Occupational health and safety

PENALTIES AND INTERESTS

Employer's Guide

Commission des normes, de l'équité,
de la santé et de la sécurité du travail

cnesst.gouv.qc.ca

The purpose of this guide is to facilitate comprehension of the rules for calculating penalties and interest. It has no legal value and should not be regarded as a substitute for the official versions of the applicable laws and regulations applied by the Commission des normes, de l’équité, de la santé et de la sécurité du travail (CNESST).

All examples are hypothetical and are provided for illustrative purposes only.

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INTRODUCTION

Since January 1, 1999, section 323 of the *Act respecting industrial accidents and occupational diseases* (AIAOD) entitles the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) to determine by regulation the rules governing interest charges on employer assessments.

The adoption of the *Regulation respecting interest* enabled the CNESST to clarify and simplify the provisions regarding interest, and to correct inequities. These regulatory provisions ensure greater fairness among employers and promote consistency and neutrality in applying the rules for calculating interest charges. As of January 1, 2011, the interest provisions have been incorporated in the *Regulation respecting financing*.

The AIAOD was also amended to introduce new provisions regarding penalties that could be imposed on employers that fails to pay its assessment or that fails to file the required documents by the prescribed deadline. This document explains the interest and penalties that apply to assessments.

1. GENERAL POINTS

Periodic payments

The majority of employers pay their CNESST occupational health and safety insurance premium through periodic payments to Revenu Québec at the same time as their source deductions and their employer assessments. The payment is made using the remittance slips sent by Revenu Québec.

The frequency of the CNESST insurance premium payments is determined by Revenu Québec. It can be weekly, bimonthly, monthly, quarterly or annually. For employers that are not subject to source deductions or to employer assessments from Revenu Québec, the payment determined by the *Regulation respecting financing* is made monthly.

The amount of the periodic payment of the insurance premium is calculated by multiplying the insurable wages paid to the workers over a given period by the periodic payment rate.

1.1 PENALTIES AND INTEREST

An employer that does not comply with the Act or the regulations is subject to penalties and interest in regard to his obligations.

Penalties

The CNESST imposes penalties on the employer, in particular if the employer:

- fails to send the required information;
- is late filing its statement of wages;
- fails to make a periodic payment or makes an insufficient instalment.

Interest

The CNESST calculates interest primarily in the following cases:

- when an assessment is redetermined;
- after calculating the retrospective adjustment of an assessment;
- to apply a decision of the Direction générale de la révision administrative or of the Tribunal administratif du travail that modifies an assessment;
- when the employer files his late statement of wages;
- when an employer fails to pay its assessment within the prescribed time limits;
- when a penalty for insufficient payments is billed or reviewed after an *Assessment Notice* is issued with the details of the annual assessment[1].

1. The annual assessment is generally based on information contained in the *Statement of Wages*.

1.2 RATES, CAPITALIZATION AND INTEREST CALCULATION

Interest rates

If an employer fails to remit its statement of wages or the payment of its assessment by the prescribed deadlines, the interest rate corresponds to the base rate plus 2%, and in all other cases it is the base rate.

The base rate used by the CNESST is calculated quarterly in a calendar year, according to the base rate of commercial bank loans as published by the Bank of Canada.

Capitalization of interest

Interest is capitalized daily by applying the following effective rate of interest (ERI):

$$ERI = \left(1 + \frac{IR}{DY}\right)^{DP} - 1$$

ERI	=	Effective rate of interest
IR	=	Interest rate (base rate or base rate + 2%)
DY	=	Number of days in the year (365 or 366 for leap years)
DP	=	Number of days in the period covered

When the interest calculation period overlaps two quarters and the rate for each quarter is different, the rate applied is the rate in effect for each period.

Calculating interest

Interest is calculated as follows:

$$I = A \times ERI$$

I	=	Interest
A	=	Amount bearing interest
TIE	=	Effective rate of interest

EXAMPLE

Calculation of interest charges based on the effective rate of interest	
Amount due indicated in the *Statement of Account* • $4,000.00	June 20
Interest period	June 21 to July 20
Interest rate • base rate + 2%: 4% • base rate + 2%: 5%	April 1 to June 30 July 1 to September 30

By applying the formulas on the previous page, interest is calculated as follows:
First calculation period, from June 21 to June 30 (10 days)
$\text{ERI} = \left(1 + \frac{0.04}{365}\right)^{10} - 1 = 0.00109643$ Interest = \$4,000.00 × 0.00109643 = \$4.39
Second calculation period, from July 1 to July 20 (20 days)
$\text{ERI} = \left(1 + \frac{0.05}{365}\right)^{20} - 1 = 0.00274329$ Interest = (\$4,000.00 + \$4.39) × 0.00274329 = \$10.99
Total interest = \$4.39 + \$10.99 = \$15.38

Decimal places in calculations

The number of decimal places used in the calculations is a function of the limitations of the calculator itself. Figures are not rounded off in the intermediate interest calculations. Only the final result of a mathematical calculation is rounded off to two decimal places.

