

JANUARY 2025 MONTH IN REVIEW

Federal

LAWS & ANNOUNCEMENTS

Payroll

Jan 1: The federal limit on deduction of tax-exempt allowances paid by employers to employees who use their vehicles for business purposes increases 2 cents, to 72 cents per kilometer for the first 5,000 km driven, and to 66 cents for each additional km. In the territories, the 2025 rates will be 76 cents per km for the first 5,000 km, and 70 cents for each km after that. The taxable benefit rate of employees on the personal portion of automobile expenses paid by employers increases 1 cent to 34 cents per km.

Action Point: Find out which [source deductions are permitted](#) in your province.

Payroll

Jan 1: New 2025 automobile deduction limits and amount increases for leased vehicles used by employees for business purposes took effect: i. Class 10.1 passenger vehicles CCA: from \$37,000 to \$38,000; and ii. Monthly limit on deductible leasing costs: from \$1,050 to \$1,100. The maximum allowable interest deduction remains \$350 per month.

Payroll

Jan 1: CPP yearly maximum pensionable earnings (YMPE) increased from \$68,500 to \$71,300. Maximum contributory earnings increased from \$65,000 to \$67,800, and maximum annual employer and employee contributions increased from \$7,735 to \$8,068.20. The basic exemption rate remains \$3,500, as does the basic contribution rate at 5.95%.

Payroll

Jan 1: Eligible part-time students ages 18–24 will now receive 50% of the amount CPP pays to full-time students. For 2025, this is a monthly flat rate of \$150.89 for qualifying

part-time students. Students must meet a minimum school attendance threshold to qualify for the benefit.

Immigration

Jan 3: The federal government increased the fees that foreign nationals who've been kicked out of Canada must pay to reenter the country, from \$1,500 to \$12,800 for those who were escorted out of the country and \$3,800 for unescorted removals. The Canada Border Services Agency over 14,000 inadmissible foreign nationals in the first 10 months of 2024.

Immigration

Jan 17: Between April 1 and September 30, 2024, ESDC conducted 649 employer compliance inspections, of which 11% were found non-compliant. Administrative Monetary Penalties were \$2.1 million, more than double the amount in the same period in 2023. In addition, 20 employers were banned from the Temporary Foreign Worker Program, a fivefold increase from the same time span last year.

Action Item: Find out about the 10 things employers [need to know about hiring temporary foreign workers](#) to avoid being the target of enforcement actions and penalties.

Immigration

Jan 1: The Canadian Government took new measures to beef up border security: i. Expansion of the Safe Third Country Agreement with the U.S. to the entire land border, including internal waterways; ii. Implementation of a new partial visa requirement for Mexican nation to reduce asylum claims; and iii. Ending the practice of "flagpoling," which happens when a temporary resident leaves Canada and immediately returns to a port of entry to get immigration services.

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New Laws

Jan 15: After over a decade of neglect, the federal government completely overhauled the [Public Service Employment Regulations](#) establishing rules for priority entitlements, appointments and layoff of public sector employees.

New Laws

Jan 27: The federal Competition Bureau published a new [What We Heard Report](#) summarizing the public feedback it received on how artificial intelligence affects economic competition. One of the key takeaways is the finding that AI can lead to anti-competitive conduct that may require new laws and enforcement mechanisms.

Action Point: Find out how to guard against AI legal and liability risks by implementing a legally sound [workplace artificial intelligence use policy](#).

New Laws

Jan 7: [Applications](#) opened for a new round of Youth Employment and Skills Program funding to promote opportunities for young people to get jobs and work experience in the agricultural and agri-food sector. The latest round will offer \$13.5 million to fund 1,200 jobs in the sector.

Employment Benefits

Jan 1: The Year's Maximum Pensionable Earnings for 2025 increased to \$71,300. The YMPE is the basis for calculating CPP/QPP pensions. In addition, the maximum amount that pension plan members may unlock depends on their expected income for the year, with the withdrawal amount varying from 50% of the YMPE (\$35,650 in 2025) for \$0 expected income to \$0 when expected income is 75% or higher of the YMPE (\$53,475 for 2025).

Employment Benefits

Feb 15: That's the deadline for most federally registered pension plans to complete and submit their annual Solvency Information Return to OSFI. For some plans, the filing deadline is within 45 days after the plan year end to which it relates, if later than Feb. 15.

OSFI published a new [Instruction Guide](#) to help plan administrators complete the SIR.

Health & Safety

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Action Point: Find out [how to create a vibrant safety culture](#) at your company.

CASES

Drugs & Alcohol: Positive Marijuana/Cocaine Test Doesn't Prove Worker Was Impaired

A Canadian Railway worker had to undergo post-incident drug testing after driving a Stake Truck into a car, resulting in minor damage to both vehicles but no injuries. The

tests came back positive for marijuana and cocaine but at low levels inadequate to prove impairment. The worker admitted to using the drugs 4 or 5 days before while he was off-duty but insisted that the buzz was long gone and that he wasn't impaired at work. CR fired him for violating its anti-drug policy and the union objected. The federal arbitrator upheld the grievance and ordered reinstatement without loss of seniority. A positive drug test by itself isn't just cause to terminate unless it proves that the worker was impaired. At 2 ng/ml of THC, worker's oral swab test was far below the minimum 10 ng/ml required to show impairment by marijuana; and while the urine tests were positive for cocaine, CR arbitrators have taken "the consistent view" that "urine testing results, standing alone, cannot be determinative of impairment" [[Canadian Pacific Kansas Railway v Teamsters Canada Rail Conference Maintenance of Way Employee Division](#), 2024 CanLII 121061 (CA LA), November 21, 2024].

Action Point: Find out [how to create a legally sound drug testing policy](#) at your workplace that includes a template policy you can adapt for your own situation.

Termination: Trucker Who Runs His Vehicle into Co-Worker Gets to Keep His Job

Did the yardman with 13 years of employment deserve to lose his job for hitting a co-worker with his truck? The federal arbitrator said no and reduced the punishment to a one-month suspension. While acknowledging that the yardman was at fault, there were mitigating circumstances: the yard was dark, the victim was wearing dark clothes without a reflective bib and standing in the truck's blind spot and the yardman was driving at the speed limit. The yardman also accepted responsibility for the incident and had no history of previous incidents [[Teamsters Québec Local 106 c Active Canada inc.](#), 2024 CanLII 126813 (CA SA), December 19, 2024].

Action Point: Find out how to implement a legally sound [progressive discipline policy](#) at your workplace that you can use to enforce safety and other HR rules and policies.

Health & Safety: Government Employee Loses COVID-19 Work Refusal

With the COVID threat receding, Elections Canada implemented a new hybrid return to work policy. Although he had been working at the office during the pandemic, an employee was worried that the return of remote workers would increase his risks of contracting COVID. So, he initiated a work refusal. After an internal investigation found no imminent danger, the employee exercised his right to call in a government investigator. The OHS official agreed that the agency's health measures were adequate and so did the workplace JHSC and agency's Head of Compliance, the latter of which characterized the employee's fears as "speculative" and continued refusal "frivolous." But the employee stuck to his guns and the case went to the federal court which rejected the employee's appeal and ordered him to pay \$2,000 in legal costs [[Juzda v. Canada \(Attorney General\)](#), 2025 FC 63 (CanLII), January 13, 2025].

Action Point: Find out how to implement a legally sound [Compliance Game Plan](#) for responding to work refusals at your own workplace.