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Pay Equity in Québec: Employer Obligations Starting at 10 Employees

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Who is covered: the 10-employee threshold

The *Pay Equity Act* applies to « tout employeur dont l'entreprise compte 10 salariés ou plus ». If a business reaches that number during a year, the Act applies as of January 1 of the following year (*Pay Equity Act*, s. 4). Once an employer is subject to the Act, it remains subject to the same requirements even if its workforce subsequently shrinks (s. 7).

Three useful points before you begin:

- **Provincial jurisdiction only.** Federally regulated businesses (banks, telecommunications, interprovincial transportation, etc.) fall under a different system (CNESST, [Understanding your obligations](#); Éducaloi).
- **Below 10 employees, the principle still applies.** You do not have to carry out a pay equity exercise, but you must comply with the pay equity provisions of the *Charter of human rights and freedoms* (CNESST).
- **Size determines the approach.** With 10 to 49 employees, you determine the adjustments; with 50 to 99, you establish a pay equity plan; with 100 or more, you also need a pay equity committee (ss. 10, 16, 31 and 34).

The overall picture: as of December 31, 2025, 40,007 employers were subject to the Act, and 85.0% of them had 10 to 49 employees (CNESST, [Pay equity in figures](#)). To see how this obligation fits alongside other thresholds (labour standards, francization, training), see our article on [employer obligations by number of employees](#).

How to count your employees

The number of employees is not a headcount on a particular date. It is **the average number of employees on the employer's register per pay period over a calendar year** (s. 6). The CNESST requires you to repeat this calculation every year, from January 1 to December 31, as long as the average remains below 10; once you reach the threshold, you no longer need to count (CNESST, [Calculating the number of workers](#)).

Method: Add up the number of employees for each pay period in the year, then divide by the number of periods. If groups are paid at different frequencies, calculate the average for each group, then add the results together (CNESST).

Illustrative example: A business with a biweekly payroll has a total of 270 entries on its employee register across its 26 pay periods in 2026. $270 \div 26 = 10.4$. The average exceeds 10: the Act applies on January 1, 2027.

Include in the calculation	Exclude from the calculation
Full-time, part-time and casual employees	A student in a position reserved for students during their summer vacation
People on sick, maternity, paternity or parental leave	Senior management personnel
A student in a position held during the school year or not reserved for students	A trainee in a vocational training program recognized by law
An employee temporarily assigned outside Québec	An employee permanently assigned outside Québec
An employee temporarily laid off	A self-employed worker, in some cases; police officers and firefighters

Source: CNESST and s. 8 of the Act. The Act also excludes students who work during the school year as part of a recognized work-study program (s. 8, 1°).

Take care with self-employed workers: the Act presumes that someone performing activities for you that are similar or related to yours is an employee, unless they work for several clients simultaneously, work for different clients in turn using their own equipment, or work only sporadically (s. 9). The CNESST warns against relying on the status used for tax purposes. In an acquisition or merger, use the size of the largest business, without adding the averages together (CNESST).

What the Act requires: four obligations

Obligation	10 to 49	50 to 99	100 or more
Pay equity plan	Optional	Yes	Yes
Pay equity committee	Optional	Optional	Yes
Post the results of the initial exercise	Yes	Yes	Yes
Conduct a pay equity audit every 5 years and post the results	Yes	Yes	Yes
Keep records and postings for at least 6 years	Yes	Yes	Yes
File the DEMES	Yes	Yes	Yes

Source: [CNESST, Understanding your obligations](#).

In practice, for a small or medium-sized business with 10 to 49 employees, the cycle consists of an **initial exercise, posting** in two stages, a **statement** filed with the CNESST, then a **pay equity audit** every five years. An employer with fewer than 50 employees may choose to establish a full plan, provided it notifies the CNESST and posts that notice (s. 34).

The four-year deadline for the initial exercise

The adjustments must be determined (or the plan completed) « dans un délai de quatre ans à compter de l'assujettissement » (s. 37). The CNESST illustrates this as follows: a business that reaches an average of 10 in 2024 must carry out its exercise between 2025 and 2028, no later than December 31, 2028 ([CNESST](#)). Éducaloi states the same rule: before December 31 of the 4th year following the year in which the threshold is reached ([Éducaloi](#)).

Use the data that exists when you carry out the exercise. If you miss the deadline, the CNESST requires the data as of the deadline ([CNESST](#)). The CNESST offers a [deadline calculator](#) and the free online tool MonÉquitéSalariale ([CNESST, Initial exercise](#)).

Steps in the exercise

1. **Identify job classes.** Group jobs that have similar duties or responsibilities, similar qualifications and the same compensation (the same rate or the same pay-scale maximum). A class may contain a single job (s. 54). When in doubt, the CNESST recommends creating separate classes ([CNESST, Identifying job classes](#)).