Thus, in the above example, the effective rate of interest for the first calculation period is equal to 0.00109643… This figure is not rounded off and all the decimal places are used in the subsequent calculations. However, the final result is rounded off to two decimal places. Here is an example:

The mathematical result is:	$4.3857…,
the amount of interest is:	$4.39,
because the third decimal place is equal to 5.	
If the mathematical result were:	$4.3867…,
the amount of interest would be:	$4.39,
because the third decimal place is higher than 5.	
If the mathematical result were:	$4.3847…,
the amount of interest would be:	$4.38,
because the third decimal place is less than 5.	

2. PENALTY FOR LATE PERIODIC PAYMENTS

2.1 NEW EMPLOYER'S FAILURE TO REGISTER BY THE PRESCRIBED DEADLINE

A new employer has 60 days to register with the CNESST from the first day of work of the first worker[2]. After the employer registers, when the situation applies, the CNESST advises the employer in writing of its periodic payment rate, the due date for the first payment to Revenu Québec and the period covered by the first payment. After that, the employer makes the next periodic payments in accordance with the due date indicated on the remittance slip sent by Revenu Québec.

If the period covered by the first payment covers two years, the employer must inform the CNESST of the amount of the payment that applies to each of these years.

Penalty

If a new employer fails to register by the prescribed deadline, it must pay a penalty for failing to make its periodic payments on the stipulated due dates. These due dates are generally:

- the 15th of the month that follows the deadline to register with the CNESST;
- the 15th of all subsequent months if these dates precede its registration date.

The amount of the penalty is determined as follows:

- 7% of the amount that is not paid by the prescribed deadline, if that amount is paid within 7 days after the due date;
- 11% of the amount that is not paid by the prescribed deadline, if that amount is paid between the 8th day and the 14th day, inclusively, following the due date;
- 15% of the amount that is not paid by the prescribed deadline in all other cases.

The calcul number of days late begins on the day after the due date and ends on the date of registration, for each periodic payment.

After the employer receives the *Classification Decision* indicating its periodic payment rate, the employer must make a first payment that takes into account the wages paid since the first day of work of the first worker. After this payment is received, an agent from the CNESST contacts the new employer to obtain the breakdown of the periodic payment for each period following the first day of work of the first worker.

2. Including an independent operator considered to be a worker under section 9 of the AIAOD.

Example of late registration

The first day of work of the first worker begins on March 12. The employer has until May 10 to register but does not do so until July 20. The employer makes payments on a monthly basis. On August 10, the CNESST sends the employer the *Classification Decision*, that indicates in particular the rates used to calculate the periodic payments and advises the employer to make its first payment no later than September 15. The employer does not make the payment until September 22.

The employer was required to make a first periodic payment on June 15, i.e., the 15th of the month that follows the month that it was required to register (May 10).

EXAMPLE

Late registration of new employer Dates used to determine the late payment penalty	
First day of work of the first worker	March 12
Deadline for registering with the CNESST	May 10
Date of registration with the CNESST	July 20
Issuance of the *Classification Decision* (with periodic payment rate)	August 10
Frequency of payment to Revenu Québec	Monthly
Due date for the first payment to Revenu Québec indicated in the letter that accompanies the *Classification Decision*	September 15

Sample calculation of a late payment penalty

The employer makes a first payment of $950 on September 22, which covers all of the periods since the first day of work of the first worker, i.e., March 12 in this example.

Following receipt of the payment, an agent from the CNESST contacts the new employer to obtain the breakdown of the periodic payment for each period since the first day of work of the first worker (for the periods from March to August, inclusively).

These are the penalties that apply for each period following the allocation of the first payment of $950 made on September 22.

