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FORESIGHT

CONTEMPORARY IDEAS FOR BUSINESS MANAGEMENT FALL/WINTER 2025

Ontario's ESA Update

Ontario's Employment Standards Act (ESA) has undergone a series of important updates aimed at strengthening transparency, fairness, and staff protections. From new hiring disclosure rules to expanded job-protected leave and mandatory pay transparency, these changes, rolling out between June 2025 and January 2026, will impact how businesses hire, manage, and support their employees.

Effective June 19, 2025 – Long-Term Illness Leave Introduced

A brand-new, job-protected, unpaid leave allows eligible employees (13 weeks' continuous employment) up to 27 weeks of leave within a 52 week window, for serious medical conditions. Specific requirements must be met to request this leave, and it may be extended under certain conditions. It is also not a requirement that the weeks of leave be consecutive.

Effective July 1, 2025 – Mandatory Written Hiring Details

Ontario employers with 25+ staff must now provide new employees, before (or as soon after) their first workday, written details that include:

- Employer's legal and operating name(s)
- Complete contact information and at least one contact person
- General work location
- Starting wage rate or commission
- Pay period and payday
- Anticipated hours of work

Effective January 1, 2026 – Pay Transparency & Fair Hiring Rules

For publicly advertised roles, employers with 25+ staff are subject to new requirements:

- **Compensation Disclosure:** Required if salary is under $200,000; salary range may span up to $50,000.
- **Artificial Intelligence (AI) Transparency:** Must disclose any use of AI in screening or selection.
- **Vacancy Status:** Employers must specify whether a posting is for an existing vacancy.
- **Ban on "Canadian Experience" Requirement:** Job postings can no longer mandate Canadian work experience.
- **Interview Follow-Up:** Applicants must be notified within 45 days after the last interview about the hiring decision.
- **Record Retention:** Employers must keep job postings, applications, and candidate correspondence on file for three (3) years.

What Employers Should Do

- Update offer letters and handbooks to include mandatory written details for new hires

- Integrate long-term illness provisions; review current health/disability policies
- Revise job postings and applications to reflect new requirements
- Implement procedures for candidate follow-up and a 3-year record-keeping system

These ESA changes phased in from June 2025, through January 2026, reflect broader shifts under Ontario's "Working for Workers" legislation. Employers are strongly encouraged to audit their HR, recruitment, and leave-management practices now to stay ahead of compliance.

We encourage you to connect with our team if you'd like to discuss best practices or policy updates!

GST/HST Implications on Associate Agreements

Associates are a key part of the healthcare industry, as a large majority of practitioners either are one or have hired one throughout their careers. It can be a way for someone to gain experience as they start their career or a viable way to mitigate some of the hard costs that go along with running a practice. As part of this process, practitioners and their associates arrange some form of fee-sharing arrangement with each other to account for the fact that the associate typically must directly bill and collect their OHIP revenues, but also has use of the main practitioner's office space in order to generate those revenues. While this arrangement may be somewhat formal in the eyes of the practitioner and associate, it is commonly a verbal agreement and therefore can create some complications, especially when it comes to GST/HST ("HST") rules.

The starting assumption made by most involved in these fee-sharing arrangements is frequently that since the healthcare services provided to the patients by the associate are HST exempt, the revenues from these services that are transferred in either direction under the associate agreement would also be considered HST exempt.

However, it needs to be considered what the associate is actually paying the main practitioner for and what kind of support exists for that. The Canada Revenue Agency (CRA) has taken the position in a number of instances that these associate fee payments are effectively rent/admin type fees that the main practitioner is charging the associate for use of the clinic space and therefore there is to be HST charged on this amount, as that is a taxable supply. The CRA has said that only if there is a bona fide arrangement between the two parties that shows this is simply a fee-sharing arrangement, then HST can be avoided.

As we have found, many healthcare professionals do not have adequate associate agreements in place to support the "fee sharing" position and avoid potential HST reassessments by the CRA. In this situation, the more conservative approach is to charge the HST and then have the payor register for HST to at least recover a portion of this cost.

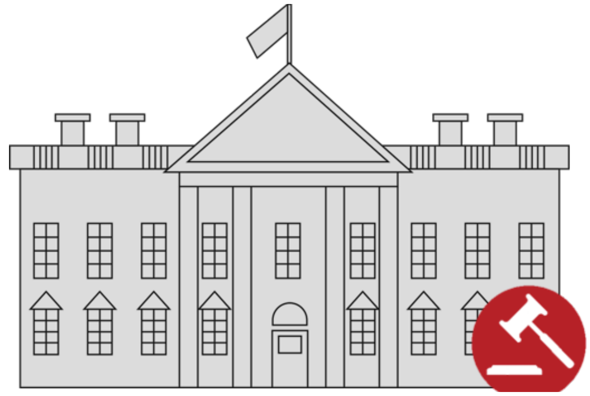
To avoid these difficulties, healthcare practitioners should consider looking at the associate agreements that they have in place to determine if changes should be made. Qualities of a valid bona fide arrangement are that it:

- Is a written document signed by both parties involved and is not just verbal;
- Clearly states that the arrangement is an apportionment of the fee for the healthcare service provided to the individual patient;
- Should not refer to any of the fee-sharing amounts as payment for use of facilities by the associate;

Lastly, many associate agreements have slightly different terms, depending on the situation. This could include the agreed-upon percentage of fees to share, further revenues to be shared in addition to the healthcare billings, which party is making the payments, and how frequently the payments are being made. Most of these differences will not have an effect on the HST obligations, but care should be taken to examine all revenue sources included in the agreement as certain types may in fact require HST to be charged. For example, an optometrist associate may receive a percentage of the net revenues generated from their sale of eyeglass frames to patients, which is a HST taxable supply. Therefore that portion of the associate agreement will require HST to be charged and remitted if the principal party is a HST registrant.

Consider involving your lawyer and one of our Professional Specialists in this process to obtain a template agreement and ensure that your agreement will meet the CRA requirements.

Update: U.S. House Tax Bill Impacting Canadian Businesses



On July 4, 2025, President Trump signed the "One Big Beautiful Bill" into law (review original article).

Of particular note for Canadian stakeholders is the exclusion of Section 899, also known as the "revenge tax." This provision targeted residents of countries with discriminatory tax policies, such as Canada's former Digital Services Tax (DST), and threatened to disrupt existing treaty benefits and preferred withholding rates. After sustained opposition from international allies, businesses, and experts, Section 899 was ultimately removed from the final bill, preserving favourable tax conditions for Canadian investors in the United States.

In a reciprocal move, Canada officially repealed its Digital Services Tax on U.S. companies on June 29, 2025, marking a strategic step toward advancing trade negotiations and restoring bilateral goodwill.

These decisions reflect a meaningful de-escalation in digital taxation tensions and signal a renewed willingness by both countries to prioritize investment stability and long-term bilateral growth.

Article written by: Olaoluwa "Ola" Amuwo, CPA (New York)

Ag Ministers Commit to Improving AgriStability

Amid ongoing trade uncertainty and challenging climate conditions in parts of Canada, Federal-Provincial-Territorial (FPT) Ministers of Agriculture have agreed to strengthen the AgriStability program.

For the 2025 program year only, the AgriStability compensation rate will rise from 80% to 90%, and the maximum payment limit will double from $3 million to $6 million. Starting in 2026, provinces and territories will also have the option to adopt a new inventory valuation method for on-farm use inventories.

FPT ministers are working together to enhance interprovincial food trade, focusing on removing internal trade barriers and identifying new opportunities to improve the movement of agri-food products across the country.

On the international front, FPT ministers reaffirmed the need for coordinated efforts to preserve and expand market access globally. They reviewed strategies to diversify trade and discussed resources, such as the federal Indo-Pacific Agriculture and Agri-Food Office, to support outreach in key regions.

To learn more about the AgriStability program, visit: AgriStability Program

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Common GST/HST Audit Issues in 2025

GST/HST (Commodity Tax) remains complex and can lead to audits or penalties if not handled by knowledgeable professionals. These are the most frequent audit red flags we see:

1. Claiming Input Tax Credits (ITCs) without Proper Documentation

- Ensure vendor invoices include a valid GST/HST number. Request corrections if missing.
- Credit card statements alone are not acceptable proof.
- CRA does not permit amending returns solely to claim additional ITCs—missed amounts must be added to a future return.

2. Invoices Made Out to the Wrong Entity

- ITCs cannot be claimed by an operating company using a holding company's invoice.

3. Intercompany Transactions: Section 156 Elections & Form RC4616

- A controlling interest alone doesn't qualify. A 90% ownership threshold (parent/sub relationship) is typically required.

4. Claiming ITCs for Exempt Revenue

- No ITCs can be claimed on expenses related to exempt supplies (e.g. residential rent, financial services).

5. Self-Assessment Errors on Real Estate Acquisitions

- Scenario A (commercial use): Full ITCs may apply; failure to self-assess could lead to interest reassessment by CRA.
- Scenario B (exempt use): No ITCs allowed, and HST is owed. Omitting self-assessment still results in interest/penalties.

6. Overclaiming ITCs on Meals, Entertainment, and Passenger Vehicles

- Meals and entertainment expenses: Only 50% of ITCs are eligible.
- Passenger vehicles: ITCs capped at GST/HST on a $38,000 capital cost (up from $37,000).

7. Failure to Charge GST/HST on Asset Sales

- Businesses must charge GST/HST when disposing of commercial-use assets.

8. Updated Invoice Requirements for ITCs

- Thresholds for invoice detail requirements increased to $100 and $500 depending on expense type.

Important Notes Related to Electronic Filing and Correspondence:

All registrants are required to file GST/HST returns electronically for periods starting in 2024 and onward. The CRA now defaults to online communications via My Business Account for registrant correspondence. Ensure contact information is up to date.

If your business is faced with a Commodity Tax audit, we can help. Please contact one of our taxation specialists.

Article written by: Cory Prince, CPA, CA