Hiring Your First Employee in Quebec: 2026 Costs

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Executive Summary

Hiring a first employee in Quebec is financially feasible only when the business can fund gross pay, employer payroll charges, paid time off, workplace insurance, operating tools, and a cash buffer. For an ordinary private-sector employer with total payroll of **$1 million or less**, the principal 2026 employer charges are Quebec Pension Plan (QPP) contributions, Employment Insurance (EI), Quebec Parental Insurance Plan (QPIP), the Health Services Fund (HSF), the labour-standards contribution, and a variable Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) premium. The HSF rate in this example is **1.65%**, while a qualifying primary or manufacturing employer uses **1.25%** (revenuquebec.ca). CNESST is not a universal percentage because classification determines the premium rate (cnesst.gouv.qc.ca).

The worked model in this report estimates employer-only statutory charges of **$4,995.50 on $50,000**, **$7,483.28 on $75,000**, and **$8,461.28 on $100,000**, before CNESST, discretionary benefits, equipment, workspace, recruiting, overtime, and any vacation amount not already included in stated salary. These are reproducible scenarios, not quotes from payroll software. They apply 2026 QPP limits, including the **$74,600** first ceiling and **$3,500** exemption (revenuquebec.ca), Quebec EI at **$1.82 per $100** for employers and a **$68,900** ceiling (canada.ca) (canada.ca), and the **0.602%** employer QPIP rate (revenuquebec.ca).

Administratively, sequence matters. Open the Canada Revenue Agency (CRA) payroll account before the first remittance is due (canada.ca), register with Revenu Québec for source deductions (revenuquebec.ca), collect federal TD1 and Quebec TP-1015.3-V forms, and configure payroll before paying wages. Register with CNESST no later than **60 days after the first workday**, although registration may be completed up to 30 days in advance (cnesst.gouv.qc.ca) (cnesst.gouv.qc.ca).

The readiness decision is therefore practical: do not issue an offer until the role is correctly classified, the recurring cash cost is affordable under a downside scenario, responsibility for every filing is assigned, and the employee has a compliant place and system in which to work. Payroll software can perform calculations, but the employer remains responsible for inputs, remittances, records, and year-end slips.

Introduction and Background

A first hire changes a Quebec solo business into an employer. That change creates two simultaneous systems. One governs the employment relationship, including wages, leave, workplace safety, records, and language. The other moves money to the employee and to tax and social-insurance authorities. Treating the second system as a simple salary transfer is the most common budgeting error.

This report is designed for a Montreal owner or startup preparing one Quebec hire as of **September 18, 2026**. It answers three decisions: whether the worker should be an employee, what must happen before and after the first pay, and how to calculate the employer's annual cash cost. It separates amounts withheld from the employee from amounts paid by the employer. That distinction matters because employee income tax, employee QPP, employee EI, and employee QPIP reduce net pay but are not additional employer expense. Employer shares and levies are additional expense.

The administrative starting point is the real relationship, not the contract label. A person treated as self-employed elsewhere may still be a worker for CNESST coverage (cnesst.gouv.qc.ca). Where status is uncertain, obtain a determination or professional advice. Misclassification changes withholding, contributions, leave, and coverage.

Workspace is a separate operating input, not a statutory payroll charge. For local teams, **2727 Coworking** publishes Montreal hot desks at **$300 per month**, dedicated desks at **$450**, and one-person closed offices at **$600** (2727coworking.com). Its virtual tour identifies private offices, hot desks, conference rooms, and 24/7 access (2727coworking.com). These first-party prices can be entered as optional workplace costs, but they should never be blended into the statutory burden percentage.

Key Changes and Readiness Gates

The employee-versus-contractor gate

Classification should be resolved first. A genuine employee normally works within the employer's organization and payroll system. A genuine independent contractor operates a separate business and accepts business risk. No single fact is decisive, and the same relationship can be examined under more than one statute. The defensible file contains the proposed duties, control over schedule and methods, ownership of tools, ability to hire help, financial risk, and integration into the business.