EXAMPLE

Late registration of new employer Late payment penalty calculation					
Period	**Due date**	**Days late**	**Instalment**	**Penalty**	**Penalty amount**
From March 12 to March 31	June 15	+ 15 days	$100	15%	$15
From April 1 to April 30	June 15	+ 15 days	$100	15%	$15
From May 1 to May 31	June 15	15 days	$100	15%	$15
From June 1 to June 30	July 15	5 days[3]	$300	7%	$21
From July 1 to July 31	September 15	7 days	$175	7%	$12.25
From August 1 to August 31	September 15	7 days	$175	7%	$12.25
				Total penalty	**$90.50**

Specific case where the registration period overlaps two assessment years

The first day of work of the first worker is on November 12. The employer has until January 10 of the next year to register.

In that case, even if the year that the first worker is hired is different from the registration year, the employer must make a first payment that takes into account the wages paid since the first day of work of the first worker. If not, following the receipt of the *Statement of Wages*, a 15% penalty for insufficient payments will be applied to the difference between the anticipated payments and the periodic payments declared for the period from November 12 to December 31.

2.2 LATE PERIODIC PAYMENT – DURING THE YEAR

Penalty

An employer that fails to make a periodic payment or that makes a late periodic payment based on the due date that corresponds to the payment frequency must pay a penalty, which is calculated as follows:

- 7% of the amount that is not paid by the prescribed deadline, if that amount is paid within 7 days after the due date;
- 11% of the amount that is not paid by the prescribed deadline, if that amount is paid between the 8th day and the 14th day, inclusively, following the due date;
- 15% of the amount that is not paid by the prescribed deadline in all other cases.

The late payment period begins the day after the due date and ends on the date that the payment is received.

3. The number of days late is established based on the July 20 registration date.

A late payment penalty is calculated when the periodic payment declared on the remittance slip is:

- the same as the amount paid, but is paid late (example 1);
- greater than the amount paid, but the balance of the periodic payment is paid late or is outstanding (example 2).

EXAMPLES

Late payment penalty calculation	
Example 1 Periodic payment declared is identical to the amount paid late	
Due date for the periodic payment	May 15
Actual remittance date of the periodic payment	May 27
Number of days used to calculate the penalty	12 days
Amount of the periodic payment declared and amount paid	$2,000.00
Penalty for late payment from May 16 to May 27 inclusively $2,000.00 x 11%	**$220.00**
Amount invoiced on the *Assessment Notice* **(payable to the CNESST, not Revenu Québec)**	**$220.00**

Example 2 Periodic payment declared is greater than the amount paid, balance remains outstanding	
Due date for the periodic payment	May 15
Actual remittance date of the partial periodic payment	May 15
Declared amount of the periodic payment	$2,000.00
Amount paid by due date	$1,400.00
Balance owing for insufficient instalment	$600.00
Penalty for late payment $600.00 x 15%*	**$90.00**
Amount invoiced on the *Assessment Notice* $600.00 + $90.00 **(payable to the CNESST, not Revenu Québec)**	**$690.00**
* The delay is assessed as over 14 days, hence the 15% penalty.	

3. PENALTY FOR INSUFFICIENT INSTALMENTS

When the CNESST receives the *Statement of Wages* and the data that it contains, it verifies whether the total of the periodic payments declared for the year is sufficient. If it is insufficient, a **15% penalty for insufficient payments** is charged on the difference between the payments declared and the payments expected.

This penalty may be recalculated or imposed if there is a change in the amount of the wages provided in the *Statement of Wages* or in the amount of wages reported.

If the total payments declared during the year is greater than the total payments expected, the overpayments will not bear interest.

Also, any time during the payment year, the cumulative periodic payments declared for the year must be sufficient. Otherwise, the employer could be charged a penalty of up to 15% of the difference between the amount of the insufficient payments declared and the amount of the payments expected.

Penalty

This penalty is charged when the total of payments declared during the year is less than the amount of payments expected based on the information provided in the *Statement of Wages* or following an audit. The amounts reported on lines 1, 4, 5, 6, and 7 of the *Statement of Wages* are used to obtain the amount of the payments expected.

The calculation is set out in the *Schedule – Periodic instalments* enclosed with the *Statement of Account* and the *Assessment Notice*.

This penalty may be calculated in three specific circumstances:

- following receipt of the annual *Statement of Wages*;
- following receipt of the *Statement of Wages* filed after the permanent departure of the last worker[4];
- following an audit.

Amounts overpaid by the employer do not bear interest.

