

GoForth's Guide to Terminating an Employee

In the event that your business is faced with the challenge of terminating an employee, make sure that you know exactly what to do in order to terminate their contract in compliance with Government regulations. There are a few key steps that must be followed in order to comply, so follow the GoForth's How-to Guide below to ensure you meet the requirements...

Step 1: Prepare a Notice of Termination

- If you choose to terminate an employee you must provide them with either
 - Two weeks written notice of your intention, or
 - Two weeks' regular pay in lieu of notice
- You don't prepare a notice if:
 - The employee has been employed for less than 3 consecutive months
 - They opted to leave their job voluntarily
 - They are dismissed for just cause
 - They are laid off (for less than 12 months)

Step 2: Provide severance pay

- Severance is paid to the employee if they have been employed at least 12 consecutive months
- The employee is entitled to 2 days pay at regular wages for regular hours of work for each complete year of employment – 5 years of work is 10 days of pay
- A minimum benefit equivalent to five days wages is also to be included in severance
- Do not pay severance to:
 - Employees who leave their job voluntarily
 - Employees fired for just cause
 - Employees entitled to a pension under Old Age Security Act, CPP or a plan registered to the Pension Benefits Standards Act

Step 3: Complete a T4 report

- When an employee is terminated complete a T4 slip to report:
 - Salary/wages paid
 - Tips or gratuities paid
 - Pay in lieu of termination notice
 - vacation pay
 - employment commissions
 - all other remuneration paid
 - taxable benefits or allowances
 - deductions withheld during the year
 - pension adjustment amounts for employees who accrued under your registered pension plan (RPP)
 - accrued benefits under a deferred profit sharing plan (DPSP)



- Give the employee a copy of the T4 slip
- Keep a copy to be filed with your T4 summary by the end of February of the following year
- Confirm that you've complied with [provincial/territorial regulations](#)

Step 4: Complete the Record of Employment (ROE)

- You are required to provide your employee with a Record of Employment **within 5 days** of the date the employee stopped working for you
- Without a copy of the ROE, employees are unable to apply for Employment Insurance (EI)
- You can use a paper form and provide the employee with a hard copy OR you can submit it electronically and the report will automatically enter Service Canada's system, therefore a copy for the employee is not required
- To inquire about electronic submissions see [Manage Records of Employment](#)
- ROE's are provided if the following applies:
 - Pregnancy
 - Injury
 - Illness
 - Adoption leave
 - Layoff
 - Leave without pay
 - Dismissal
- You must also establish the number of [insurable hours](#) for the ROE, which will vary depending on how the employee was paid – weekly, biweekly, monthly, overtime, etc
- There are strict penalties for employers who fail to file an ROE - \$2000 fine or up to 6 months imprisonment – so don't skip this step!