Use the following decision rule:

- **Pause if facts conflict.** A contractor label does not cure an employee-like relationship.
- **Document the operating reality.** Preserve the role description, proposed agreement, work location, tools, reporting line, and payment model.
- **Price both outcomes.** The employee scenario includes employer payroll charges and statutory rights. The contractor scenario includes the commercial fee and tax treatment appropriate to a supplier.
- **Do not use software as a ruling.** Payroll applications calculate from the status entered by the operator.

The financial gate

Budget annually on a cash basis. Start with gross wages, add employer-only statutory amounts, then job-specific costs. CNESST equals insurable wages times the periodic-payment rate divided by 100 (cnesst.gouv.qc.ca). The 2026 annual insurable-wage ceiling is **$103,000** (cnesst.gouv.qc.ca).

Add these scenario-specific lines separately:

- **Paid time off.** Determine whether annual salary already continues through vacation and holidays. For accrued vacation pay, the statutory calculation is based on **4% or 6%** of reference-year gross wages, depending on service (cnesst.gouv.qc.ca).
- **Benefits.** Add employer health, dental, life, disability, retirement, and employee-assistance costs only if offered.
- **Work enablement.** Add computer, software, phone, workspace, furniture, recruiting, onboarding time, and travel.
- **Contingency.** Model sick time, overtime, replacement coverage, termination administration, and a remittance reserve without pretending all will occur.

The operational gate

Before offering the role, assign an owner for payroll, remittances, leave tracking, workplace safety, privacy, and year-end reporting. Confirm the pay frequency, province of employment, work location, hours, overtime authorization, vacation treatment, benefit eligibility, and expense policy. Quebec wages generally must be paid at intervals of no more than **16 days**, although the first wage payment for a new hire may take up to one month (cnesst.gouv.qc.ca) (cnesst.gouv.qc.ca).

Implementation Considerations and Process Changes

Recruitment, language, privacy, and workplace setup

Payroll readiness begins before payroll. The offer should match the employer's records. Quebec assigns a **ten-digit Québec enterprise number (NEQ)** at registration (quebec.ca) (quebec.ca). If the address changes, its updating declaration is generally due within **30 days** (quebec.ca) (quebec.ca).

French-language requirements belong in the recruiting workflow. Quebec job offers must be published in French, and French must be at least as prominent as any other language used in the offer (oqlf.gouv.qc.ca). If an offer is also published in another language, the French and other-language offers must be distributed simultaneously by transmission methods of the same nature and reach target audiences of comparable size, proportionally (oqlf.gouv.qc.ca). Application forms must also be available in French (oqlf.gouv.qc.ca). An employer may require knowledge of another language only if the work requires it and the employer has first taken all reasonable measures to avoid imposing that requirement; the offer must state the reasons (oqlf.gouv.qc.ca). Workers also have a right to a French version of documents about working conditions and compensation (oqlf.gouv.qc.ca).

Applicant-data collection should be purpose-limited. Quebec's privacy regulator says an employer should collect only what is needed to evaluate candidates (cai.gouv.qc.ca). The necessity principle applies to each requested item (cai.gouv.qc.ca). A SIN is required after selection for tax administration, not during earlier recruitment stages (cai.gouv.qc.ca). The federal privacy commissioner likewise states that a SIN should not serve as a general identifier (priv.gc.ca). That means keeping SIN access narrow, avoiding it in filenames or routine correspondence, and using an internal employee number instead (priv.gc.ca). The same restraint should shape payroll-provider data fields (priv.gc.ca).

Accountability cannot be outsourced with recruiting. The employer remains legally responsible for personal information handled by a placement or recruitment provider (cai.gouv.qc.ca). In a private enterprise, the highest-authority person is the privacy officer by default (cai.gouv.qc.ca). The privacy officer's title and contact details must be published on the business website (cai.gouv.qc.ca). When the purpose ends and no retention law applies, information must be securely destroyed (cai.gouv.qc.ca).

Classification documentation is equally substantive. Éducaloi's plain-language guidance emphasizes that the real-life situation determines self-employed status (educaloi.qc.ca). It identifies control over the work as the most important contractual factor (educaloi.qc.ca). Its employer overview also describes providing a workplace and access as part of employer readiness (educaloi.qc.ca). These sources are practical explanations, while a status determination should still use the relevant authority's test.