4. Including an independent operator considered to be a worker under section 9 of the AIAOD.

SCHEDULE – PERIODIC INSTALMENTS (EXAMPLE)

Year of the *Statement of Wages*

Periodic instalments declared			
Period covered	**Instalment**	**Period covered**	**Instalment**
from January 1 to January 31	$1,000.00	from July 1 to July 31	$1,000.00
from February 1 to February 28	$1,000.00	from August 1 to August 31	$1,000.00
from March 1 to March 31	$1,000.00	from September 1 to September 30	$1,000.00
from April 1 to April 30	$1,000.00	from October 1 to October 31	$1,000.00
from May 1 to May 31	$1,000.00	from November 1 to November 30	$4,544.00
from June 1 to June 30	$1,000.00	from December 1 to December 31	$2,000.00
Total instalments : $16,544.00			

Penalty for insufficient instalments Information pertaining to the *(Year) Statement of Wages*			
Workers and other persons covered Box A of all Relevé 1 slips		1	$1,000,000.00
Other amounts to be included	+	4	$60,000.00
Persons eligible for personal coverage (amounts included on line 1)	-	5	$0.00
Other amounts to be excluded	-	6	$0.00
Surplus	-	7	$2,000.00
Wages used to calculate instalments for (Year)	=		$1,058,000.00

Instalments declared		-$16,544.00
Instalments expected	($1,058,000/100) × $1.80*	$19,044.00
	Variation	$2,500.00
Penalty for insufficient instalments	($2,500.00 × 15 %)	**$375.00**

* The periodic instalment rate applied for calculating instalments for every $100 of insurable wages.

4. PENALTY FOR A LATE STATEMENT OF WAGES

The annual filing of a statement of wages is mandatory for any enterprise with at least one worker, regardless of whether or not that worker is employed on a full- or part-time basis, including an independent operator considered to be a worker.

Before March 15 of each year, every employer must file a *Statement of Wages* with the CNESST to report the amount of insurable wages paid from January 1 to December 31 of the previous year.

The employer that no longer has workers in the course of the year must submit a *Statement of Wages* to CNESST no later than the 45th day following the date of the last worker's permanently departure.

Penalty

The employer that submits its statement of wages late will incur a penalty of $25 per day that the omission continues, up to $2,500.

An offsetting measure currently limits the penalty for a late statement of wages. It is established according to the lowest of the following amounts[5]:

- $25.00 for every day late;
- 5% of the annual assessment rounded down to the nearest multiple of $25.00 ($25 minimum);
- $2,500.00.

The period used to calculate the penalty begins on March 15 of the year that follows the year contemplated by the statement of wages and ends on the date that this statement of wages is received.

Note that the penalty for a late statement of wages is not recalculated if the assessment is redetermined.

5. The CNESST may modify or withdraw the offsetting measure at any time.

EXAMPLES

Calculation of the penalty for a late statement of wages Annual statement of wages	
Example 1	
Date the *Statement of Wages* is received	March 26
Number of days late	12 days
Amount of the annual assessment	$25,000.00
Calculation of the penalty	
Number of days late: from March 15 to March 26 inclusively $25.00 x 12 days	$300.00
5% of the annual assessment $25,000.00 x 5%	$1,250.00
Penalty for late statement of wages $300.00 < $1,250.00 (This is the lowest amount.)	**$300.00**

Example 2	
Date the *Statement of Wages* is received	March 26
Number of days late	12 days
Amount of the annual assessment	$3,200.00
Calculation of the penalty	
Number of days late: from March 15 to March 26 inclusively $25.00 x 12 days	$300.00
5% of the annual assessment $3,200.00 x 5%	$160.00
Penalty for late statement of wages $300.00 > $160.00 (This is the lowest amount rounded down to the nearest multiple of 25.)	**$160.00**

5. INTEREST ON LATE STATEMENT OF WAGES

For late interest to be calculated, two conditions are required:

- the *Statement of Wages* must have been filed late;
- there must be an amount owing calculated on the difference between the amount of the assessment based on the wages paid (including the penalty for insufficient instalments, if applicable) and the amount of periodic payments declared.

Late payment interest is added to the penalty for a late statement of wages for each day late as follows:

$$\left[\left(\text{Assessment (wages paid)} + \text{Penalty for insufficient instalments} \right) - \text{Periodic payments declared} \right] \times \text{Effective rate of interest (ERI)}$$

The period used to calculate the interest begins on March 15 of the year that follows the year covered by the statement of wages and ends on the date of receipt of that statement of wages (see example on next page).

Late payment interest is not recalculated if an assessment is redetermined. Interest is charged on the difference between the assessments (see page 17).

