



# **Frequently asked questions: claim out-of-pocket expenses**

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# Frequently asked questions: claim out-of-pocket expenses

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## General

### ▼ 1. What is the out-of-pocket claims process? Why has it been established?

In July 2016, bargaining agents advised the Government of employee concerns about the potential for inconsistent treatment of compensation claims for the financial hardships they experienced due to pay problems with Phoenix.

The Government of Canada responded by establishing an out-of-pocket claims process. We also set-up a temporary Claims Office located at the Treasury Board of Canada Secretariat, to ensure that employees who have incurred out-of-pocket expenses (NSF or insufficient fees, financial penalty charges, interest charges, etc.) as a result of the implementation of the Phoenix pay system are reimbursed consistently and in a timely manner.

Each claim will be considered on its individual merits and settled based on valid receipts and other supporting documentation. The process has been designed to provide a consistent approach for departments, agencies and Crown corporations impacted by the implementation of Phoenix to resolve employee claims quickly.

In addition to this measure, in June 2019, the Government of Canada and a number of public service unions finalized an agreement to compensate employees, current and former, who were paid through the Phoenix pay system. Separate agencies have since negotiated a similar agreement with their bargaining agents. For more information, visit [Compensation for damages caused by the Phoenix pay system](#).

## Submitting a Claim

### ▼ 2. Am I eligible to make a claim through this process?

You are eligible to make a claim through this process if you incurred out-of-pocket expenses (NSF fees, financial penalty charges, interest charges, etc.) as a result of the implementation of the Phoenix pay system.

The out-of-pocket claims process applies to all employees who experienced problems because of the Phoenix pay system.

If you experienced greater financial impacts or missed investments opportunities, you may be [eligible for additional compensation](#) under the 2019 Phoenix pay system damages agreement.

### ▼ 3. I'm no longer employed by the Government of Canada. Can I still submit a claim?

Yes, you can still submit a claim if you were employed by the Government of Canada and incurred out-of-pocket expenses (NSF fees, financial penalty charges, interest charges, etc.) as a result of implementation of the Phoenix pay system.

#### ▼ 4. When can I submit my claim?

You are encouraged to bundle your eligible expenses as much as possible for efficiency of processing and reimbursement. You will be able to file another claim if new information comes to light, or if more pay problems occur.

You should be prepared to include a statement of facts upon which your claim is based, and to provide supporting documents confirming all disbursements. When you have compiled this documentation you are ready to make your claim.

#### ▼ 5. How do I submit my claim?

To submit a claim:

1. Download, print, complete and sign the claim form.
2. Attach supporting documentation to validate each item being claimed (pay stubs, bank statements, utility bills, credit card statements, etc.).
3. Submit your claim package to your claims officer. Your organization will communicate to you how to send your completed claim.
4. Once your claim is processed, your claims officer will provide you with a special release form so that a payment can be issued.

#### ▼ 6. Why is the release form necessary?

Release forms are a normal part of any claims process.

The release will only be effective for the approved content of the claim.

We created a special release form specifically for the claims process related to Phoenix. Our objective is to ensure that employees' rights are protected.

This release does not preclude you from making future claims for other out-of-pocket expenses incurred or for grieving other matters related to the implementation of the Phoenix pay system.

#### ▼ 7. Who can help me with my claim?

In an effort to avoid additional work pressures on staff in the Miramichi pay office and the satellite pay centres set up across Canada, and to provide assistance to affected employees, each organization impacted by the implementation of Phoenix has designated a claims officer with expertise in processing claims against the Crown to guide you through the claims process.

#### ▼ 8. What expenses are eligible to claim?

Examples of eligible expenses include:

- Non-sufficient funds (NSF) and other financial penalty charges resulting from missed or late payments on mortgage payments, condo fees, rent, personal loan payments (car, student, other), household utilities, groceries, or other household expenses;
- Interest charges from credit cards, lines of credit, and/or personal loans used by employees to temporarily pay mortgage payments, condo fees, rent, personal loan payments (car, student, other), household utilities, groceries, or other household expenses;
- Interest and related fees on loans or lines of credit required for the repayment of source deductions on an overpayment (that is,

the difference between the gross and net payment);

- Reimbursement of increased income taxes that will not be reversed or offset from amendments to the employee's current, previous or future income tax returns;
- Fees for early withdrawal of investments and withdrawals from savings instruments such as GICs;
- Fees and related charges from tax advisory service providers to amend a previously filed income tax return following the issuance of amended tax slips.
- Interest charged by Canada Revenue Agency (or Revenu Québec) after receiving an amended T4 issued by Phoenix.

