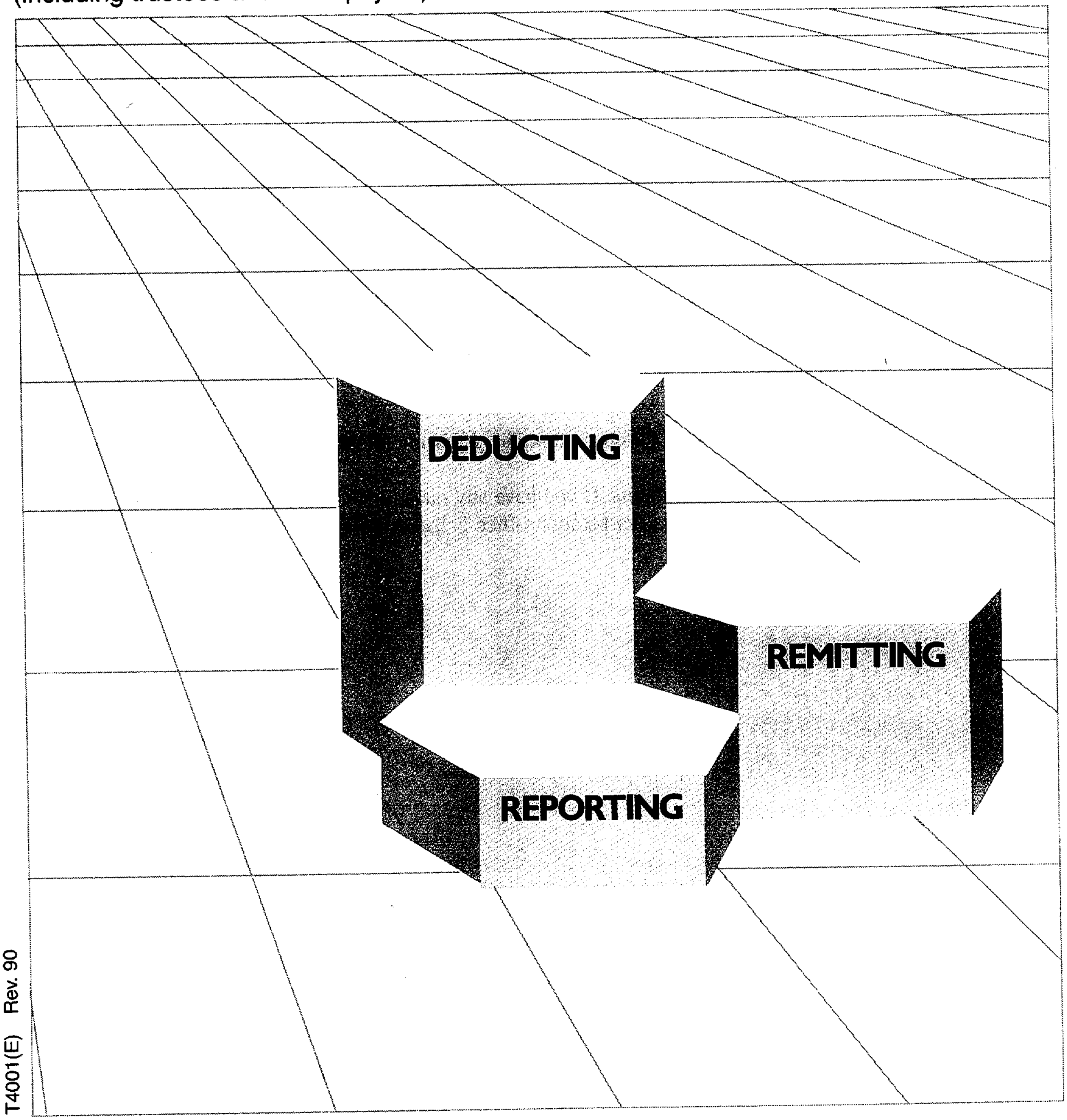
Revenue Canada Taxation
Revenu Canada Impôt

1990

Employers Guide to Source Deductions

(including trustees and other payers)



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Cette publication est disponible en français

Minister
of National Revenue

CANADA

Ministre
du Revenu national

As Minister of National Revenue, I am committed to the reduction of paperburden facing employers and to make our publications more helpful and easier to read.