EXAMPLE

<table>
<tr><th colspan="5">Interest on a late statement of wages
Annual statement</th></tr>
<tr><td colspan="4">Deadline for filing the Statement of Wages</td><td>March 14</td></tr>
<tr><td colspan="4">Date the CNESST received the Statement of Wages</td><td>April 25</td></tr>
<tr><td colspan="4">Assessment (wages paid)</td><td>$906.39</td></tr>
<tr><td colspan="4">Instalments declared</td><td>$850.00</td></tr>
<tr><td colspan="4">Instalments expected</td><td>$895.30</td></tr>
<tr><td colspan="4">Difference for penalty calculation purposes
(instalments expected – instalments declared)</td><td>$45.30</td></tr>
<tr><td colspan="4">Interest rate (base rate + 2%)</td><td>5%</td></tr>
<tr><td colspan="3"></td><th colspan="2">Late payment interest</th></tr>
<tr><th>Assessment
(wages paid)[6]
(A)</th><th>Penalty
for insufficient instalments
Difference x 15%
=
(B)</th><th>Instalments
declared
(C)</th><th>Amount
(A+B) - C × ERI =
(D)</th><th>Period</th></tr>
<tr><td>$906.39</td><td>$6.80</td><td>$850.00</td><td>$0.37</td><td>from March 15
to April 25</td></tr>
</table>

The employer must pay the penalty for a late statement of wages in addition to interest.

6. Insurable wages paid for the year of the *Statement of Wages* × prime rate of that same year.

6. INTEREST ON LATE ASSESSMENT PAYMENTS

The employer must pay the entire amount claimed by the CNESST owing on, or before, the due date indicated on the *Statement of Account*. If the employer fails to make a payment, interest is calculated the amount that is past due.

Interest

The amount of this interest is determined as follows:

The amount past due on the calculation date	×	Effective rate of interest (ERI)

The interest periods run as follows:

- First period: from the day after the date of the *Assessment Notice* to the 20th day of the following month (due date indicated on the *Statement of Account*);
- Subsequent periods: from the 21st day of the previous month to the 20th day of the current month.

EXAMPLE

Interest on late assessment payments						
Date of the *Assessment Notice*						March 27
Amount owing						$4,000.00
Due date indicated on the *Statement of Account*						April 20
Date of full payment by the employer						June 12
Interest rate (base rate + 2%)						5%
			Late payment interest			
Amount owing (A)	Payment from employer (B)	Balance after payment (A-B) (C)	Amount (C) x ERI = (D)	Period		New balance indicated on the ***Statement of Account*** (C + D)
$4,000.00	Ø	$4,000.00	$13.17	1st interest period	from March 28 to April 20[7]	$4,013.17
$4,013.17	Ø	$4,013.17	$16.53	2nd interest period	from April 21 to May 20[8]	$4,029.70
$4,029.70	$4,029.70	Ø	Ø	3rd interest period	from May 21 to June 20[9]	Ø

7. From the day after the date of the *Assessment Notice* to the due date indicated on the *Statement of Account* (calculation date: April 27).
8. From the 21st day of the previous month to the 20th day of the current month (calculation date: May 27).
9. From the 21st day of the previous month to the 20th day of the current month (calculation date: June 27).

7. INTEREST ON ASSESSMENT VARIATION

The CNESST calculates interest each time that the annual assessment is adjusted. Interest charged on the amount of the adjustment is added, as the case may be, to the adjusted penalties for insufficiency payments or the failure to pay, which may result from a review of the wages paid.

An assessment may be adjusted in the following situations:

- a review of the wages paid;
- the reclassification of an employer's activities;
- a change in the costs charged to an employer's file;
- a change in the assessment following a decision of the Direction générale de la révision administrative;
- a change in the assessment following a decision of the Tribunal administratif du travail;
- an adjustment of the assessment as a result of retrospective ratemaking;
- any other situation that results in an requiring adjustment of an assessment.

If an employer's assessment is higher than the amount indicated in the *Assessment Notice*, the employer must pay interest to the CNESST (debit interest). If the assessment is lower, the CNESST must pay interest to the employer (credit interest).

Interest on assessment variations does not apply to changes in the amounts calculated for personal coverage or for coverage of unpaid trainees.

Why does the CNESST calculate interest on the assessment variation?

An employer that does not pay part of his assessment benefits from a return[10] son the unpaid portion. That return translates into annual savings, which is a competitive advantage. By charging interest on the assessment variation, the CNESST eliminates this advantage.

An employer that pays an amount greater than its assessment incurs a loss of returns on this excess amount. Interest paid by the CNESST to the employer on the assessment variation restores equity between competitors.