Examples of ineligible expenses under this **specific process** include:

- Pay reconciliation services;
- Taxes withheld and opportunity costs on investment withdrawals;
- Reimbursement of source deductions related to overpayments (that is, the difference between the gross and net payment);
- Reimbursement of increased income taxes that will be offset when the employee files or amends his or her income tax return;
- General damages.

If you cashed in investments, or missed opportunities to earn interest on savings instruments, or if you experienced delays in receiving severance, pension or pay, and were not able to earn interest on those sums, you may be eligible for compensation under the Phoenix damages agreement. A separate process will soon be available to process this type of loss.

Each claim will be considered on its individual merits and settled based on valid receipts and other supporting documentation.

▼ 9. I have been overpaid and, consequently, my Canada child benefit has been reduced. Can this be addressed?

Yes, there is help for situations like these.

If you have received less money from government benefits programs such as the Canada child benefit, or other provincial/territorial benefits, you can request an advance to cover the temporary loss.

Remember that once your pay situation is resolved, your tax situation will be reviewed and you'll receive an amended notice of assessment. The review of your income tax will trigger a review of the benefits you are entitled to.

Once all is resolved, governments will pay the amounts you should have received had your pay been correct. You may refund the recoverable advance at that time.

Please see [Request an advance for government benefits](#).

▼ 10. My pay problems make filing my income tax return difficult to understand. How can this be addressed?

There is a process specifically designed for the [reimbursement of tax advice](#).

Employees who encountered pay issues related to the Phoenix pay system and who require the assistance of an accountant or another qualified tax professional may seek a reimbursement for tax advisory services in relation to their 2016 or 2017 income taxes.

To ensure that employees are treated fairly, and that they understand the tax implications caused by errors in their pay, the Government of Canada will reimburse expenses (up to \$200, with taxes included)



related to obtaining tax advice.

If you have consulted a tax expert, or if you plan on consulting one, you are invited to submit a claim.

▼ 11. What is the deadline to submit a claim?

The Government of Canada has set up this claims process to ensure that employees who have incurred out-of-pocket expenses as a result of the implementation of the Phoenix pay system are reimbursed in a timely manner.

There is no deadline to submit a claim.

▼ 12. Can I make a claim if I refused or did not request a salary advance?

Yes, you can still submit a claim if you incurred out-of-pocket expenses as a result of the implementation of the Phoenix pay system.

Please see the claims form, as well as the name of your claims officer who can assist you with your claim.

▼ 13. Can I submit more than one claim?

Yes, you may submit more than one claim. We encourage employees to bundle their eligible expenses as much as possible for efficiency of processing and reimbursement. However, if new information comes to light, or future pay problems occur, you can file another claim.

▼ 14. How will my personal information be protected?

All personal information that you submit to support your claim will be used for the purposes of assessing your claim in accordance with the Treasury Board Directive on Payments and will be protected in accordance with the Privacy Act.

## Tracking a Claim

### ▼ 15. How long will a claim take to process?

Each claim will be considered on its individual merit and settled based on valid receipts and other supporting documents.

Claims officers in each organization have been designated to guide you through the claims process and are authorized to pay out straightforward claims that meet the current list of eligible out-of-pocket expenses.

Your organization will submit complex claims to the Treasury Board Secretariat Claims Office for assessment and recommendation before your claims officer can make the payment. Complex claims will take longer to process.

In all cases, your claims officer will notify you of the recommended amount to be paid to you to settle your claim.

### ▼ 16. How do I track my claim?

Your claims officer will be able to update you on the status of your claim.

# Appealing a Decision

## ▼ 17. What can I do if my claim is denied?

If you are not satisfied with the decision concerning your claim, you have the right to grieve the decision in accordance with either your collective agreement or the *Federal Public Service Labour Relations Act* and its regulations.

**Date modified:**

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