I hope you will find evidence of progress in this new Employers Guide to Source Deductions.

This publication takes the general information for employers contained in the Tax Tables and CPP/UI Tables, and combines it with the information found in the Employer's and Trustee's Guide.

You will still receive the tables in order to calculate remittances.

Having eliminated the repetition of information among the three publications there is less for you to read and less paper to handle and store.

Production and distribution costs to the government, and the taxpayer, are substantially reduced.

I welcome your comments. If you have any questions, or need clarification on any point, the telephone number for your district taxation office is listed at the back of this guide.

Otto Jelinek

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House of Commons Chambre des communes
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CONTENTS

WHAT'S NEW?

T4-T4A Summary now divided into three forms

- The T4 Summary has been simplified and only T4 Supplementary totals should be reported on this form.
- The T4A Summary should now be used to report totals of all information found on the T4A Supplementaries.
- The T4A-NR Summary has been introduced to report totals of all information found on the T4A-NR Supplementaries.

T4 Summary revised

- The form has been shortened.
- Only T4 Supplementary totals should be reported.
- The following new boxes have been added:
  - pension adjustment, Box 52;
  - total UI insurable earnings, Box 24;
  - Revenue Canada, Taxation issued registration number for RPP/DPSP.

T4 Supplementaries revised

- Boxes are numeric rather than alphabetic and they correspond to the summary.
- The following new boxes have been added:
  - stock option, Box 38;
  - pension adjustment, Box 52.

T4A Supplementaries revised

- Boxes are numeric rather than alphabetic and they correspond to the new T4A Summary.
- The lump-sum payment box has been revised to delete the split between "to 31 Dec" and "after 31 Dec."
- The annuity box has eliminated the breakdown between "IAAC" and "general" indicators.
- The retiring allowance box has been shortened and there is no longer a breakdown between "eligible" and "non-eligible" indicators.
- The following new boxes have been added:
  - pension plan contribution (past service), Box 32;
  - pension adjustment, Box 34;
  - pension plan registration number, Box 36.
- The number of T4A Supplementary copies have been reduced from five to four.

Pension reform information

In line with the requirements under Pension Reform legislation currently before Parliament, employers who contribute to registered pension plans (RPPs) or deferred profit-sharing plans (DPSPs) for their employees will have to report an annual pension adjustment (PA) for each employee who participates in such a plan.

Bill C-52 containing the Pension Reform legislation received Royal Assent on June 27, 1990. As a result, pension adjustment reporting will be required starting with the 1990 taxation year on employees' T4/T4A information slips. These slips must be sent to Revenue Canada by the end of February 1991 or before.

Form T4A should only be used in the following three situations to report pension adjustment (PA):

1. By an employer who needs to report PA for an individual who accrues benefits under a plan during a period of long-term disability, leave of absence or similar status, and a T4 is not required as the employer has no financial transactions to report for that individual. If the employer has to also report financial data on a T4 for any part of the year, that T4 may be used to report all PA information for the year. This can include the PA accrued for the period when the employee provided reduced or no services.

2. By an administrator of a multi-employer plan (RPP) who reports PA for members who render reduced services to their employer during the year, or who are on leave of absence or disability. When this occurs, the administrator must inform the Registered Plans Division of Revenue Canada of his or her intent to do this, before the end of the taxation year, in order to receive the required approval before the T4A filing deadline.

3. By a plan administrator of a specified multi-employer plan, when a plan member has contributed directly to the plan. The administrator must report the PA accruing on those direct contributions.

In instances where it is later determined that a pension adjustment (PA) was reported incorrectly for an individual, the employer (or administrator) will have to file an amended T4 (or T4A) with the changed PA as well as repeating any other financial and other data submitted on the original T4 (T4A).