Interest

The amount of this interest is calculated as follows:

Adjustment of the assessment including, if applicable, penalty adjustments	×	Effective rate of interest (ERI)

To facilitate understanding, a table is set out on the next page that describes the period during which interest is calculated.

A debit adjustment means that the assessment indicated in the first notice should have been higher, in which case the employer must pay interest to the CNESST. The interest period runs

10. The returns may derive from investment of surplus cash or from an unused line of credit.

from the day after the issue date of the first *Assessment Notice*; the employer then has a new deadline for making its payment.

A credit adjustment means that the assessment indicated in the first notice should have been lower, in which case the CNESST must pay interest to the employer. The interest period runs from the day after the due date of the first *Assessment Notice*, as the employer should normally have made its payment by that date.

Interest on assessment variation		
	Interest calculation period	
Filing of the *Statement of Wages*	**Debit interest (paid by the employer)**	**Credit interest (paid to the employer)**
Within the deadline	From the day after the date of the *Assessment Notice* with the details of the annual assessment[11] to the date of the *Assessment Notice* in respect of the adjustment	From the 21st day of the month that follows the date of the *Assessment Notice* with the details of the annual assessment to the date of the *Assessment Notice* in respect of the adjustment
After the deadline	From March 15 of the rate-making year to the date of the *Assessment Notice* in respect of the adjustment At the permanent departure of the last worker: from the 46th day that follows the date of the permanent departure of the last worker to the date of the *Assessment Notice* in respect of the adjustment	From the 21st day of the month following the prescribed time limit for filing the *Statement of Wages* to the date of the *Assessment Notice* in respect of the adjustment At the permanent departure of the last worker: from the 21st day of the month that follows the 45th day of the permanent departure of the last worker to the date of the *Assessment Notice* in respect of the adjustment

11. The annual assessment is generally based on information contained in the Statement of Wages.

EXAMPLE 1

***Statement of Wages* submitted by deadline** Reduced assessment – Credit interest	
Date *Statement of Wages* received	February 17
Date of the first *Assessment Notice*	March 27
Instalments declared	$2,000.00
Instalments expected	$2,500.00
Assessment established based on the *Statement of Wages*	$3,000.00
Penalty for insufficient instalments	($2,500.00 - $2,000.00) × 15% = $75.00
Recalculation of the assessment	
Date of the *Assessment Notice* in respect of adjustments	June 27
Reduction in instalments expected	$300.00
Reduction in the assessment	$200.00
Adjustment downwards **Calculating credit interest**	
Credit adjustment of the penalty for insufficient instalments	$300.00 x 15% = $45.00
Calculation of adjusted interest on assessment variation	
Applicable interest period	from April 21 to June 27 inclusively
Number of days in the period	68 days
Amount bearing credit interest: - Refund of reduced assessment	$200.00
Amount of adjustment of the penalty for insufficient instalments bearing credit interest	$45.00
Total amount bearing credit interest	$245.00
Base rate for the period	3%
Effective rate of interest (ERI 68 days)	0.005604458
Credit interest	$245.00 × 0.005604458 = $1.37
Refund to the employer	$245.00 + $1.37 = $246.37

EXAMPLE 2

Statement of Wages submitted by deadline Increased assessment – Debit interest	
Date *Statement of Wages* received	February 17
Date of the first *Assessment Notice*	March 27
Instalments declared	$2,000.00
Instalments expected	$2,500.00
Assessment established based on the *Statement of Wages*	$3,000.00
Penalty for insufficient instalments	($2,500.00 - $2,000.00) × 15% = $75.00
Recalculation of the assessment	
Date of the *Assessment Notice* in respect of adjustments	June 27
Increase in instalments expected	$300.00
Increase in the assessment	$200.00
Adjustment upwards Calculating debit interest	
Debit adjustment of the penalty for insufficient instalments	$300.00 ×15% = $45.00
Calculation of adjusted interest on assessment variation	
Applicable interest period	from March 28 to June 27 inclusively
Number of days in the period	92 days
Amount bearing debit interest: - Increase in the assessment	$200.00
Amount of adjustment of the penalty for insufficient instalments bearing debit interest	$45.00
Total amount bearing debit interest	$245.00
Base rate for the period	3%
Effective rate of interest (ERI 92 days)	0.007589992
Debit interest	$245.00 × 0.007589992 = $1.86
Amount to be paid by the employer	$245.00 + $1.86 = $246.86

To contact us
cnesst.gouv.qc.ca
1 844 838-0808

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