

Practice Directive Number 1-38-1(B)

Assignment of Account Numbers

Effective May 1, 2003

PRACTICE

BACKGROUND

Assigning account numbers is an administrative function of the Board. Account numbers are assigned to a firm¹ once registration is finalized. For reasons outlined below, the Board may retain or change an account number assigned to a registered firm.

The decision to change an account number is not necessarily linked to a change in legal entity. The assignment or change of an account number to a firm may simply serve to accommodate administrative simplicity for experience rating transfer purposes.²

APPLICATION

A firm's account number will generally change if the sale or transfer of the firm results in a change of ownership (e.g. a proprietorship is sold to another proprietor or to a corporation). The normal practice is to assign a new account number to the new owner of the firm.

A firm's account number will generally not change if the firm:

- Changes its legal status, but its ownership remains the same (e.g. a proprietorship incorporates).
- Changes its ownership, but its legal entity remain the same (e.g. assets and shares of a corporation are sold).
- Simply changes its industrial activity (resulting in a new or added classification unit).
- Temporarily ceases operations (resulting in a cancellation and revival of an account).

The way in which the Board assigns account numbers is determined for administrative ease, and accommodates the Board's policy on the transfer of experience rating.³ Retaining an old account number for administrative reasons will have no effect on the legal status of the transferor and transferee for other purposes.

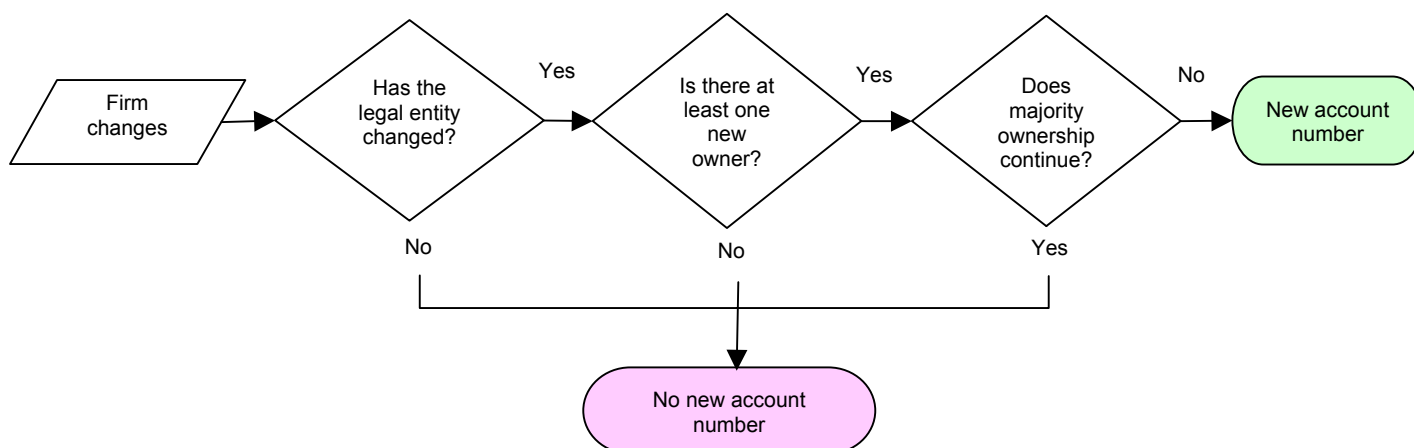
The following flowchart shows the general considerations used to determine the assignment of new account numbers.

¹ As per Assessment Policy 1-1-1, a firm is any person or entity carrying on a business.

² See AP1-42-3, Transfer of Experience Rating.

³ See AP1-42-3, Transfer of Experience Rating.

Assignment of New Account Numbers



Set out below is a table to assist in determining whether a change to a firm will result in the retention of the same account number or assignment of a new one.

From	To	Legal Entity	Account Number	Explanation
Proprietorship ⁴	Corporation ⁵	Legal Entity Change	No Change	Same Principal Owner
Corporation	Proprietorship	Legal Entity Change	No Change	Same Principal Owner
Partnership	Corporation	Legal Entity Change	No Change	Same Principal Owners
Corporation	Partnership ⁶	Legal Entity Change	No Change	Same Principal Owners
Corporation	Same corporation – new shareholders/ owners	No Legal Entity Change	No Change	Same Employer (with new owners)
Corporation	Same corporation legally changes its name	No Legal Entity Change	No Change	Same Principal Owner
Two or more registered employers	One employer who takes over (e.g. buys) the other employer's business	No Legal Entity Change	No Change	Continuation of one Employer

⁴ For the purpose of this directive, a proprietorship is an individual operating in an industry under the individual's own name or trade name. A proprietorship could be an employer or independent operator.