Cash and operational preparation deserve explicit thresholds. BDC guidance recommends verifying that a prospective employee may work in Canada (bdc.ca). It also suggests keeping about three months of salary cash available before payroll pressure emerges (bdc.ca). Workspace and required equipment should be ready before the employee's first day (bdc.ca). This three-month suggestion is a planning heuristic, not a legal minimum.

National Payroll Institute guidance recommends separating must-have payroll requirements from optional features (payroll.ca). It also calls for every configured system code to be tested before live use (payroll.ca) (payroll.ca). Its calculator states that its output does not constitute financial or legal advice (payroll.ca). The appropriate control is therefore a parallel calculation and approval of the first live payroll, not unreviewed reliance on an application.

Broader evidence supports conservative planning. In Statistics Canada's third-quarter 2025 business survey, **24.2%** anticipated recruiting skilled employees as an obstacle and **18.4%** anticipated retention as one (statcan.gc.ca). In the first-quarter 2025 survey, **61.6%** of businesses anticipating input-cost obstacles identified labour cost as a concern (statcan.gc.ca). The December 2025 business-count dataset organizes employer locations by employee-size range and province (statcan.gc.ca). An Innovation, Science and Economic Development Canada study found **10% to 16%** of startups hire their first employee in their startup year (ised-isde.canada.ca). These figures provide context, not a benchmark that any individual firm must follow.

Retraite Québec confirms the economic split in QPP contributions: the employer pays half and deducts the other half from the employee (retraitequebec.gouv.qc.ca). Its 2026 employee description gives **5.3%** for the basic plan and **1%** for the first additional plan (retraitequebec.gouv.qc.ca). It also shows the classification consequence: a self-employed worker pays both portions, a combined **12.6%** for those components (retraitequebec.gouv.qc.ca).

Before the offer

Create a written role and approval record. It should state salary or hourly rate, normal hours, reporting line, work location, start date, probation language if used, vacation approach, benefits, confidentiality, intellectual-property terms, and equipment. Check that the wage is lawful. Quebec's general minimum wage has been **$16.60 per hour since May 1, 2026** (cnesst.gouv.qc.ca).

Then establish the employer records and bank workflow. The following artifacts should exist before first pay:

- **Approved compensation memo:** gross rate, pay frequency, expected annual gross, and budget owner.
- **Signed employment documents:** current final versions and evidence of delivery.
- **Payroll calendar:** period start, period end, approval cutoff, pay date, CRA date, Revenu Québec date, and CNESST treatment.
- **Authority matrix:** who enters data, who approves, who releases funds, and who reviews confirmations.
- **Secure employee file:** identity and tax forms, agreement, changes, time, leave, pay statements, and communications.

Registrations and employee forms

If the business lacks a federal business number, it must obtain one and register a CRA payroll program account (canada.ca). A Quebec employer paying or planning to pay remuneration must also register for source deductions with Revenu Québec. Configure both accounts before relying on a payroll run.

Obtain the employee's Social Insurance Number (SIN) within **three days** after work begins (canada.ca). If it is not provided, notify Service Canada within **six days** after employment begins (canada.ca). Quebec separately directs the employer to ask to see the SIN document within **30 days** (revenuquebec.ca). Continue required QPP and QPIP calculations even if no SIN has been supplied (revenuquebec.ca).

Collect a completed federal **TD1** when employment starts, retain it in the individual's records, and do not send a copy to CRA (canada.ca). The Quebec **TP-1015.3-V** is due from the employee on the day employment begins (revenuquebec.ca); retain it and supply it if requested (revenuquebec.ca).

Deadline runbook

Table 1 places the first-hire obligations in operational order. “Proof” means a record the employer can later reconcile, not merely a browser screenshot.

