



Canada Revenue
Agency

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du Canada

Employers' Guide

Filing the T4 Slip and Summary Form

Do you need more information?

If you need more help after you read this guide, visit our Web site at www.cra.gc.ca or call 1-800-959-5525.

You can get forms and publications from our Web site at www.cra.gc.ca/forms or by calling 1-800-959-2221.

Electronic mailing lists

We can notify you immediately about new information on payroll, electronic filing for businesses and more. To subscribe, free of charge, visit our Web site at www.cra.gc.ca/lists.

Teletypewriter users

If you use a teletypewriter (TTY), you can call our toll-free, bilingual enquiry service at 1-800-665-0354.

Publications for employers

- *Payroll Deductions and Remittances* (T4001)
- *Taxable Benefits* (T4130)
- *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary Form* (RC4157)

Your opinion counts!

If you have any comments or suggestions to help us improve the information contained in this guide, we want to hear from you. Please send your comments to:

Client Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5

Quebec Parental Insurance Plan (QPIP)

Beginning January 1, 2006, maternity, parental, and adoption benefits for residents of Quebec will be administered by the province of Quebec. The Quebec Parental Insurance Plan (QPIP) will replace similar benefits that Quebec residents now receive under the *Employment Insurance Act*.

All employers who have employees working in Quebec will deduct a reduced EI premium rate for employees beginning January 1, 2006. In December 2005, the CRA will provide employers with tables of the reduced EI rate for 2006.

For instructions on reporting QPIP information on the T4 slip (2006 returns only), see the information about PPIP (Provincial Parental Insurance Plan)—Box 28 on page 9, and Boxes 55 and 56 on page 10. Please note that if you are an employer with employees in Quebec and you are filing a 2006 return in 2006, you must file by paper.

For information on the implementation, administration, rates, maximum insurable earnings, payment of benefits and how to complete the Quebec information slips, visit Revenu Québec's Web site at www.revenu.gouv.qc.ca.

Visually impaired persons can get our publications in braille, large print, or etext (computer diskette), or on audio cassette from our Web site at www.cra.gc.ca/alternate or by calling 1-800-267-1267 weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

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T4 Internet Filing

The Canada Revenue Agency is always looking for more ways to serve you. Businesses that file 1 to 500 T4 slips are invited to choose from the following Internet filing options:

- **Internet File Transfer (XML)** – This convenient filing option is for employers who are using prepared payroll software to manage their business. T4 Internet File Transfer (XML) allows you to transmit a return with 1 to 500 slips (maximum file size of 610 kilobytes). All you need is a Web browser to connect to the Internet and your software will create, print, and save your electronic T4 information return in XML format. If you want information about this filing option, contact your software publisher or visit our Web site.
- **T4 Web forms** – This convenient filing option is for employers who have to file 1 to 3 T4 slips. With T4 Web forms, all you need is a compatible browser to complete, print, and transmit your T4 information return.
- **T4 Desktop application** – This convenient filing option is for employers who have to file 1 to 70 T4 slips. This downloadable Desktop application lets you create, save, print, and submit your electronic T4 information return.

Internet filing is available from January 9, 2006, to early December 2006.

What will these options do for you?

The Internet File Transfer (XML) option allows you to securely transmit your encrypted return on the Internet using commercial or in-house developed software. Our T4 Web forms and T4 Desktop application let you:

- create an electronic T4 information return;
- validate data;
- calculate totals for the summary form;
- use the electronic data to print employee T4 slips; and
- securely transmit your encrypted return on the Internet.

For more information about these options, visit our Web site at www.cra.gc.ca/T4internet.

Starting January 2006, Internet File Transfer (XML) is available to include original and amended returns for T4, T4A, T4RSP, T4RIF, T4A-NR, NR4, T5, T3, T5008 and RSP Contribution Receipt and original only returns for T5007, T5018 and T4E.

Chapter 1 – Before You Start

Is this guide for you?

Use this guide if you are an **employer** (resident or non-resident) and you have paid your employees any of the following types of income:

- employment income;
- commissions;
- taxable allowances and benefits;
- fishing income (see Note); or
- any other payments for services rendered during the year.

Note

For the 2005 tax year (reporting in 2006), a fisher's income can be reported on either a T4F slip or a T4 slip. It will be mandatory to report fisher's income on a T4 slip starting with the 2006 tax year (reporting in 2007). If you are a self-employed fisher's designated employer (for example, the buyer of the catch) or a buyer with whom, in a calendar year, a self-employed fisher has filed Form TD3F, *Fisher's Election to Have Tax Deducted at Source*, you have to file a T4 information return for that year.

Do not use this guide if:

- You paid pensions, retiring allowances, lump-sum payments, annuities, or other income (including amounts paid to a proprietor or partner of an unincorporated business). See the guide called *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary Form (RC4157)* for information about completing a T4A slip and summary.
- You paid fees (except for director fees), commissions, or other amounts to a non-resident for services rendered in Canada, other than employment situations. See the publication called *Non-Resident Withholding Tax Guide (T4061)* for information about completing a T4A-NR return.
- You are an employer with construction as your primary business activity, and you paid amounts to subcontractors for goods and services rendered in connection with construction activities. Complete the T5018, *Statement of Contract Payments*.
- You paid amounts from a retirement compensation agreement. See the publication called *Retirement Compensation Arrangements Guide (T4041)* for information about completing a T4A-RCA return.

What are your responsibilities?

You will need to prepare an information return. To do this, complete T4 slips and the related T4 Summary form.

You have to file the T4 information return and give information slips to your employees by the **last day of February following the calendar year to which the information return applies**. If the last day of February is

a Saturday or Sunday, your information return is due the next business day.

You must keep copies of your records and books of accounts for six years after the end of the last tax year to which they relate. This applies to both paper and electronic formats.

Penalties and interest

If you fail to file the T4 information return on time, the penalty for each failure is \$25 a day, with a minimum penalty of \$100 and a maximum of \$2,500.

The fairness provisions of the *Income Tax Act* give us some discretion to cancel or waive all or part of any interest charges and penalties. This allows us to consider extraordinary circumstances that may have prevented employers or payers from fulfilling their obligations under the *Income Tax Act*. For details, see Information Circular 92-2, *Guidelines for the Cancellation and Waiver of Interest and Penalties*.

Do you need to file electronically or by paper?

This chart can help determine which filing method to use.

Number of slips	Internet Web forms	Internet Desktop	Internet File transfer	Paper	Magnetic Media
1 - 3	✓	✓	✓	✓	✓
4 - 70		✓	✓	✓	✓
71 - 500			✓	✓	✓
500+					✓

Multiple T4 Returns can be filed in one submission using the file transfer option. For example, a payroll service provider can file multiple T4 returns in one submission provided the total submission does not exceed the 610Kb restriction. The service providers use their own BN and Web Access Code (WAC)—not the WAC of each of the T4 returns in the submission—and submits the file.

Note

If you are an employer with employees in Quebec, and you file your 2006 return in 2006, you must file by paper.

Are you early-filing a 2006 return?

If you are an employer with employees in Quebec and you file your 2006 return in 2006, you must file by paper. Generally, you need to file early due to bankruptcy or if your business stops operating.