If an employer's business ceases during 1990, and the employer contributed to an RPP or DPSP for his or her employees, the PA must be filed along with the other T4 data within 30 days that the business ends. If the 1990 T4 Supplementary cannot be obtained, the 1989 forms should be used, and all tax year references changed to 1990. The PA in these instances will be shown as a footnote on the T4 as "1990 PA = (insert amount)."

Employers with RPPs or DPSPs should, by the time of this publication, have received a *Pension Adjustment Calculation* guide from this Department to help them to calculate PA. Additional copies of this guide will be available at local district taxation offices.

If employers have to report PA early before the new guide becomes available, or they need help to calculate PA, they should refer to either their pension plan administrators, the legislation package on Pension Reform which they received late last year from the Department of Finance, or they can call the Registered Plans Division of Revenue Canada at the following toll-free numbers:

1-800-267-3100 (English)
1-800-267-5565 (French)

In Ottawa:
954-5102 (English)
954-5104 (French)

If an employee questions the amount of PA reported on his or her behalf, the employee's concerns must be addressed to his or her employer and possibly to the plan administrator, to be resolved.

As the registration of a registered pension plan or a deferred profit-sharing plan is a confidential matter between Revenue Canada and the plan sponsor or employer, the Department cannot discuss PA calculations with individual employees. Please ensure that all employees who participate in your company registered pension plan or deferred profit-sharing plan are made aware of this when you give them their 1990 T4/T4A information slips.

Other special reporting situations for PA

If an employee dies in the year, no PA should be reported. The employer must, however, insert the word "Nil" in Box 52 on the employee's T4 Supplementary.

When an employee works for the same employer at work locations in several provinces or countries during the year

The employee should receive separate T4s for the amounts earned in each province. In line with the reporting of the respective earnings for each province, PA must also be apportioned and reported on each T4 in proportion to the pension benefit accrued during the period worked in each province. Care must be taken by an employer not to exceed the maximum PA reportable under the legislation.

When the employer chooses to issue separate T4s for each location, the proportionate reporting of PA and prescribed maximums also apply to PA reporting for employees who, while they retain their Canadian residency status, work for a Canadian employer at several locations abroad during the year.

Non-residents working for a Canadian employer and participating in the employer's RPP

If a non-resident accrues benefits under the RPP of a Canadian employer, the appropriate PA must be reported, even though the employee's income may not be subject to taxation in Canada.

CHAPTER 1
INTRODUCTION

For ease of reference and to reduce unnecessary paper, the information previously contained in the *Employer's and Trustee's Guide, the Income Tax Deductions at Source* booklet and the *Canada Pension Plan Contributions and Unemployment Insurance Premiums* booklet have been combined. Please note that the Canada Pension Plan, Unemployment Insurance and tax deductions tables contained in these publications are **not** included in this Guide. These tables will continue to be published at their usual times. **As the tables will no longer carry any information concerning payroll administration, please be sure to keep this new Guide until the following year's Guide is available.**

This new Guide will be revised and published each year, and will provide most of the information you need to administer and report payroll deductions. As well, it also gives a brief description of the various forms used for remitting and reporting amounts subject to withholding. It is intended to help you avoid errors, and should answer most of the common questions dealing with "source deductions."

Note

All examples found in this publication use 1990 rates and are for illustrative purposes only. Please refer to the *Source Deductions Tables* publication for the current rates.

Who should use this Guide?

The instructions in this Guide are for employers, trustees and other payers. While the instructions refer mainly to income from employment and not to self-employed income, taxi and other drivers, and barbers and hairdressers not employed under a contract of service are also covered in this Guide (see "Certain workers not employed under a contract of service" in Chapter 3). If you are self-employed and would like information concerning your coverage under the Canada Pension Plan, please refer to the publication, *Canada Pension Plan – Information for the Self-Employed.*

Province or territory of employment

The province or territory of employment will depend on whether or not the employee is required to report for work at your place of business:

- If the employee reports for work at your place of business, the province or territory of employment is the province or territory where that business is located. For the purpose of withholding, use the tax table which corresponds to the province or territory of employment.