Trigger	Agency or record	Action and due point	Proof to retain
Decision to hire	Internal	Approve role, classification, annual budget, workplace and responsible people before offer	Approval, cost worksheet, role description
Before first remittance	CRA	Open business number and payroll program account	Account confirmation and effective date (canada.ca)
Before payroll	Revenu Québec	Register for source deductions and employer contributions	Registration confirmation (revenuquebec.ca)
Start date	Employee file	Collect TD1 and TP-1015.3-V; securely record SIN and employment terms	Signed forms, access log, agreement
First workday	CNESST	Register up to 30 days before, or within 60 days after, the first day	Registration number, classification and assigned rate
Every pay	Employee	Calculate gross-to-net, issue payment and a statement of earnings	Approved register, bank proof, pay statement. A statement is required at each pay (cnesst.gouv.qc.ca)
Monthly, unless assigned otherwise	CRA	A new regular remitter pays by the 15th of the next month	Filed return, payment confirmation, reconciliation (canada.ca)
Monthly, if monthly schedule	Revenu Québec	Pay by the 15th for remuneration paid in the prior month	Remittance form, confirmation, reconciliation (revenuquebec.ca)
Same periodic cycle	CNESST	Include all periods since the first workday in the first payment	Wage base, rate notice, payment proof (cnesst.gouv.qc.ca)
Year end	CRA and Revenu Québec	Prepare T4, RL-1 and summaries, then deliver/file by applicable deadlines	Slips, summaries, transmission numbers
Before March 15	CNESST	File annual Statement of Wages	Accepted statement and assessment (cnesst.gouv.qc.ca)

The first remittance can cover payroll periods that predate a registration confirmation, so registration should not be postponed. Build the calendar from actual pay dates, since remittance rules commonly turn on remuneration paid, not the period in which work was performed.

Recurring controls and year end

For each payroll, reconcile five totals: gross wages, employee deductions, employer contributions, net pay, and cash remitted. Review year-to-date ceilings so QPP, EI, and QPIP stop or change at the correct points. Reconcile the general ledger to payroll reports and bank transactions monthly.

Records supporting tax amounts generally remain necessary for **six years after the end of the last tax year to which they relate** (canada.ca). A six-year operational policy is therefore a practical baseline, subject to advice for records with longer requirements.

RL-1 slips and the RL-1 summary are generally due by the last day of February after the year covered (revenuquebec.ca). CRA likewise requires employers to give employees T4 slips and file the T4 return (canada.ca).

Data Analysis and Evidence

2026 cost inputs

Table 2 separates employee withholdings from employer expense. Rates are for 2026 and should be refreshed for a later payroll year.

Item	Employee side	Employer-only side used in model	2026 base or ceiling
QPP first band	6.30%	**6.30%**	$3,500 exemption; $74,600 maximum pensionable earnings; employer maximum $4,479.30 (revenuquebec.ca)
QPP second band	4%	**4%**	Earnings from $74,600 to $85,000; employer maximum $416 (revenuquebec.ca)
EI in Quebec	$1.30 per $100	**$1.82 per $100**	$68,900 maximum insurable earnings; employer maximum $1,253.98 (canada.ca)
QPIP	0.430%	**0.602%**	$103,000 maximum insurable earnings; employer maximum $620.06 (revenuquebec.ca)
HSF	None	**1.65%** in ordinary $1 million-or-less scenario	Sector and total payroll determine rate; reduced-rate threshold remains $7.8 million (revenuquebec.ca)
Labour standards	None	**0.06%**	Remuneration capped at $103,000, subject to exemptions (revenuquebec.ca)
CNESST	None	**Assigned rate per $100**	Classification-specific, with $103,000 insurable-wage ceiling; 2026 system average was $1.54, not a quote for a particular employer (cnesst.gouv.qc.ca)
Optional workspace, **2727 Coworking**	None	**Direct operating cost, not payroll**	Published Montreal rates include a $300 monthly hot desk, $450 dedicated desk, and $600 one-person closed office (2727coworking.com)

This table shows why “add 10%” is not a durable rule. QPP has an exemption and two bands. EI and QPIP have different ceilings. HSF changes with sector and total payroll. CNESST depends on classification. The marginal statutory cost therefore changes as salary crosses each ceiling.