For instructions on completing the PPIP part of the T4 slips, see Box 28 on page 9 and Boxes 55 and 56 on page 10.

What should you do if an employee leaves?

We suggest that you calculate the employee's earnings for the year to date and give the employee a T4 slip. Keep our copy of the slip and include it with your T4 Summary form when you file it by the last day of February of the following

year. In addition, you have to prepare a *Record of Employment (ROE)* for each former employee. See the publication called *How to Complete the Record of Employment (ROE)*, which is available from a Human Resources and Skills Development Canada office or from their Web site at www.hrsdc.gc.ca.

What should you do if your business stops operating?

- Remit all CPP contributions, EI premiums, and income tax deductions of the former employees within seven days of the day your business ends. For information, see the guide called *Payroll Deductions and Remittances (T4001)*.
- Calculate the **pension adjustment (PA)** that applies to your former employees who accrued benefits for the year under your **registered pension plan (RPP)** or **deferred profit sharing plan (DPSP)**. For information on how to calculate pension adjustments, see the *Pension Adjustment Guide (T4084)*.
- Complete the T4 slips and T4 Summary form either on paper or using one of the electronic filing methods, and send them to the Ottawa Technology Centre within 30 days of the day your business ends. Give copies of the T4 slips to your former employees.

Note

If you are an employer with employees in Quebec, and you file your 2006 return in 2006, you must file by paper.

- Prepare and give a *Record of Employment* to each former employee. See the publication called *How to Complete the Record of Employment (ROE)*, which is available from a Human Resources and Skills Development Canada office or from their Web site at www.hrsdc.gc.ca.

What happens if you change your business status?

If you change your business status, we consider you to be a **new employer**. You may need a new Business Number (BN) and a new payroll account. Call **1-800-959-5525** to let us know if your business status has changed, or will change in the near future.

What should you do if your business goes through a restructure or reorganization?

Effective from January 1, 2004, most employers who go through a restructure or reorganization with no interruption in the employees' service, will be able to take into consideration the amounts of CPP/EI that were previously deducted before the restructure or the reorganization. Visit our Web site at www.cra.gc.ca/cppei to see if you can benefit from this new policy.

If your business does not qualify from this new policy and you know that some employees paid the maximum CPP/EI deductions for the year before the change, you may want to ask for administrative relief for your employees

For information about T4 preparation in these situations, call **1-800-959-5525**.

Chapter 2 – T4 Slips

When should you complete a T4 slip?

You have to complete a T4 slip to report the following:

- salary, wages (including pay in lieu of termination notice), tips or gratuities, bonuses, vacation pay, employment commissions, gross and insurable earnings of self-employed fishers, and all other remuneration you paid to employees during the year (see Note);
- taxable benefits or allowances;
- deductions you withheld during the year; and
- pension adjustment (PA) amounts for employees who accrued a benefit for the year under your registered pension plan (RPP) or deferred profit-sharing plan (DPSP).

Note

You have to report income on a T4 slip for the year during which it was paid, regardless of when the services are performed or rendered. For example, if a pay cheque dated in January covers income earned in the last days of December, report the income on the T4 slip for the year that starts in January.

You have to complete T4 slips for all individuals who received remuneration from you during the year if:

- you had to deduct CPP contributions, EI premiums, or income tax from the remuneration; or
- the remuneration was more than \$500.

Note

If you provide employees with taxable **group term life insurance** benefits, you **always** have to prepare T4 slips, even if the total of all remuneration paid in the calendar year is less than \$500.

What types of T4 slips are available?

Customized T4 slips

For those who complete large numbers of forms, we accept forms other than our own.

To get our written approval, send **two** samples of your proposed computer-printed slips to:

Operations Division
Electronic and Print Media Directorate
Canada Revenue Agency
17th floor, Albion Tower
25 Nicholas Street
Ottawa ON K1A 0L5

For more information, see www.cra.gc.ca/customized.

Filing on paper

You can get **single-page** slips that have two slips per page intended for laser or ink jet printers, for typing, or to be filled out by hand, from our Web site at www.cra.gc.ca/forms or by calling 1-800-959-2221.

You can print, from our Web site, pdf copies of T4 slips that you complete by hand.

You can use fillable T4 slips on our Web site. After completing them, you can print on plain white paper. For information, see www.cra.gc.ca/fillable.

We now accept slips that are printed on paper other than our original paper with red fonts. You can make photocopies of the completed slips to distribute to your employees.

Filing on magnetic media or by Internet

For information about completing and filing T4 slips if you are filing electronically, see www.cra.gc.ca/T4internet or www.cra.gc.ca/magmedia.

Completing T4 slips

- Make sure the social insurance number (SIN) and name you enter on the T4 slip for each employee are the same as on his or her SIN card.

An incorrect SIN can affect an employee's CPP benefits if the record of earnings filed is not accurate. Also, if you report an incorrect SIN on a T4 that has a pension adjustment (PA) amount, the employee may receive an inaccurate annual RRSP deduction limit statement. In addition, the related information on the employee's *Notice of Assessment* will be inaccurate.

- Complete the slips clearly and in alphabetical order.
- Use a standard 10 or 12 character per inch font if typed or computer generated.
- If you had an employee who worked in more than one province or territory during the year, prepare a separate T4 slip for earnings and deductions that apply to each province or territory.
- Report, in dollars and cents, all amounts you paid during the year. Report these amounts in Canadian dollars, even if they were paid in another currency.
- Do not enter hyphens or dashes between numbers or names.
- Do not enter the dollar sign (\$).
- Do not show negative dollar amounts on slips. To make changes to previous years, send us amended slips for the years in question. See page 15.
- If you do not have to enter an amount in a box, do not enter "nil"—leave the box blank.
- Do not change the headings of any of the boxes.
- If you give employees multiple slips, either because they were employed in more than one province or territory or were on different payrolls, report the PA proportionately on each T4 slip. If you are unable to apportion the PA this way, you can report it on one slip.

Detailed instructions

If you paid amounts to status Indians, barbers and hairdressers, or drivers of taxis and other passenger-carrying vehicles, read the detailed instructions below, and see Chapter 5 for additional information.

Employer's name

Enter your operating or trading name in the space provided on each slip.

Employee's name and address

Enter the employee's last name, followed by the first name and initial. If the employee has more than one initial, enter the employee's first name followed by the initials in the "First name" box. If you enter only the employee's initials, enter them at the beginning of the "First name" box. Do **not** enter the title of office or courtesy title of the employee (such as Director, Mr., or Mrs.). Enter the employee's address, including the province, territory, or U.S. state, Canadian postal code or U.S. zip code, and country.

Year

Enter the four digits of the calendar year in which you paid the remuneration to the employee.

Box 10 – Province of employment

Enter one of the following abbreviations to indicate where the employee reported to work:

- AB Alberta
- BC British Columbia
- MB Manitoba
- NB New Brunswick
- NL Newfoundland and Labrador
- NS Nova Scotia
- NT Northwest Territories
- NU Nunavut
- ON Ontario
- PE Prince Edward Island
- QC Quebec
- SK Saskatchewan
- YT Yukon
- US United States
- ZZ Other

Enter ZZ if an employee worked in a country other than Canada or the U.S., or worked in Canada beyond the limits of a province or territory (for example, on an offshore oil rig).