Example

An employee is paid by an employer located in the province of Ontario but **is required** to report at the employer's place of business in Manitoba. In this case, use the Manitoba tax tables.

- If the employee is not required to report to work at your place of business, the employee's province or territory of employment would be the province or territory in which your business is located, and from which your employee's salary is paid.

Example

An employee does not have to report to any particular establishment of the employer, but the employee is paid out of the employer's establishment which is located in the province of Quebec. In this case, use the Quebec tax tables.

Employers in the province of Quebec

Since the province of Quebec collects its own provincial pension plan contributions, references in this Guide to the Canada Pension Plan do not apply to employees who report for work to employers in the province of Quebec. When an employee's remuneration is paid by an employer whose place of business is situated in the province of Quebec, a contribution is not required under the Canada Pension Plan from the earnings of that employee. For more information on the Quebec Pension Plan, please contact **Revenu Quebec, 3800 Marly Street, Sainte-Foy, Quebec, G1X 4A5.**

Note

Premiums for Unemployment Insurance may be required.

Small Business Employers Kit

Revenue Canada has developed a new and simpler source deductions kit for the small business employer. This new kit contains a guide and tables, and replaces the *Income Tax Deductions at Source* booklet, the *Canada Pension Plan Contributions and Unemployment Insurance Premiums* booklet, and the *Employer's and Trustee's Guide.*

The following questions will help you determine if this kit will satisfy your information needs.

- Are you an accelerated remitter? (An accelerated remitter is an employer who must send income tax, Canada Pension Plan and Unemployment Insurance remittances more than once a month).
- Is the gross weekly pay of any of your employees more than $500?

- Do you have pay periods other than weekly, bi-weekly or monthly?
- Do you pay your employees other than salary, wages, bonuses, vacation pay or tips?
- Do you provide taxable benefits to your employees other than board and lodging?

If your answer to **all** of the above questions is **no**, the *Small Business Employers Kit* will meet your information needs.

To allow us to code your account so that you will receive the new guide and tables, please contact your district office.

Do you have a computer?

If you have a computer, you may prefer to use it rather than using the manual tables to calculate your employees' deductions at source. If so, you should obtain the publication, *Machine Computation of Income Tax Deductions, Canada Pension Plan Contributions and Unemployment Insurance Premiums (MC Tables)* which gives the formulas and tables for computer users. To order your copy, contact your district office. Please have your employer account number handy. Once you are on the mailing list, we will automatically send you this publication each year.

Note

If the computer formulas you wish to use differ from those in the MC Tables, you must first submit them to your district office for their approval.

Keeping records

Every employer and payer who is required to withhold or deduct taxes, Canada Pension Plan (CPP) contributions or Unemployment Insurance (UI) premiums must keep records and books of account and allow officers of Revenue Canada to verify these books and records on request.

Normally, books and records of account must be kept for at least six years from the end of the year to which they relate.

If you wish to destroy your books and records, you must apply in writing to the director of the district office in your area. Before permission to destroy these documents will be granted, all returns for the taxation years concerned must have been filed and assessed.

For additional information, please see Information Circular 78-10R2.

Penalties and interest

As an employer or payer, when you withhold deductions, you are considered to hold them in trust for the Receiver General. Therefore, these amounts are to be kept apart from the operating funds of your business. They should not be part of an estate in liquidation, assignment, receivership or bankruptcy.

Failing to withhold (deduct) or remit

If you fail to withhold and remit the tax, CPP contributions or UI premiums that should have been withheld and remitted, you are liable for the full amount of the employees' required withholdings plus your share, the employer's CPP contributions and UI premiums, on behalf of your employees.

If you fail to comply with the withholding (deduction), trust or remitting requirements, you may be prosecuted, and if convicted, could be fined not less than $1,000 or more than $25,000, or you may be fined and imprisoned for a term up to 12 months.