2. **Determine gender predominance.** A class is predominantly female or male if at least 60% of its incumbents are of the same sex, if it is stereotypically associated with one sex, if the difference in representation is significant, or if its history indicates this (s. 55). Two male daycare educators may therefore form a predominantly female job class (CNESST).
3. **Choose an evaluation method** that takes into account the qualifications required, responsibilities, effort and the conditions under which the work is performed (s. 57).
4. **Evaluate and compare** female job classes with male job classes of equivalent value, then **estimate the gaps**. Certain differences do not count, including seniority (unless it has a discriminatory effect), a shortage of qualified labour and temporary training assignments (s. 67).
5. **Calculate the adjustments** and set the payment terms (ss. 68 and 69).

If the business has no predominantly male job classes, a CNESST regulation sets out the procedure to follow (ss. 13 and 38).

Pay adjustments: spreading payments and prohibited practices

- **Spreading payments:** Over no more than four years, in equal annual instalments (s. 70), for up to 5 instalments (CNESST, [Paying adjustments](#)).
- **First instalment:** On the date by which the adjustments must be determined (s. 71). Late payments accrue interest at the legal rate.
- **Extension:** The CNESST may authorize up to three additional years if you demonstrate that you are unable to pay (s. 72).
- **Prohibited:** Reducing anyone's compensation to achieve pay equity, including flexible compensation and benefits with a monetary value (s. 73).

Illustrative example (from the CNESST): A female job class paid \$18 an hour is compared with an equivalent male job class paid \$19. With payments spread over four years (5 instalments), the adjustment is $\$1 \div 5 = \$0.20$ per year: \$18.20 at the deadline, then \$18.40, \$18.60, \$18.80 and \$19 (CNESST). Terms may differ from one job class to another, but must be identical for all members of the same class.

Posting the results

For a business with 10 to 49 employees, the first posting must take place no later than the end of the four-year period under section 37 (s. 35); the CNESST requires it as soon as the work is completed (CNESST, [Posting the results](#)). The date of this first posting matters: it becomes your anniversary date for pay equity audits (s. 76.1).

1. **First posting, 60 days**, dated, in visible and easily accessible locations: a summary of the process, female job classes, male job classes used for comparison, the percentage or amount of adjustments and their terms (or notice that no adjustment is required), rights and remedies.
2. **Employee questions:** During these 60 days, any employee may request information or submit comments in writing (s. 76).

3. **New posting, 60 days**, no later than 30 days after the end of the first: changes made or a statement that none are necessary, remedies, and the CNESST complaint form (s. 76).

A digital posting (on an intranet) is permitted (s. 14), provided everyone can access it easily without having to ask for permission (CNESST). Posting templates are available on the same page.

The employer's statement (DEMES)

The DEMES is an obligation **separate** from the pay equity work: it informs the CNESST of where you stand in meeting your obligations (CNESST, DEMES).

- **Who:** An employer registered with the Registraire des entreprises that reported **11 or more people** in its most recent annual updating declaration, or that has previously declared itself subject to the Act (Regulation, s. 1). Note the difference from the Act's threshold of 10: you may be subject to the Act before receiving a request to file the DEMES.
- **When:** During the filing period for the annual update with the Registraire (Regulation, s. 2); for a private business, the CNESST specifies within 6 months of the end of the fiscal year. A reminder letter is sent for each NEQ, and no extensions are granted (CNESST).
- **Frequency:** Every year until you attest that you have completed the initial exercise; after that, only when each pay equity audit is conducted (Regulation, s. 3.1).
- **How:** Online only, in French, through clicSÉCUR express or clicSÉCUR-Entreprises (registration for the service can take up to 48 hours). Have your NEQ, your business start date, your number of employees and your posting dates ready. The CNESST estimates that it takes less than 10 minutes.

You may have your accountant file the DEMES, but you remain responsible for its contents.

Maintaining pay equity every five years

A pay equity audit checks whether events since the last exercise have created gaps between equivalent female and male job classes (s. 76.1). The audit and its postings take place **every five years**, starting from the date of the first posting of the initial exercise's results (s. 35, first paragraph), rather than the new posting; if that posting was late, the starting point is the date on which it should have taken place (s. 76.1). This is the CNESST's « date anniversaire »: an employer that posts on December 31, 2024 must have completed its pay equity audit by December 31, 2029, and one that was required to post on December 31, 2024 but did so on July 15, 2025 still has a deadline of December 31, 2029 (CNESST, [Identifying the date](#)). Only employers whose first pay equity audit was scheduled before April 10, 2019 retain the former anniversary date, calculated from the new posting. The CNESST advises starting a few months before the anniversary date and recording events in chronological order (CNESST, [Pay equity audit](#)).