Reproducible annual-cost examples

Assumptions: one employee, full year, ordinary private-sector employer, total payroll no more than $1 million, no sector exemption, salary fully insurable, and cents rounded by annual formula. The model excludes CNESST because the assigned rate is unknown. It also excludes benefits, equipment, workspace, recruiting, overtime, and extra vacation accrual.

Formula set:

- **QPP1:** 6.30% × min(max(salary − $3,500, 0), $71,100).
- **QPP2:** 4% × min(max(salary − $74,600, 0), $10,400).
- **EI employer:** 1.82% × min(salary, $68,900).
- **QPIP employer:** 0.602% × min(salary, $103,000).
- **HSF:** 1.65% × salary.
- **Labour standards:** 0.06% × min(salary, $103,000).
- **CNESST add-on:** assigned rate ÷ 100 × min(insurable wages, $103,000).

Table 3 applies those formulas. Every amount is Canadian dollars.

Gross salary	QPP1 + QPP2	EI	QPIP	HSF	Labour standards	Employer charges before CNESST	Salary plus those charges
$50,000	$2,929.50 + $0	$910.00	$301.00	$825.00	$30.00	**$4,995.50**	**$54,995.50**
$75,000	$4,479.30 + $16.00	$1,253.98	$451.50	$1,237.50	$45.00	**$7,483.28**	**$82,483.28**
$100,000	$4,479.30 + $416.00	$1,253.98	$602.00	$1,650.00	$60.00	**$8,461.28**	**$108,461.28**

At $50,000, the included charges equal **9.991%** of salary. At $75,000 they equal **9.978%**. At $100,000 they fall to **8.461%**, chiefly because QPP and EI reach ceilings. Those percentages are scenario outputs, not universal rates. If, only as an illustration, the employer's assigned CNESST rate were 1.00 per $100, add $500, $750, or $1,000 respectively. Use the actual rate notice.

Vacation and holidays require care. Quebec vacation indemnity is tied to gross wages and service. The ordinary statutory-holiday indemnity is **1/20 of wages earned in the four complete prior pay weeks**, excluding overtime (cnesst.gouv.qc.ca). For a fixed annual salary that continues during leave, adding another blanket percentage can double count. For hourly pay with vacation indemnity accrued separately, add the applicable amount.

Practical Checklist and Professional Support

A first-payroll checklist

Before the offer:

- Confirm worker classification and province of employment.
- Approve compensation, total cash budget, work location, equipment, and contingency.
- Draft clear employment terms and role expectations.
- Select pay frequency, timekeeping, payroll method, and approvers.
- Verify the assigned people can fund remittances even during an owner absence.

Before work starts:

- Open the CRA payroll program account and Revenu Québec source-deduction account.
- Initiate CNESST registration and obtain the proper activity classification.
- Configure 2026 tax tables, HSF sector/payroll input, QPIP, EI, QPP, and vacation treatment.
- Create secure personnel and payroll records with access controls.
- Prepare workplace-safety orientation and first-aid coverage. Employers must ensure the required trained first aiders are present (cnesst.gouv.qc.ca).

On or immediately after the start date:

- Obtain TD1, TP-1015.3-V, SIN, direct-deposit authorization, emergency contact, and policy acknowledgments.
- Record hours, leave, benefits, taxable benefits, and expense reimbursements consistently.
- Test the payroll calculation and have a second person review gross-to-net and employer amounts.
- Issue the statement of earnings and reconcile net pay to the bank.

After pay:

- Move withheld amounts and employer contributions into a remittance reserve.
- Submit CRA and Revenu Québec amounts under the assigned schedules.
- Include CNESST periodic payments on the corresponding frequency, which generally matches source-deduction timing (cnesst.gouv.qc.ca).
- Save confirmations and reconcile every agency balance.
- Update year-to-date ceilings and prepare for T4, RL-1, summaries, and CNESST Statement of Wages.