If you receive an assessment for failing to deduct Canada Pension Plan contributions or Unemployment Insurance premiums, you may only recover the employees' premiums and/or contributions from the employees' remuneration.

Note

You may not recover the amounts for pay periods that go back more than 12 months.

You may recover the amounts by deducting from the future wages of your employees. The deductions may be equal to, but not more than, the amount you should have deducted from each payment. See the example given below.

Example

An employer fails to deduct Canada Pension Plan contributions and Unemployment Insurance premiums that should have been deducted as follows:

	Failed to Deduct	
Month	**CPP**	**UI**
January	$ 3.40	$ 8.50
February	3.40	8.50
March	4.10	8.50
April	4.70	8.50
Total	$15.60	$34.00

From an audit of the records, an assessment is issued on May 23 for

	Employee	**Employer**	**Total**
CPP contributions	$15.60	$15.60	$ 31.20
UI premiums	34.00	47.60(1)	81.60
Total			$112.80(2)

(1) 1.4 times employee premiums

(2) Plus applicable interest

The employer may recover $15.60 for CPP and $34.00 for UI from the employee as follows:

	Current Deduction		+	Employer's Recovery		
	CPP	UI		CPP	UI	
May	$4.70	$8.50		$ 3.40	$ 8.50	(for Jan.)
June	4.70	8.50		3.40	8.50	(for Feb.)
July	5.10	8.50		4.10	8.50	(for Mar.)
August	5.10	8.50		4.70	8.50	(for Apr.)
				$15.60	$34.00	

Two-tier penalties

Any employer who remits withholdings or deductions late, withholds the amounts but does not remit them, or fails to deduct the amounts required, will be subject to a 10 per cent penalty for the first occurrence. This penalty will increase to **20 per cent** for the second and subsequent occurrences within the same calendar year. These penalties will apply on amounts over $500. In cases of wilful delay or deficiency, however, penalties can be levied on amounts under $500.

Interest

For monthly remitters, the interest on amounts withheld or deducted but not remitted to the Receiver General by the 15th day of the month immediately following the month in which these amounts were deducted or withheld will start accruing from that date.

Threshold 1 employers who are required to remit source deductions twice a month will be charged interest calculated from the 25th day of the month, on remittances that were due the first half of the month, and interest from the 10th day of the following month, on remittances due the second half of the month.

Threshold 2 employers who are required to remit within three days from the end of the specified periods will be charged interest from the third day. For more information, see Chapter 5, "Remitting deductions."

Failing to file information returns

The penalty for not filing an information return or for not distributing an information slip to employees on time is $25 a day to a maximum of $2,500. The minimum penalty is $100.

Social insurance number (SIN) reporting

Individuals must give their social insurance numbers to all information slip preparers who in turn must make a "reasonable effort" to obtain SINs. A non-compliance penalty of $100 per failure applies to both parties. This requirement pertains to T4, T4A and T4F Supplementaries.

The distinctive number "9" – Since the inception in 1964 of the social insurance number, the first digit has indicated the region of the country in which the card was issued. Under the new system, all persons other than Canadian citizens and landed immigrants who require a social insurance number card will receive a number beginning with the first digit "9". A person whose SIN begins with the number "9" will be eligible to work only if he or she has a temporary work permit valid for a particular employer. Hiring a person who does not have this work permit constitutes "knowingly" hiring someone who does not have the right to work in Canada. This is an offence under the Canada Immigration Act and Regulations. Penalties resulting on summary conviction range from fines of $50 to $1,000, or to imprisonment from one to 18 months, or both.

Since Canada Pension Plan records are maintained under an account identified by the employee's social insurance number, it is essential that this number be correctly transcribed from the employee's identification card to the employer's records, and reported correctly on the annual T4 Supplementary.

Similarly, the social insurance number is essential in the administration of the Unemployment Insurance Program since employees' premium and benefit payments are recorded under their social insurance number. It is also important that the social insurance number also be recorded properly on the Record of Employment, when one is issued.