For any employee who worked in or whose employment was located in more than one province, territory, or country in the year, complete separate T4 slips. For each location, indicate the total remuneration paid to the employee and the related deductions, such as CPP/QPP contributions, EI premiums, and tax.

Box 12 – Social insurance number

Enter the employee's social insurance number (SIN) as it appears on the employee's SIN card.

Box 14 – Employment income

Report the total income before deductions. Include all salary, wages (including pay in lieu of termination notice), bonuses, vacation pay, tips and gratuities, honorariums, director's fees, management fees, and executor's and administrator's fees received to administer an estate (as long as the administrator or executor does not act in this capacity in the regular course of business).

A deduction from taxable income can be claimed for the amount of employment income earnings (including taxable allowance) to certain Canadian Forces personnel and police. See the explanation under Code 43.

Director's fees paid to a non-resident for services rendered in Canada must also be reported in box 14 of a T4 slip. A non-resident director is not considered to be employed in Canada for purposes of the *Income Tax Act* when he or she does not attend any meeting or perform any other functions in Canada.

Include commissions, taxable allowances, the value of taxable benefits (including any GST/HST or other applicable taxes), and any other payments you paid to employees during the year.

Include amounts paid under a supplementary unemployment benefit (SUB) plan that do not qualify as a SUB plan under the *Income Tax Act* (such as employer-paid maternity, parental, and compassionate care top-up amounts).

Include payments out of an employee benefit plan (EBP) and amounts that a trustee allocated under an **employee trust**. If the trustee allocates the income, but you do not pay it immediately, include it in the income of the employee. Do not report it when you make the payment. For more information, see Interpretation Bulletin IT-502, *Employee Benefit Plans and Employee Trusts*, and its Special Release.

Note

Box 14 should not be completed if you are using employment codes 11, 12, 13 or 17. See Box 29.

Boxes 16 and 17 – Employee's CPP or QPP contributions

Enter the amount you deducted from the employee for contributions to the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP). Make your entry under "CPP" (box 16) or "QPP" (box 17), depending on the province or territory of employment. Leave both boxes blank if the employee did not contribute to either plan.

Do not report the employer's share of CPP or QPP contributions on the T4 slip.

The total contribution to both CPP and QPP plans **should not be more than** the maximum contribution for the year. If an employee contributed to both plans, you have to prepare **two** T4 slips as follows:

- one showing the QPP you deducted, the province of employment as Quebec, the applicable pensionable earnings, and the remuneration the employee earned in the province of Quebec; and

- one showing the CPP you deducted, the applicable province or territory of employment (other than Quebec), the applicable pensionable earnings, and the remuneration the employee earned in the other province or territory.

If you over-deducted contributions from the employee, **do not adjust** the amounts you report on the T4 slip. We will credit the excess CPP contributions to employees when they file their income tax and benefit return. Complete Form PD24, *Application for a Refund of Overdeducted CPP Contributions and/or EI Premiums*, to apply for a refund of your CPP overpayment. Send it to us with your paper-filed T4 information return or mail it separately if you have filed your return electronically. You can request a refund for up to four years from the end of the year in which the overpayment occurred.

Box 18 – Employee’s EI premiums

Enter the amount of EI premiums you deducted from the employee’s earnings. If you did not deduct premiums, leave this box blank.

Do not report the employer’s share of EI premiums on the T4 slip.

If you over-deducted premiums from an employee, **do not adjust** the amounts you report on the T4 slip. We will credit the excess EI premiums to employees when they file an income tax and benefit return. Complete Form PD24, *Application for a Refund of Overdeducted CPP Contributions and/or EI Premiums*, to apply for a refund of your EI overpayment. Send it to us with your paper filed T4 information return or mail it separately if you have filed your return electronically. You can request a refund for up to three years from the end of the year in which the overpayment occurred.

Box 20 – RPP contributions

Enter the total amount the employee contributed to a registered pension plan (RPP). If the employee did not contribute to a plan, leave this box blank.

Enter any deductible retirement compensation arrangement (RCA) contributions you withheld from the employee’s income. Do not include amounts that are not deductible. If the amount in box 20 includes RPP contributions and deductible RCA contributions, you should attach a letter informing the employee of the amounts.

If the amount you report is a combination of contributions for current and past services that relates to pre-1990 past-service, enter, in the “Other information” area, code 74 for past-service contributions while the employee was a contributor and code 75 for past-service contributions while the employee was not a contributor, and the corresponding amount in one of the boxes.

To determine if the employee made past-service contributions before 1990 while a contributor or while not a contributor, see Interpretation Bulletin IT-167, *Registered Pension Plans – Employee’s Contributions*.

Include instalment interest in box 20. Instalment interest includes interest charged to buy back pensionable service.

Note

Do not use box 20 to show what you contributed to an employee’s RRSP. The **employer’s contribution** is a taxable benefit. Enter code 40 in the “Other information” area and the corresponding amount in one of the boxes. Include this amount in box 14 on the employee’s T4 slip.

If you have a group RRSP for your employees, the trustee will send the official receipts for income tax purposes to either you or your employees. If the trustee sends the receipts directly to you, provide these copies to the employees. The receipts will show the employee and employer contribution amounts. Do not report these amounts in box 20.

Status Indian – Registered pension plan contributions that have been made for tax-exempt income are not deductible. Do not enter those contributions in box 20. If the employment income that relates to an RPP contribution consists of both taxable and tax-exempt income, you have to prorate the RPP contribution.

You do not have to prorate the amount of pension adjustment (PA). Report the total amount in box 52 of the T4 slip, “Pension adjustment.”

Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the employee’s remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply. If you did not deduct tax, leave the box blank.

Do not include any amount you withheld under the authority of a garnishee or a requirement to pay that applies to the employee’s previously assessed tax arrears.

Box 24 – EI insurable earnings

Enter the **total** amount you used to calculate the employee’s EI premiums. Do not include the unpaid portion of any earnings from insurable employment that you did not pay because of your bankruptcy, receivership, or non-payment of remuneration for which the employee has filed a complaint with the federal, provincial, or territorial labour authorities.

Leave the box blank if:

- there are no insurable earnings;
- insurable earnings are the same as the employment income in box 14 (for details, see box 28); or
- insurable earnings are over the maximum for the year.

Box 26 – CPP/QPP pensionable earnings

In most cases, you will leave the box blank. **However, you have to complete the box in the following situations.**

CPP – Complete box 26 if you included any of the following types of remuneration in box 14, “Employment income”:

- Remuneration paid to the employee:
 - before and during the month the employee turned 18;
 - after the month the employee turned 70;

- during the months the employee was considered to be disabled under the CPP or QPP; or
 - after a **CPP** retirement pension became payable. (The requirements for a retirement pension paid under the QPP are different. For information, see the *Guide for Employers – Deductions and Contributions*, which you can get from Revenu Québec.)
- b) Remuneration paid to the employee while the employee worked in “excluded employment” (defined in Chapter 2 of the guide called *Payroll Deductions and Remittances* (T4001))
- c) Amounts for a clergy member’s residence from which you did not deduct CPP contributions (if the clergy member gets a tax deduction for the residence, CPP contributions should not have been deducted)

Subtract any of the amounts noted above from the amount in box 14, and enter the difference in box 26. Do not change the amount in box 14.

