information.

If you apply by mail, you could experience delays in receiving a payment. If you do not wish to apply online, you can obtain a paper application form at a [Service Canada Centre](#).

## **Q. 16 How long for a decision to be processed with WEPP and for a payment to be issued?**

Service Canada aims to issue a decision letter within 35 days of receiving all necessary information to complete your file. Submitting a complete application will help with timely processing. Service Canada will issue a letter to you and the trustee/receiver explaining the payment decision. A letter is also issued to both parties if your application is denied.

**Note:** Trustees/receivers have 45 days after the date of the bankruptcy/receivership to provide Service Canada information on you and amounts owed. The 35-day processing time starts after all required information is received.

If you do not receive your decision letter within 35 days of applying, please [contact the Wage Earner Protection Program](#) to check the status of your application. You will need to provide your Social Insurance Number (SIN).

## **Q. 17 What can I do if I disagree with Service Canada's decision?**

If you disagree with Service Canada's decision regarding your eligibility, you may request a ministerial review of the decision. The written request must be made within 30 days from the date you were informed of the Service Canada decision using the [WEPP form – Request for review by Minister](#). In requesting a review, you may submit new information that could impact the decision. In conducting the ministerial review, the trustee/receiver may be contacted for further documentation, information or clarification. Service Canada will issue a letter to you and the trustee/receiver explaining the review decision.

## **Q. 18 What do I do when I receive a WEPP overpayment?**

If you are informed that you have received a higher WEPP payment than what you are entitled to (WEPP overpayment), it is important that you repay any amounts owed immediately in order to prevent interest from accruing. Even if you request a review of a decision on an overpayment, interest will continue to accrue. Interest accrued on WEPP overpayments can only be waived if there is a change in decision.

Once you have repaid any WEPP overpayment, you should advise Employment Insurance (EI) of the actual WEPP amounts you were entitled as it may affect your EI entitlement. You must report your WEPP payment to EI by using the EI [Telephone reporting service](#) or [Internet reporting service](#). Employment Insurance agents will contact you should they require additional information.

## **Q. 19 Do I get issued a T-Slip from Service Canada and when for the WEPP payment?**

A WEPP payment is taxable and a WEPP recipient will receive a T4A slip in the mail. All T4As are issued by the last day of February in the year following the payment. The T4A will be sent to the mailing address indicated on the WEPP application form. If your mailing address has changed since receiving your payment, please notify Service Canada by calling 1-866-683-6516 (TTY: 1-800-926-9105). If you do not receive a T4A or if your slip is lost, destroyed or stolen, or if you require a duplicate slip, please call Service Canada at the number above to request a duplicate.

**Note:** All WEPP recipients will receive a T4A and Quebec residents will receive a Relevé 1 with their T4A.

## **Q. 20 Does a T4A change once an overpayment situation has been resolved?**

In the event of an overpayment, the amount reported on T4A/T4AQ will not change. When the debt is re-paid in full, a separate document called a Statement of crown debt repaid will be issued.

# Wage Earner Protection Program – Frequently Asked Questions

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**Q. 21 Does the Government of Canada take my place as a creditor in the bankruptcy/ receivership proceedings?**

After you receive a WEPP payment, the Government of Canada will take your place as a creditor in the bankruptcy/receivership proceedings for the amount paid under WEPP. This means that the Government of Canada has the right to recover amounts paid under WEPP from your former employer's estate or other third parties such as former directors of the company.

**Q. 22 What am I required to declare to Service Canada once the WEPP payment has been made?**

Employees must report the following amounts received to Service Canada for eligible wages after the WEPP payment has been issued; or any legal actions taken to recover eligible wages, including those taken by a third party such as a federal or provincial labour standards agency.

**Q. 23 Where can I declare payments received after receiving a WEPP payment?**

To report payments received after receiving a WEPP payment, please complete the [Employee declaration form](#) and mail it to the [WEPP Processing Centre](#).

WEPP Processing Centre  
PO Box 5900  
Cornwall ON K6H 6J6

You can also contact the WEPP information line at 1-866-683-6516 (TTY: 1-800-926-9105). The hours of operation are from 7:00 a.m. to 8:00 p.m. (Eastern Time), Monday to Friday.