Failure on your part to comply with these requirements constitutes an offence under the Unemployment Insurance Act. The employer is liable, on summary conviction, to a fine not over $500, or imprisonment for a term not more than six months, or both.

If an employee will not apply for a social insurance number, you must nevertheless make the deductions.

Director's liability

If a corporation fails to deduct or withhold an amount, or has failed to remit such an amount as required under the Income Tax Act (or any other act for which the Minister is administratively responsible), the **directors** of the corporation at the time the corporation was required to deduct, withhold or remit may be **jointly and severally liable, along with the corporation,** to pay any amount that the corporation is liable to pay, including any related interest or penalties.

However, a director who exercises the degree of care, diligence and skill that a reasonably prudent person would exercise will not be personally liable. To benefit from this provision, a director should take positive action to ensure the corporation makes the necessary deductions or remittances.

For further details regarding the joint and several liability of directors, you may wish to refer to Information Circular 89-2, a copy of which may be obtained from your district office.

Determinations and appeals – CPP and UI

Sometimes a question arises as to whether someone is required to make Canada Pension Plan contributions or pay Unemployment Insurance premiums, or there may be some doubt about the amount of these deductions.

Under the Canada Pension Plan or Unemployment Insurance Act or both, either the employee or the employer, or their representative may apply to the Minister of National Revenue for a determination of the question. Application for determination of a question or appeal, Form CPT100, must be filed on or before April 30 of the year following the year to which the question relates.

When there is an assessment of an amount payable for Canada Pension or Unemployment Insurance, you or your representative may, under the Canada Pension Plan or the Unemployment Insurance Acts, appeal to the Minister of National Revenue for reconsideration. Both the assessment itself, or the amount, may be appealed. Form CPT100 must be filed within 90 days after the Notice of Assessment was mailed.

Appeal of tax assessments

If you cannot resolve a discrepancy concerning the assessment of your deductions with your district office, you have 90 days from the date of your assessment to file a Notice of Objection by using Form T400A.

Privacy Act

The information you provide on the various summaries and supplementaries is collected under the authority of, and for use in, the administration of federal and provincial Income Tax Acts, the Canada Pension Plan, and the Unemployment Insurance Act. Your return is contained in **personal information bank #RCT/P-PU005**.

For purposes outlined below, information may be taken from your return and stored in the following personal information banks.

RCT/P-PU075 - Appeals to the Minister of National Revenue regarding the Canada Pension Plan and Unemployment Insurance Acts.

RCT/P-PU080 - Appeals regarding insurable employment, and appeals to the Minister of National Revenue regarding an individual's entitlement to coverage under the Unemployment Insurance Act.

The Income Tax Act stipulates that the information you provide must be kept strictly confidential, and information cannot be divulged to anyone outside Revenue Canada, Taxation unless they are specifically authorized by law. Every measure is taken to protect the confidentiality of this information.

The Privacy Act reinforces this right to privacy, and also gives your employees the right to access certain information banks to ensure that the information contained in them is accurate and complete.

It is the Department's policy to make available to your employees any details pertaining to them personally without requiring them to make formal requests for access under the Privacy Act.

Determining employer-employee relationship

Before deductions for Canada Pension Plan contributions and Unemployment Insurance premiums can be made, the first step is to determine if there is an employer-employee relationship.

Generally, an employer-employee relationship exists when the person paying for the services has the right to control and direct the person performing the services. **Control** includes not only the result to be accomplished by the services but the means by which the desired result is to be accomplished. In other words, the employee is subject to the will and control of the employer not only in what shall be done, but also in how the work will be done. It is not necessary for the employer to actually direct and control the manner in which the services are carried out; it is enough that the employer has the right to do so.

Only a broad interpretation of the employer-employee relationship can be given here. Usually you will have no difficulty in determining whether someone is an employee. If you have any doubts, either for Canada Pension Plan or Unemployment Insurance purposes, you may obtain a ruling as to whether such a relationship exists from your district office, Source Deductions section. Form CPT-1, applicable to commission workers, home workers, and other workers is available for this purpose.