Note

Taxable benefit only – If you provide pensionable taxable benefits and no other remuneration is paid in a pay period (such as an employee on unpaid leave of absence and the employer continues to pay benefits during leave), leave box 26 blank. Do not code the slip CPP-exempt, since the employee may want to elect to pay CPP on the amount.

QPP – Regardless of the employee’s province or territory of residence, complete box 26 if the employee is subject to QPP and the pensionable earnings are more than the employment earnings in box 14 of the T4 slip, “Employment income”. Leave the box blank if the maximum pensionable earnings for the year have been reached.

Revenu Québec considers certain benefits and earnings to be pensionable earnings for employees working in Quebec. These include:

- private health benefit plan premiums; and
- assumed earnings—persons 55 years of age or over whose hours of work are reduced by reason of phased retirement may choose, with their employers, to make contributions to the QPP on all or part of the amount of the reduction in remuneration.

For details, see the *Guide for Employers – Deductions and Contributions*, which you can get from Revenu Québec.

Box 28 – Exempt (CPP/QPP, EI and Provincial Parental Insurance Plan)

Do not complete the **CPP/QPP** part of this box if you entered an amount in box 16, 17, or 26. Enter an “X” under CPP/QPP only if the earnings were exempt for the **entire** period of employment.

Do not complete the **EI** part of this box if you entered an amount in box 18 or 24. Enter an “X” under EI only if the earnings were exempt, or if they were not eligible for the **entire** reporting period of employment.

Do not complete the **PIIP** part of this box.

Box 29 – Employment code

Enter the appropriate code in this box if one of the following situations applies. Otherwise, leave it blank.

Do not complete Box 14, Employment income, if you are using **employment codes 11, 12, 13, or 17**.

- 11 – Placement agency
- 12 – Driver of taxi or other passenger-carrying vehicle
- 13 – Barber or hairdresser
- 14 – Withdrawal from a prescribed salary deferral arrangement plan
- 15 – Seasonal Agricultural Workers Program
- 16 – Detached employee – Social security agreement
When CPP is paid by the employer on behalf of detached employees under employment code 16, box 14 is left blank if no other type of income is reported. Boxes 16 and 26 are completed with the appropriate amounts and boxes 18 and 24 are left blank. Do not enter an “X” in the EI exempt box.
- 17 – Fishers – Self-employed

Box 44 – Union dues

Use this box only if you and the union agree that the union will not issue receipts for union dues to employees. In this case, include a *Certificate of Agreement* with the T4 information return.

Enter in box 44 the amount you deducted from employees for union dues. Include amounts you paid to a parity or advisory committee that qualify for a deduction. Do not include initiation fees. Do not include **strike pay** the union paid to union members in this box.

For more information, see Interpretation Bulletin IT-103, *Dues Paid to a Union or to a Parity or Advisory Committee*.

Box 46 – Charitable donations

Enter the amount you deducted from the employee’s earnings for donations to registered charities in Canada.

Box 50 – RPP or DPSP registration number

Enter the seven-digit registration number we issue for a registered pension plan (RPP) or a deferred profit-sharing plan (DPSP), or the seven-digit plan identification number we issue for an unregistered foreign pension plan under which you report a pension adjustment (PA). Do this even if your plan requires only employer contributions.

However, if you make contributions to union pension funds, you have to indicate the union’s plan number, which the union has to give you. If you made contributions to **more than one plan** on behalf of the employee, insert only the number of the plan under which the employee has the largest PA.

Box 52 – Pension adjustment

If you have a registered pension plan (RPP) or a deferred profit-sharing plan (DPSP), enter only the dollar amount of the employee’s PA for the year. If you have to prepare more than one T4 slip for the employee because the employee worked for you in more than one work location, report

the PA proportionately on each T4 slip. If you cannot apportion the PA, report it on one slip.

If an employee participates in different pension plans that you sponsored (such as an RPP and a DPSP), you have to calculate his or her PA using the **total** amount of all pension credits accumulated by the employee under all these pension plans for the year.

Leave box 52 blank if the employee participated in your RPP or DPSP and **one** of the following applies:

- the calculated PA is a negative amount or zero;
- the employee died during the year; or
- the employee, even if he or she is still a member of the plan, no longer accrues new pension credits in the year (for example, the employee has accrued the maximum number of years of service in respect of the plan).

Special rules concerning the PA

Special calculation rules apply, in some circumstances, to employees who:

- left your employment during the year;
- are on, or return from, a leave of absence;
- participate in a salary deferral arrangement; or
- work for you part-time.

For more information on how to calculate the PA, see the *Pension Adjustment Guide* (T4084). If you need more help calculating a PA, see your pension plan administrator or call our Registered Plans Directorate at 1-800-267-3100 or (613) 954-5102 (in Ottawa).

Unregistered retirement plans or arrangements

Measures ensure that the uniform limits on tax-deferred retirement savings take into consideration savings under three types of unregistered retirement plans or arrangements:

- a specified retirement arrangement (SRA)
- a government-sponsored retirement arrangement (GSRA)
- a foreign pension plan (FPP)

If you have any questions about the PA for these types of plans or arrangements, please call 1-800-267-3100 or (613) 954-5102 (in Ottawa), or contact the:

Registered Plans Directorate
Canada Revenue Agency
45 Sacré-Coeur Boulevard
Gatineau QC K1A 0L5

Box 54 – Business Number

Enter your 15-digit Business Number that you use to send us your employees' deductions. This number appears at the top of your statement of account, which we send to you each month. Your Business Number should not appear on the two copies of the T4 slip that you give to your employees.

Box 55 – Employee's provincial parental insurance premiums

Enter the PPIP premiums that you deducted for employees working in Quebec (2006 returns only).

Box 56 – Employee's provincial parental insurance plan insurable earnings

This amount represents the total amount used to calculate the employee's PPIP premiums for employees working in Quebec (2006 returns only).

“Other information” area

The “Other information” area at the bottom of the T4 slip has boxes for you to enter codes and amounts that relate to employment commissions, taxable allowances and benefits, deductible amounts, fishers' income, and other entries if they apply.

The boxes are not pre-numbered as in the top part of the slip. Enter the codes that apply to the employee.

Note

If more than six codes apply to the same employee, use an additional T4 slip. Do not repeat all the data on the additional slip. Enter only the employer's name and address, employee's SIN and name, and complete the required boxes in the “Other information” area. Report each code and amount only once.