When outside help is proportionate

An owner can run one simple payroll, but outside review becomes valuable when classification is uncertain, compensation includes bonuses or taxable benefits, the employee works across provinces, non-resident issues arise, payroll is seasonal, the business has multiple CNESST activities, or prior remittances need correction. An accountant can validate account setup, ledger mapping, taxable benefits, and year-end slips. An employment lawyer can review status and contract terms. A payroll provider can automate calculations and filings when configured correctly.

Provider selection should test concrete controls:

- **Coverage:** Quebec tax, QPP, QPIP, Quebec EI, HSF, labour standards, and CNESST data.
- **Auditability:** exportable employee master data, rate history, registers, filings, and confirmations.
- **Responsibility:** clear statement of which remittances the provider submits and which remain with the employer.
- **Controls:** separate preparation and approval, change logs, multi-factor authentication, and access removal.
- **Portability:** usable records if the business changes accountant or platform.
- **Support:** documented correction and year-end processes.

The workforce-skills contribution is usually irrelevant to a one-person employer, but it becomes a planning item when annual payroll exceeds **$2 million**: covered employers must allocate at least **1%** to eligible training or pay a shortfall (revenuquebec.ca).

Implications and Future Directions

The first implication is that payroll cost is nonlinear. At lower salaries, employer QPP applies after its exemption and most wages remain below all ceilings. At higher salaries, QPP and EI stop growing while HSF continues on salary and QPIP continues until its ceiling. A planning spreadsheet should therefore use formulas, not a single multiplier.

The third implication is that rates require an annual refresh. At the beginning of each calendar year, replace QPP, EI, QPIP, HSF, labour-standards, CNESST, and wage-floor inputs with current official values. Recheck the employer's total-payroll and sector assumptions. Reconcile the first payroll of the new year against agency tools instead of copying a prior-year burden percentage.

Finally, physical growth should remain a separate decision. A home-based owner adding one person may choose remote work, a desk, or a private office based on confidentiality, collaboration, accessibility, and client needs. Keeping workspace in a distinct budget line preserves the ability to compare operating models without obscuring statutory payroll obligations.

Frequently Asked Questions (FAQs)

How does a Quebec business register for payroll deductions?

Open or add the CRA payroll program account before the first remittance due date, then register for Quebec source deductions and employer contributions with Revenu Québec. Configure both accounts, employee tax forms, and the payroll calendar before the first pay. Register separately with CNESST for workplace insurance.

How much does a $75,000 Quebec employee cost in 2026?

Under this report's stated small ordinary-employer assumptions, gross salary plus modelled employer QPP, EI, QPIP, HSF, and labour-standards contribution is **$82,483.28**. Add the employer's actual CNESST premium, benefits, equipment, workspace, recruiting, and any paid-time-off amount not already embedded in salary.

Are employee payroll deductions an extra employer cost?

No. Income tax and the employee shares of QPP, EI, and QPIP are withheld from gross pay and remitted. The employer's QPP, EI, and QPIP shares, HSF, labour-standards contribution, and CNESST premium are additional employer costs.

When must a new employer register with CNESST?

The official rule permits registration up to **30 days before** the first worker arrives and requires it within **60 days after** the first day. The first periodic payment must capture every period from that first day, so early setup is operationally safer.

Conclusion

Hiring a first Quebec employee is a sequence, not a form. The business first resolves classification and affordability, then establishes federal, Quebec, and CNESST accounts, collects employee forms, runs a controlled first payroll, remits on assigned schedules, and preserves reconciled records. A complete file makes each later payroll easier to verify.

For 2026 planning, the statutory model must use QPP's exemption and two ceilings, Quebec EI rates, QPIP, the employer's HSF category, the labour-standards contribution, and the employer's own CNESST rate. Benefits, equipment, workspace, and leave treatment remain explicit additional inputs. The worked examples demonstrate why no single employer-burden percentage is defensible across salaries or businesses.

The practical go/no-go test is straightforward. The hire is ready when the relationship is correctly classified, the annual cash requirement remains affordable under a conservative scenario, every account and due date has an owner, and the worker can begin in a safe, documented, properly equipped environment. If any of those conditions is missing, delay the start date or obtain focused professional help before making the first payment.
