

Asset sales and share sales

Purchasers and sellers need to ensure their Saskatchewan Workers' Compensation Board (WCB) accounts are up to date in the event of a sale. The WCB may treat their account differently if a business sells their shares or their assets.

To process the sale of assets or shares of an employer account as quickly as possible, the seller should complete the [Account Closure/Sale \(ACF\) form](#) and complete all required information on the form. Submitting an ACF does not necessarily mean the WCB will close the seller's account. The WCB may determine account closure based on the information provided.

Share sale

A share sale is when the assets and liabilities of a company remain with that corporation. This means that the seller walks away from any liabilities and the purchaser takes them on. After a share sale, the new owners are responsible for the existing WCB account and its history. This includes any past due amounts, penalties charged before or after the sale date, and the firm's experience rating (based on claims history).

In the event of a share sale, a purchaser may wish to request from the seller:

- **The most recent premium rate notice** – this will show whether the firm has any injuries affecting their firm rate.
- **A credit check letter** – this will confirm whether the account is currently in good standing. In other words, the letter will confirm whether the seller is up to date with their reporting and payments to the WCB.

Prior to a share sale, the seller must submit all requests for documents on file to the WCB.

After a share purchase, if the purchaser amalgamates the purchased business with an existing business with its own WCB account, the purchaser must notify the WCB office, as the WCB will need to update the existing account.

Asset sale

An asset sale allows the purchaser to purchase some or most of the assets of a company, but not the shares of an incorporated company. A key advantage of an asset sale is that the purchaser is not responsible for the liabilities of the seller. After an asset sale, a new account is set up for the purchaser. Depending on the existing

relationship between the purchaser and the seller, costs may be distributed between the two accounts. Please see [WCB policy Transferring a Firm's Experience \(POL 21/2016\)](#) for more information.

Duty of the purchaser of an asset-only sale

If there is a sale of any business, or if stock or equipment used in connection with that business is sold, the purchaser should get a clearance certificate issued by the WCB. This certificate will state that the purchaser has no claim with respect to the business, stock or equipment in bulk. The purchaser should have this certificate before paying any part of the purchase price to the seller or giving the vendor any security for the purchase price, as per Section 156(1) of [The Workers' Compensation Act, 2013](#). This certificate protects the purchaser from being held liable for any amount outstanding on the seller's account.

If the purchaser does not obtain a certificate from the WCB, the purchaser is responsible for an amount equal to any moneys the seller owes to the WCB.

Sale levies

Section 156 of [The Workers' Compensation Act, 2013](#) states that if a business sells its assets, the seller has not paid the final account balance and the purchaser did not obtain a clearance certificate. In this case, the WCB can apply a sale levy to the purchaser's account.

The WCB can charge a sale levy back to the seller and/or withheld from final payment in the sale transaction.

To avoid a sale levy, the purchaser should request from the seller:

- **A credit check letter (optional)** – prior to the sale, this will confirm whether the account is currently in good standing. In other words, the letter will confirm whether the seller is up to date with their reporting and payments to the WCB.
- **A Section 156 clearance certificate (recommended)** – this will confirm that the WCB has closed the seller's account and/or the seller has completed all WCB sale-related obligations. The purchaser should request this before releasing final payment to the seller.

For more information, please contact the WCB's employer services department:

Email: employerservices@wcbask.com

Phone: 1.800.667.7590 ext. 2