Codes 30 to 80 – Taxable allowances and benefits, deductible amounts, employment commissions, and other entries

- 30 – Housing, board, and lodging
- 31 – Special work site
- 32 – Travel in a prescribed zone
- 33 – Medical travel
- 34 – Personal use of employer's automobile
- 36 – Interest-free and low-interest loan
- 37 – Employee home-relocation loan deduction
- 38 – Security options benefits
- 39 – Security options deduction 110(1)(d)
- 40 – Other taxable allowances and benefits
- 41 – Security options deduction 110(1)(d.1)
- 42 – Employment commissions
- 43 – Canadian Forces personnel and police deduction
- 53 – Deferred security options benefits
- 70 – Municipal officer's expense allowance
- 71 – Status Indian employee
- 72 – Section 122.3 income – employment outside Canada
- 73 – Number of days outside of Canada
- 74 – Pre-1990 past service contributions while a contributor
- 75 – Pre-1990 past service contributions while not a contributor
- 77 – Workers' compensation benefits repaid to the employer
- 78 – Fishers – Gross earnings
- 79 – Fishers – Net partnership amount
- 80 – Fishers – Share-person amount

The following instructions briefly outline what you should enter for each taxable allowance or benefit, or deductible amount, and for employment commissions. Some of these benefits must include the goods and services tax (GST) and the provincial sales tax (PST, or QST in Quebec) if they apply, or the harmonized sales tax (HST).

See the guide called *Taxable Benefits* (T4130) for details on how to calculate the value of these benefits and for details on which taxable benefits are subject to GST/HST.

Code 30 – Housing, board, and lodging

If you provided an employee with free or subsidized housing, or board and lodging, enter code 30 and the corresponding taxable amount in one of the boxes. Also include this amount in box 14.

Code 31 – Special work site

If the employee received a benefit for board and lodging at a special work site in a prescribed zone and you completed Form TD4, *Declaration of Exemption – Employment at a Special Work Site*, enter code 31 and the corresponding amount in one of the boxes (enter only the exempt portion that is related to work sites that are within 30 kilometres from the nearest urban area having a population of at least 40,000 persons). Do not include this amount in box 14 or under code 30.

Code 32 – Travel in a prescribed zone

If you provided an employee living in a prescribed zone with an amount for travel assistance, enter code 32 and the corresponding amount in one of the boxes. Include this amount in box 14.

Code 33 – Medical travel

If you provided an employee living in a prescribed zone with an amount for medical travel assistance, you have to identify it. Enter code 33 and the medical part of the travel assistance reported under code 32 in one of the boxes.

Code 34 – Personal use of employer's automobile

If you provided an employee with the use of an automobile, enter code 34 and the amount representing the benefit in one of the boxes. Include this amount in box 14.

Code 36 – Interest-free and low-interest loan

If you provided an employee with a benefit from this type of loan, including a home loan, because of an office or employment (or intended employment), enter code 36 and the corresponding amount in one of the boxes. Include this amount in box 14.

Code 37 – Employee home-relocation loan deduction

If the employee receives an interest-free or low-interest home-relocation loan, you have to identify the amount the employee can deduct. Enter code 37 and the deductible portion of the amount reported under code 36 in one of the boxes.

Code 38 – Security options benefits

If an employee received a taxable benefit under a corporation's agreement to issue its eligible shares or units of mutual fund trusts to the employee, enter code 38 and

the corresponding amount in one of the boxes. Include this amount in box 14. See www.cra.gc.ca/stockoptions.

Code 39 – Security options deduction 110(1)(d)

If the employee is entitled to a deduction under paragraph 110(1)(d) of the *Income Tax Act*, enter code 39 and one-half of the amount you reported under code 38 for those shares in one of the boxes. See www.cra.gc.ca/stockoptions.

Code 40 – Other taxable allowances and benefits

If you provided an employee with any taxable allowances or benefits that you did not include elsewhere on the T4 slip, enter code 40 and the corresponding amount in one of the boxes. Include this amount in box 14. See the guide called *Taxable Benefits* (T4130) for information on how to calculate taxable benefits.

Code 41 – Security options deduction 110(1)(d.1)

If the employee is entitled to a deduction under paragraph 110(1)(d.1) of the *Income Tax Act*, enter code 41 and one-half of the amount you reported under code 38 for those shares in one of the boxes. For more information, see www.cra.gc.ca/stockoptions.

Code 42 – Employment commissions

If an employee sold property or negotiated contracts for you, enter code 42 and the amount of the employee's commissions in one of the boxes. Include this amount in box 14. For details, see Interpretation Bulletin IT-522, *Vehicle, Travel and Sales Expenses of Employees*.

Code 43 – Canadian Forces personnel and police deduction

A deduction from taxable income can be claimed for the amount of employment earnings (including taxable allowance) of Canadian Forces personnel and police who are deployed outside Canada on a high-risk or current moderate-risk operational mission. This deduction can be claimed to the extent that those earnings have been included in computing income, up to the maximum rate of pay earned by a non-commissioned member of the Canadian Armed Forces (approximately \$6,000 per month).

Code 53 – Deferred security options benefits

If an eligible employee receives a taxable benefit under a corporation's agreement to issue its eligible publicly listed shares or units of mutual fund trusts to the employee, and he or she wants to defer the taxable benefit until the disposition of the eligible securities, enter code 53 and the corresponding amount in one of the boxes. Do not include this amount in box 14.

Code 70 – Municipal officer's expense allowance

If you are a municipal corporation or board and you pay an expense allowance to an elected officer to perform the duties of that office, enter the non-taxable portion under code 70.

Code 71 – Status Indian employee

If you are an employer paying non-taxable salary or wages to a status Indian, see page 18.

Code 72 – Section 122.3 income—employment outside Canada
Code 73 – Number of days outside Canada

If your employee is entitled to an overseas employment tax credit, see page 19.

Code 74 – Pre-1990 past service contributions while a contributor

If an employee contributed to a registered pension plan (RPP) for pre-1990 past service contributions while a contributor, see “Box 20 – RPP contributions” on page 8.

Code 75 – Pre-1990 past service contributions while not a contributor

If an employee contributed to a registered pension plan (RPP) for pre-1990 past service contributions while not a contributor, see “Box 20 – RPP contributions” on page 8.

Code 77 – Workers’ compensation benefits repaid to the employer

Enter the amount of workers’ compensation benefits repaid to the employer, that was previously included in the employee’s salary.

This will allow the employee to claim a corresponding deduction as other employment expenses on his or her income tax and benefit return.

Code 78 – Fishers – Gross earnings

This is the amount paid or payable to the fisher from the proceeds of a catch. These earnings do not include amounts paid for a catch or part of a catch made by other persons who were not members of the crew. For more information, see “Earnings of a Fisher” in the publication called *Fishers and Employment Insurance* (T4005).

Do not include this amount in Box 14.

Code 79 – Fishers – Net partnership amount

Enter the amount that is the product of the gross earnings amount (or gross value of the catch) reported in box 78, minus the total amount paid to the share-persons reported in box 80, multiplied by your partnership agreement allocation.

Include this amount in box 24. Do not include this amount in Box 14.

Code 80 – Fishers – Share-person amount

This is the amount paid or payable to the fisher from the proceeds of a catch based on the sharing arrangement agreed to prior to embarking on the fishing trip.

Include this amount in box 24 and box 78. Do not include this amount in Box 14.