- **Who conducts it:** The employer alone, an audit committee, or the employer together with the union (s. 76.2). If there is a union, or if there was a committee for the initial exercise, an employer conducting the audit alone must carry out a participation process that ends at least 60 days before the posting (s. 76.2.1).

- **Postings:** 60 days, followed by a new 60-day posting within the next 30 days (ss. 76.3 and 76.4), including a list of events and their dates.
- **Retroactivity:** The adjustment is owed **from the date of the event**. Amounts for the past period are paid as a lump sum on the date of the second posting, with interest at the legal rate (s. 76.5), and may be spread over four years (s. 76.5.1). A former employee who is entitled to an adjustment must be notified in writing and paid without spreading the payments (s. 76.6.1).
- **Retention:** Six years from the second posting, longer in the event of a complaint or investigation (ss. 14.1 and 76.8).

What the 2019 reform changed

On May 10, 2018, the Supreme Court of Canada ruled certain provisions of the Act unconstitutional because they did not require gaps to be corrected from the date of the events that had created them. Bill 10, passed in April 2019, added retroactivity to the date of the event and the lump-sum payment (ss. 76.5 to 76.5.2), the participation process (s. 76.2.1) and detailed content requirements for audit postings (ss. 76.3 and 76.4) ([Québec.ca, April 10, 2019](https://www.quebec.ca/en/actualites/actualites/2019/04/10/la-reforme-de-la-loi-sur-le-travail-est-entree-en-vigueur)).

Fines and risks

Failing to carry out the exercise, failing to post results, reducing wages, failing to retain documents or failing to file the DEMES are offences (s. 115). Fines in effect in October 2026:

Business size	Minimum fine	Maximum fine
Fewer than 50 employees	\$1,000	\$15,000
50 to 99 employees	\$2,000	\$30,000
100 or more employees	\$3,000	\$45,000

For repeat offences, these amounts are doubled ([Act, s. 115](#)). The offending business also has its name published on the CNESST's list of non-compliant employers ([CNESST](#)). The greatest financial risk often remains the adjustments themselves, with interest. For a small or medium-sized business with fewer than 50 employees, the employer must demonstrate, in the event of a complaint, that compensation for female job classes is at least equal to that of equivalent male job classes (s. 99). This issue rarely stands alone: the same CNESST oversees your [health and safety obligations](#).

Timeline and checklist

Illustrative example for a Montréal small or medium-sized business that goes from an average of 9 to 10 employees in 2026:

Date	Step
December 31, 2026	Annual average calculated: 10.4. Threshold reached.

Date	Step
January 1, 2027	The Act applies (s. 4).
2027 to 2030	Initial exercise. DEMES every year once required.
October 1, 2030	First posting (until November 30, 2030).
No later than December 30, 2030	New posting for 60 days.
December 31, 2030	Deadline for the exercise and first adjustment payment.
Next filing period with the Registraire	DEMES attesting that the exercise is complete.
October 1, 2035	Pay equity audit and its postings: five years after the first posting (s. 76.1).

Checklist:

- ☐ Calculate the average number of employees each calendar year as long as it is below 10.
- ☐ Record the year the threshold is reached and the four-year deadline.
- ☐ List jobs, group them into classes and determine gender predominance.
- ☐ Evaluate, compare and calculate gaps; decide on payment terms.
- ☐ Prepare both postings using the CNESST templates.
- ☐ Register the business for the DEMES service in clicSÉCUR and file the statement.
- ☐ Start an events register for pay equity audits.
- ☐ Archive data and postings for at least six years.

This article is for information purposes. An unusual situation (no male job classes, a union, a merger, a significant delay) warrants guidance tailored to your circumstances. If you are still hiring, our guide to the [costs of a first employee](#) rounds out the picture.

Frequently asked questions

My business has had 10 employees since September. Am I subject to the Act?

Not necessarily. What counts is the average across all pay periods in the calendar year (s. 6). If that average reaches 10, the Act applies on the following January 1.

If I drop back to 8 employees, do my obligations disappear?

No. Once the Act applies, the employer remains subject to the same requirements regardless of any change in workforce size (s. 7).

I have not received a letter about the DEMES. Do I have to file it?

If you are required to, yes. The CNESST recommends checking your contact information with the Registraire des entreprises and filing the DEMES anyway ([CNESST](#)).

To explain the results to your team during the posting period, the conference room at 2727 Coworking, at 2727, rue Saint-Patrick in Griffintown, can be booked by the day for a group of 8 people.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. <https://www.legisquebec.gouv.qc.ca/fr/document/lc/E-12.001>
2. <https://www.cnesst.gouv.qc.ca/fr/demarches-formulaires/employeurs/connaitre-realiser-ses-obligations-dequite/qui-est-concerne-loi-equite-salariale>
3. <https://educaloi.qc.ca/capsules/employeurs-realiser-lequite-salariale-dans-votre-entreprise>
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