

## Why should I request clearance prior to closing a legal transaction?

Clearance shows that WorkplaceNL has no lien against a business or individual.

All incorporated businesses as well as unincorporated businesses that employ workers, or subcontract work in Newfoundland and Labrador are required to register with WorkplaceNL.

Under section 100 of the Workplace Health, Safety and Compensation Act (the Act), a first lien exists as of January 1 for the year in which workers are employed by a business, or the date in which the worker is employed if the employment begins after January 1. This lien exists regardless of whether a lien is registered with the Registry of Companies or the Sherriff's Office.

Obtaining clearance for the business before the completion for sale or mortgage transactions will ensure that WorkplaceNL does not have a lien on the asset. Clearance should also be requested for all directors of incorporated companies, where the assets being sold or financed are owned personally by the director(s) as they may be personally responsible for the unpaid assessments of an incorporated company. (See section 118.1 of the Act)

## Is clearance required if a client indicates there were no employees of the business they operated?

Even if the business has no employees, a lien may still exist.

Clearance should be requested for any business that has hired subcontractors as they may be responsible for the subcontractor's assessments if they are not in good standing with WorkplaceNL. (See section 118.1 of the Act)

Under section 122 of the Act, clearance should be requested for a company whose assets are used in the course of business by another company as a lien relating to the operating company will attach to the assets it uses.

Clearance should be requested for all incorporated companies as, under section 2(1)(z) of the Act, directors of an incorporated company are considered workers.

## How long does it take to receive a clearance?

Some clearance requests will require an audit before a clearance or balance letter can be issued. A balance letter notifies the requester of the outstanding balance to be paid before a clearance can be issued. Clearance will only be issued after any outstanding balance is paid in full.

If an audit is required, it could take up to 21 days to receive a response. These delays are most common when the transaction is for a change in ownership of assets or shares of the business.

Businesses that sell residential property as an inherent part of their business (typically construction companies) do not usually require an audit. When requesting clearance for this type of sale, select "Contractor sale of residential property".

### Director Clearance:

Director clearances must be requested on connect. A separate request must be made for each business for which the person is a director. If there is more than one director involved in the transaction then a separate request will be required for each director.

## What if I can't find the business on connect?

If you can't find the business that you are requesting clearance for on connect, it may not be registered with WorkplaceNL. For assistance, call 709.778.1198 or toll free at 1.800.563.9000.

## How do I get the result of my clearance request?

Once your clearance request result is ready, you will receive an email that advises you to check the clearance history section of your connect account.

Please do not make a second request if you are experiencing a delay in receiving a clearance as this will create duplicate entries in the history section of your account.