How to avoid common reporting errors

The most common reporting errors occur when you do not correctly complete the following boxes on the T4 slip:

- Box 24, EI insurable earnings
- Box 26, CPP/QPP pensionable earnings
- Box 28, Exempt (CPP/QPP and EI)

The following questions and answers may help you avoid these reporting errors and can serve as a checklist before you send in your information return.

CPP/QPP Question 1:

Was the employee exempt from CPP/QPP for the entire reporting period?

If *yes*, put an "X" in box 28. Leave boxes 16 or 17 and 26 blank.

If *no*, make sure that you deducted contributions for each type of remuneration that is subject to **CPP/QPP**.

CPP/QPP Question 2:

Did the employee turn 18 or 70 years old during the reporting period?

If *yes*, make sure that you:

- started to calculate the CPP contributions and pensionable earnings on the first day of the month after the employee's 18th birthday; or
- stopped calculating the CPP contributions and pensionable earnings on the first day of the month after the employee's 70th birthday.

Note

The requirements are different for QPP. For more information, see the *Guide for Employers – Deductions and Contributions*, which you can get from Revenu Québec.

CPP/QPP Question 3:

Did the employee receive CPP or QPP pension benefits during the reporting period?

If *yes*, make sure that you calculated the CPP contributions and pensionable earnings based on the number of months before the pension became payable.

Note

The requirements are different for QPP. For more information, see the *Guide for Employers – Deductions and Contributions*, which you can get from Revenu Québec.

If *no*, leave box 26, "CPP/QPP pensionable earnings," blank.

Make sure you did not interchange numbers or make addition errors.

CPP/QPP Question 4:

Did you deduct contributions from an employee's vacation pay, bonuses, director's fees, or other taxable benefits?

If *yes*, see Chapter 2 of the guide called *Payroll Deductions and Remittances* (T4001) for information on calculating contributions for vacation pay, bonuses, and director's fees. For information on taxable benefits, see the guide called *Taxable Benefits* (T4130).

If *no*, make sure that you deducted contributions for each type of remuneration that is subject to CPP or QPP.

EI Question 1:

Was the employee exempt from EI for the entire reporting period?

If *yes*, put an "X" in box 28. Leave boxes 18 and 24 blank.

If *no*, make sure that you deducted contributions for each type of remuneration that is subject to EI.

EI Question 2:

Was the employee a student?

If the employee was a student, make sure that you deducted contributions for each type of remuneration that is subject to EI as you do for an ordinary employee. There is no age limit for deducting EI premiums.

Filing T4 slips

Filing on paper

Complete **one copy** of the T4 for each employee to send with your T4 Summary form. Enter the information for two different employees on one sheet. You can keep copies of the slips and summary for your files.

Filing on magnetic media or by Internet

- For an explanation of the technical specifications and instructions you need to file the remuneration and deduction data produced on magnetic media, see www.cra.gc.ca/magmedia.
- For an explanation of the technical specifications and instructions you need to file by Internet, see www.cra.gc.ca/T4internet.

Do not send a printed copy to us. You can print **one copy** to keep for your file.

Distributing T4 slips to your employees

You have to give two copies of the T4 slips to your employees by the **last day of February following the calendar year to which the slips apply**. Print the two T4 slips that you have to give to each employee on one sheet. For security purposes, **do not print** your Business Number (box 54) on these copies.

Sending electronic tax slips

You can send one copy to each employee by email if you received his or her written consent.

Chapter 3 – T4 Summary Form

If you are filing on paper, use the summary form to report the totals of the amounts reported on the related T4 slips.

If you are filing on magnetic media or by Internet, you do not need to send us a paper copy of the T4 Summary form.

Completing the T4 Summary

- If you did not receive a personalized T4 Summary form, you can get a non-personalized one from our Web site at www.cra.gc.ca/forms or by calling 1-800-959-2221.
- Report amounts in dollars and cents. Report these amounts in Canadian dollars, even if they were paid in another currency.
- Complete a separate summary form for each of your payroll deductions accounts. Place each summary form on top of the related slips.
- **The totals you report on your summary form have to agree with the totals you report on your slips.** Errors or omissions can cause unnecessary processing delays.

Detailed instructions

If you did not receive a personalized T4 Summary form, enter the 15-digit Business Number that you use to send us your employees' deductions, your operating or trading name, and your address in the area provided at the top of the form.

Year

Enter the two last digits of the calendar year for which you are filing the return.

Line 14 – Employment income

Add the amounts in box 14 on all T4 slips. Enter the total on line 14.

Line 16 – Employee's CPP contributions

Add the amounts in box 16 on all T4 slips. Enter the total on line 16.

Line 18 – Employee's EI premiums

Add the amounts in box 18 on all T4 slips. Enter the total on line 18.

Line 19 – Employer's EI premiums

Enter your share of EI premiums (multiply the employees' total premiums by the employer's premium rate).

Line 20 – Registered pension plan (RPP) contributions

Add the amounts in box 20 on all T4 slips. Enter the total on line 20.

Line 22 – Income tax deducted

Add the amounts in box 22 on all T4 slips. Enter the total on line 22.

Line 27 – Employer's CPP contributions

Enter your share of CPP contributions on line 27.

Line 52 – Pension adjustment

Add the amounts in box 52 on all T4 slips. Enter the total on line 52.

Lines 74 and 75 – Canadian-controlled private corporations or unincorporated employers

Enter the social insurance numbers of any proprietors or principal owners.

Lines 76 and 78 – Person to contact about this return

Enter the name and telephone number of a contact person that we can call to get or clarify information you reported on the summary form.

Line 80 – Total deductions reported

Add the amounts reported on lines 16, 27, 18, 19, and 22 of the summary form. Enter the total on line 80.

Line 82 – Minus: remittances

Enter the amount you remitted for the year under your Business Number.

Difference

Subtract line 82 from line 80. Enter the difference in the space provided. If there is no difference between the total deductions you reported and the amount you remitted for the year, leave lines 84 and 86 blank. We do not charge or refund a difference of \$2 or less.

Line 84 – Overpayment

If the amount on line 82 is more than the amount on line 80 (and you do not have to file another type of return for this account number), enter the difference on line 84. Attach a note indicating the reason for the overpayment and whether you want us to transfer this amount to another account or another year, or refund the overpayment to you.

Line 86 – Balance due

If the amount on line 80 is more than the amount on line 82, enter the difference on line 86.

Amount enclosed

Filing on paper

If you have a balance due, attach to the T4 Summary form a cheque or money order payable to the Receiver General for the balance owing. If you remit your payment late, any balance owing may be subject to penalties and interest at the prescribed rate.

Filing on magnetic media or by Internet

Remit any balance owing separate from your electronic filing. Send the payment to any tax centre, with a letter that indicates the tax year for which the payment applies, the amount covering your outstanding balance, and your Business Number. The addresses of our tax centres are listed at the end of this guide.

Line 88 – Total number of T4 slips filed

Enter the total number of T4 slips that you are including with the T4 Summary form.

Certification

A current officer of the business has to sign the T4 information return, if you file on paper, to show that the information is correct and complete.