⁵ For the purpose of this directive, a corporation is an entity incorporated under the *B.C. Companies Act* and registered through the Registrar of Companies in Victoria or Federally through the Registrar of Companies in Ottawa, and may be identified as "Ltd.", "Limited", "Inc.", "Incorporated", "Corp.", "Incorporation". It should be noted that we may also register a corporation which is not registered under the *B.C. Companies Act* or with the Registrar of Companies in Ottawa if it is doing business in British Columbia as a corporation registered in another jurisdiction.

⁶ For the purpose of this directive, a partnership is two or more individuals or incorporated companies who are jointly and severally responsible for all debts and obligations of a business. Partnerships include joint ventures and limited partnerships as well as partnerships between independent operators who have no workers.

From	To	Legal Entity	Account Number	Explanation
Two or more corporations	Amalgamation ⁷	Legal Entity Change	Assign New Account Number	New Legal Entity Created
Corporation not registered with the Board	Registered corporation which purchases assets of a registered employer and commences operations	Legal Entity Change	Assign New Account Number	New Employer
Two-party partnership (or joint venture)	Partnership splits and at least one party continues to operate as a proprietorship	Legal Entity Change	Assign New Account Number	One Owner Remains
Two-party partnership (or joint venture)	Three-party partnership (or joint venture)	Legal Entity Change (partner is added)	No Change	Majority Ownership Remains
Partnership (or joint venture) of three or more	Partnership (or joint venture) with an addition or deletion of one partner	Legal Entity Change (partner is added or deleted)	No Change	Majority Ownership Remains
Corporation	Receiver or Trustee appointed to liquidate assets ⁸	No Legal Entity Change	No Change	Same Employer
Corporation	Receiver-Manager is appointed to operate the company ⁹	Legal Entity Change	Assign New Account Number	New Employer
Receiver-Manager	Original Employer of the Corporation re-instated ¹⁰	Legal Entity Change	Account Revive	Original Employer Active Again
Receiver-Manager	New Corporation ¹¹	Legal Entity Change	Assign New Account Number	New Employer
Deceased Proprietor	Account name change to include "Estate of" ¹²	Name Change	No Change	Same Employer
Deceased Proprietor	Family member assumes operations	New Legal Entity	Assign New Account Number	New Employer
Corporation	Proposal under bankruptcy ¹³	No Legal Entity Change	Close Account and Assign a New Number	Same Employer

⁷ Where two or more companies amalgamate and continue as one company under either Part 8, Division 4 (Sections 247 and 248) of the *B.C. Companies Act* or Sections 181 to 190 of the *Canada Business Corporations Act* (Chapter C-44) or societies amalgamate under Section 17 of the *Society Act*, the Board will assign a new account number and will transfer experience and excess earnings. (The amalgamated company or society holds and possesses all the property, rights and interests and is subject to all the debts, liabilities and obligations of each amalgamated company.)

⁸ Where a Receiver or Trustee is appointed to liquidate assets, the account number will stay the same since there is no new firm.

⁹ Where a Receiver-Manager is appointed to operate a company, the Board will assign a new account number (since the Receiver-Manager is considered a new firm).

¹⁰ Where a Receiver-Manager was appointed to operate a company and the original firm is reinstated, the original firm's account number will be revived and the Receiver-Manager's account number will be cancelled.

¹¹ Where a Receiver-Manager was appointed to operate a company and then a new corporation takes over that company, a new account number will be assigned and the Receiver-Manager's account number will be cancelled.

¹² Where a proprietor is deceased, and the operations have discontinued, the account name will be changed to add "Estate Of" for the purposes of collection of an outstanding balance and the account number will stay the same.

¹³ Where a registered corporation files a proposal under bankruptcy, the account is re-named to add "Proposal Under Bankruptcy" and then closed. A new account number is subsequently assigned to the incorporation. The closing and re-assigning of account numbers serves only to separate the firm's debt from pre- to post-proposal under bankruptcy.

Exception

The procedures in the above table will normally be used but may be altered on an individual basis. For example, when a legal entity changes from a proprietorship or partnership to a corporation, the Assessment Department will generally not make any changes to the account number if the employer does not change (e.g. the same proprietor becomes the shareholder). However, in these situations, the Board officer is obliged to determine whether there is any outstanding liability on the account before making a decision to retain or change the account number. If there is an outstanding liability on the account, the Board officer will consult with Collections, and if Collections recommends a change in account number (since a change in legal entity may impact the process in collecting outstanding liabilities), the Board officer will generally issue a new account number.