Chapter 4 – T4 Information return

A T4 information return consists of T4 slips and the related T4 Summary form.

In all instances, you have to file your T4 information return by the **last day of February following the calendar year to which the information return applies**. If the last day of February is a Saturday or Sunday, your information return is due the next business day.

Filing the T4 information return

Returns with 1 to 500 slips

Filing by Internet

You can file your T4 information return on the Internet if you have a Web access code. Your Web access code is pre-printed at the top of your personalized T4 Summary form, above your payroll Business Number (RP).

The code is made up of six characters: two letters and four numbers. The letters can be in upper or lower case and are identified with an asterisk * below them.

When you enter your Web access code, you have to enter the letters in the same case as they appear on your T4 Summary form. If you do not enter the letters exactly as they appear on your summary form, you will not be able to access our secure Web pages.

Example

5	1	s	2	B	7
		*		*	

In this example, the “s” must be entered in lower case, and the “B” must be entered in upper case.

If you want to file your T4 return on the Internet and you did not receive a personalized T4 Summary form, see www.cra.gc.ca/T4internet to find out how to get your Web access code.

Filing by paper

After you complete your **paper** return, mail it to:

Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1G9

When you send us copies of the slips, **print two T4 slips to a page**. This will allow us to process your information return faster.

Returns with more than 500 slips

If you or your service bureau files more than 500 various information slips for the calendar year (for example, T4, T4A, T5), you **have to** file your information returns on magnetic media in extensible mark-up language (XML) format. For more details, see www.cra.gc.ca/magmedia.

Send your diskette, CD ROM, or DVD ROM to:

Electronic Media Processing Unit
Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

Failure to file information returns in electronic format

If you file more than 500 various information slips (for example T4, T4A, T5) and you do not file the information returns in an electronic format as required under the *Income Tax Act* and *Income Tax Regulations*, you are liable to a penalty of \$2,500 for the first offence. For each subsequent occurrence, the penalty will increase by increments of \$2,500.

If a **service bureau** is filing an information return for you, you are still responsible for the accuracy of the information and for any balance owing.

Branch offices filing returns

If the branch office of a company has sent in CPP contributions, EI premiums, and income tax deductions under a separate account which only that branch uses, file the T4 information return of that branch as a separate return.

How can you amend, cancel, or replace T4 slips?

Amending slips

After you file your information return, you may notice that you made an error when preparing the T4 slips. If so, you will have to prepare amended slips to correct the information.

Amending paper slips

Clearly identify the new paper slips by writing “amended” at the top. When you amend a slip, make sure you complete all the necessary boxes, including the information that was correct on the original slip. Distribute the amended slips to your employees the same way as the originals.

Send a copy of the slips to any tax centre with a letter explaining the reason for the amendment. The addresses of our tax centres are listed at the end of this guide.

Note

Do not send an amended summary form when you send in amended paper slips.

Amending slips by magnetic media or by Internet

We accept amended T4 slips in electronic format. See www.cra.gc.ca/eservices/tax/business and click on “amendments in electronic format.”

Note

Do not send an amended summary form when you send in amended slips using electronic format.

Pension adjustment (PA)

You have to recalculate a pension adjustment (PA) when both of the following conditions are met:

- an employee returns from a leave of absence or a period of reduced services; and
- benefits are retroactively provided for the period concerned.

If a recalculated PA applies, you have to report an amended PA for each year after 1989 that is affected by the leave.

You **do not** have to report an amended PA when the difference between the previously reported PA and the amended PA is **less than \$50**. However, you **do have** to report one if an employee asks you to accurately report the PA, or if we ask you to report the amended PA.

For the years in which you did not previously report a PA for the employee, you have to file an amended T4 slip showing the correct PA. If you previously reported a PA for the employee in a particular year, you have to show the **total** PA that applies for that year on an amended T4.

For information on recalculating a PA, see the *Pension Adjustment Guide* (T4084). For information on calculating and reporting a Past Service Pension Adjustment (PSPA), see the *Past Service Pension Adjustment Guide* (T4104).

Cancelling slips

Cancelling paper slips

If you notice errors on the T4 slips **before you file** them with us, you can correct them by preparing new slips and **removing** any incorrect slips from the return. If you do not prepare a new slip, initial any changes you make on the slip. Also correct the T4 Summary form.

If you are cancelling a T4 slip, write “Void” on the slip and send two copies of the cancelled slip to your employee.

Cancelling slips by magnetic media or by Internet

We accept cancellations for T4 slips through electronic format. See www.cra.gc.ca/eservices/tax/business and click on “amendments in electronic format.”

Replacing slips

If you issue T4 slips to replace copies your employees lost or destroyed, do not send us a copy. Clearly identify them as **duplicate copies**, and keep them with your records.

What happens after you send in your completed information return?

When we receive your information return, we check it to see if you have prepared it correctly. After an initial review, we will enter your return into our processing system, which captures the information and performs various validity and balancing checks. If there are any problems, we may contact you.

If you file by Internet, certain validity and balancing checks are done before processing your return. If there are further problems, we may contact you.

Additional processing information

Other federal government departments use T4 information. Most importantly, the CPP Branch of Social Development Canada (SDC) uses the information on the T4 slip to update a person’s **record of earnings** file.

The information on CPP contributions that we send to SDC determines the CPP benefits that a person will receive.

Chapter 5 – Special situations

This section provides information on reporting income paid in different circumstances.

Salary deferral arrangements

A salary deferral arrangement is a plan or arrangement made between an employee and an employer. Under such an arrangement, an employee postpones receiving salary and wages to a later year. Treat the deferred salary and wages as employment income in the year the employee **earns** the amount. Report it on the employee's T4 slip for that year.

Prescribed plans or arrangements

Prescribed plans or arrangements described in ATR-39, *Deferred Salary Leave Plan*, are not covered by the above salary-deferral rules. Treat the deferred amounts in these cases as income in the year the employee **receives** them. Report it on the employee's T4 slip for that year.

To find out how to report pension adjustments under these circumstances, see the *Pension Adjustment Guide* (T4084).

Salary paid while the participant is working

How to complete the T4 slip

Prepare the T4 slip in the following way when you pay a salary to the participant **while he or she is working**:

Box 14 – Employment income

Enter the participant's **net** salary (the salary minus the deferred amounts) while the person is working.

Boxes 16 and 17 – Employee's CPP/QPP contributions

Enter the CPP/QPP contributions you deducted from the participant's **net** salary (the salary minus the deferred amounts) while the person is working.

Box 18 – Employee's EI premiums

Enter the EI premiums you deducted from the participant's **gross** salary (including deferred amounts) while the person is working.

Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the employee's remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply.

Box 24 – EI insurable earnings

Enter the amount of insurable earnings on which you calculated the employee's EI premiums. Leave this box blank if the insurable earnings are the same as in box 14.

Box 28 – Exempt (CPP/QPP and EI)

Do not complete the CPP/QPP part of this box.
Do not complete the EI part of this box.

Deferred amounts paid to the participant during the leave period

How to complete the T4 slip

Prepare the T4 slip in the following way when you pay the deferred amounts to the participant **during the leave period**:

Box 14 – Employment income

Enter the total deferred amounts paid to the participant during the leave period.

Boxes 16 and 17 – Employee's CPP/QPP contributions

Enter the CPP/QPP contributions you deducted from the participant's deferred amounts you paid during the leave period.

Box 18 – Employee's EI premiums

Leave this box blank.

Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the employee's remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply.

Box 24 – EI insurable earnings

Leave this box blank.

Box 28 – Exempt (CPP/QPP and EI)

Do not complete the CPP/QPP part of this box.
Enter an "X" under EI.

Placement and employment agency workers

The following guidelines apply to workers engaged by placement or employment agencies:

- a) An agency that hires employees (even if they are located at a client's premises) has to deduct CPP contributions, EI premiums, and income tax from amounts paid to these employees. The agency also has to report these amounts on a T4 slip.
- b) An agency that places workers in an employment under the direction and control of a client of the agency and where the agency pays the worker; the agency is required to deduct CPP contributions and EI premiums, but not income tax. The agency has to prepare a T4 slip for the worker. Enter code 11 in box 29, "Employment code." Box 14, "Employment Income," should not be completed.
- c) An agency that hires a worker under a contract for service (independent worker) is not required to file T4 slips.

Barbers and hairdressers, and drivers of taxis and other passenger-carrying vehicles

For EI purposes, you have to complete a T4 slip for each worker whom we do not consider to be an employee. Complete the following entries on the slip:

Employer's name

Enter your operating or trade name.

Employee's name and address

Enter the worker's name and address, including the province and postal code.

Box 12 – Social insurance number

Enter the social insurance number (SIN) shown on the worker's SIN card.

Box 18 – Employee's EI premiums

Enter the EI premiums remitted on behalf of the worker (worker's part only).

Box 24 – EI insurable earnings

Enter the amount of the worker's insurable earnings on which you calculated the EI premium.

Box 29 – Employment code

Enter the appropriate code for the occupation of the worker. In box 29, enter code 13 for a **barber** or **hairdresser** and code 12 for a **taxi driver** or **driver of another passenger-carrying vehicle**.

Box 54 – Business Number

Enter your 15-digit Business Number.

Leave all remaining boxes blank.

When the workers have an interruption in earnings, you have to complete Form INS 2106, *Record of Employment (ROE)*, within five days of the last day worked. See the publication called *How to Complete the Record of Employment (ROE)*, which is available from a Human Resources and Skills Development Canada office or from their Web site at www.hrsdc.gc.ca.

Employees with power saws or tree trimmers

If you are an employer in the forestry business, you probably have employees who, according to their contracts, have to use their own power saws or tree trimmers at their own expense.

In box 14, "Employment income," of the T4 slip, include rental payments you paid to employees for the use of their own power saws or tree trimmers. You should not reduce the amount in box 14 by the cost or value of saws, trimmers, parts, gasoline, or any other materials the employee supplies.

Status Indians

Taxable salary or wages paid

If you are an employer paying taxable salary or wages to a status Indian, you have to deduct CPP contributions, EI premiums, and income tax. Complete all T4 slips in the usual way.

Non-taxable salary or wages paid

Annual union, professional, or like dues related to exempt income are not deductible. When a part of the income is exempt, the part related to the exempt income is not deductible.

Completing the T4 slip when you elect to provide CPP coverage to your all employees

If you paid remuneration to a status Indian on a reserve and elected to cover all your employees for CPP purposes, prepare the T4 slip in the following way.

Box 14 – Employment income

Leave this box blank. In the "Other Information" area, enter in one of the boxes code 71 and the amount of non-taxable earnings.

Boxes 16 and 17 – Employee's CPP/QPP contributions

Enter the CPP contributions you deducted from the employee's earnings.

Box 18 – Employee's EI premiums

Enter the EI premiums you deducted from the employee's earnings.

Box 24 – EI insurable earnings

Enter the amount of insurable earnings on which you calculated the EI premiums.

Box 26 – CPP/QPP pensionable earnings

Enter the amount of pensionable earnings on which you calculated the CPP contributions.

Completing the T4 slip when you do not elect to provide CPP coverage to your employees

If you paid remuneration to a status Indian on a reserve and did not elect to provide CPP coverage, for all your employees, prepare the T4 slip in the following way:

Box 14 – Employment income

Leave this box blank. In the "Other Information" area, enter code 71 and the amount of non-taxable earnings.

Boxes 16 and 17 – Employee's CPP/QPP contributions

Leave these boxes blank.

Box 18 – Employee's EI premiums

Enter the EI premiums you deducted from the employee's earnings.

Box 24 – EI insurable earnings

Enter the amount of EI insurable earnings on which you calculated the EI premiums.

Box 26 – CPP/QPP pensionable earnings

Leave this box blank.

Seasonal agricultural workers program

If you employ foreign workers under the Seasonal Agricultural Workers Program, enter code 15 in Box 29, "Employment code," of the T4 slips for your employees. For information, see the publication *Seasonal Agricultural Workers Program* (RC4004).

Employment outside Canada

In situations where you pay CPP on behalf of your employee who is working outside Canada, for all or part of the year, you have to prepare a T4 slip. See page 9 – Box 29 "Employment code" for specific T4 reporting instructions.

Overseas employment tax credit

If you employ a resident of Canada to work outside Canada for more than six consecutive months, the employee may be entitled to an overseas employment tax credit. The six consecutive months of employment may start in the current year or a previous year. The employment duties performed outside Canada must either be to get a contract for the employer or relate to a contract under which the employer carried on business outside Canada. For more information on this subject, see Interpretation Bulletin IT-497, *Overseas Employment Tax Credit*.

How to complete the T4 slip

Box 14 – Employment income

Report the total amount of remuneration you paid that relates to any employment outside Canada. Do this even if an employee has received a letter of authorization from a tax services office or tax centre that allows you to reduce the amount of income tax you deduct from the employee's income. On the slip, show the income that qualifies for the reduction and the number of days the employee worked outside Canada. In the "Other Information" area, enter in one of the boxes code 72 and the income qualifying under section 122.3 of the *Income Tax Act*. Also, enter in one of the boxes code 73 and the number of days outside Canada. The number of days should be a three-digit number that you enter at the beginning of the box "Amount."

Example

73	089
Box – Case	Amount – Montant

Notes

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Addresses

Electronic Media Processing Unit

Electronic Media Processing Unit
Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

Ottawa Technology Centre

Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1G9

Tax Centres

Jonquière Tax Centre
2251 René-Lévesque Boulevard
Jonquière QC G7S 5J1

Shawinigan-Sud Tax Centre
4695 – 12th Avenue
Shawinigan-Sud QC G9N 7S6

St. John's Tax Centre
290 Empire Avenue
St. John's NL A1B 3Z1

Sudbury Tax Services Office
1050 Notre-Dame Avenue
Sudbury ON P3A 5C1

Summerside Tax Centre
275 Pope Road
Summerside PE C1N 6A2

Surrey Tax Centre
9755 King George Highway
Surrey BC V3T 5E1

Winnipeg Tax Centre
66 Stapon Road
Winnipeg MB R3C 3M2

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