Need help?

If the information contained in this Guide does not answer your specific questions concerning **deducting**, **remitting** or **reporting** source deductions, please contact your local district office. Their telephone numbers and addresses are listed at the back of this Guide.

One of the responsibilities of district offices across the country is to ensure that payroll deductions are done correctly. From time to time, officers may visit employers to verify that deductions are being made, and to help employers solve any problems they may be having with source deductions.

In addition to the Income Tax Act, Revenue Canada, Taxation is responsible for administering regulations and provisions that deal with coverage, contributions and collections under the Canada Pension Plan and Unemployment Insurance Acts. Enquiries related to other aspects of these acts should be addressed to your local Canada Pension Plan offices of Health and Welfare Canada, or to Canada Employment Centres. Revenue Canada also administers provincial or territorial Income Tax Acts for all provinces and territories except Quebec.

The legislative provisions of the Unemployment Insurance Act are the responsibility of Employment and Immigration Canada. The Unemployment Insurance (Collection of

Premiums) Regulations are the responsibility of Revenue Canada, Taxation. However, under the legislation as enacted, Revenue Canada, Taxation and Employment and Immigration Canada share the responsibility for administering the Unemployment Insurance Act and related Regulations.

The following information is provided so that you may have a better understanding of the respective responsibilities of both departments and how they administer the Unemployment Insurance Act and its Regulations. This information is of a broad descriptive nature and is not intended to be definitive.

If you have any questions on unemployment insurance matters, please direct them to the respective authority as outlined below.

Revenue Canada, Taxation
Matters relating to

- determining insurable employment;
- determining insurable earnings from insurable employment, for the purpose of collecting premiums;
- deducting and collecting premiums;
- keeping books and records and their disposal;
- the raising of assessments; and
- the determination of questions regarding the payment of premiums or assessments.

Employment and Immigration Canada
Matters relating to

- the verification of data reported by employers on Records of Employment;
- the entitlement, determination and payment of benefits;
- the subsequent recovery of any overpayment of benefits;
- the financial requirements related to establishing the annual premium rate;
- establishing minimum and maximum levels of weekly insurable earnings;
- issuing social insurance numbers;
- administering the provisions related to Wage Loss Plans and
- administering the provisions regarding Job Creation programs.

If you cease to deduct

If you no longer have any employees liable for deductions, please notify the appropriate taxation centre or district office before your next remittance payment is due. If you have no employees for the time being, notify the taxation centre or district office when you expect deductions to resume. This can be done by completing and mailing Form PD7AR.

Reporting and remitting by a trustee

Employers are required by law to deduct Canada Pension Plan contributions and Unemployment Insurance premiums from the pensionable and insurable wages, salaries and other remuneration, including any taxable benefits they pay or provide to their employees. They must remit these amounts to Revenue Canada, Taxation along with their employer contributions and premiums on behalf of their employees.

In the event of an employer's liquidation, assignment or bankruptcy, the trustee in bankruptcy is considered to be the agent of the bankrupt for the purposes of the Canada Pension Plan and Unemployment Insurance Acts.

If a bankrupt has deducted either Canada Pension Plan contributions or Unemployment Insurance premiums or both from salary, wages or other remuneration paid, or for any taxable benefits provided before the bankruptcy but has not remitted the amounts deducted, the employees' contributions and premiums are considered to be held in trust for her Majesty. The amounts are also considered to be separate from the estate and form no part of the estate in bankruptcy. This would be the case even if these amounts had not been kept apart from the bankrupt employer's own money or from the assets of the estate. Revenue Canada, Taxation will file a claim for those amounts, under Section 54 of the Bankruptcy Act, which should be satisfied by a trustee out of the vested property. A separate claim will be filed by Revenue Canada with a trustee for the bankrupt employer's unremitted amounts such as the employer's portions of Canada Pension Plan contributions, Unemployment Insurance premiums and any applicable penalties and interest.

If a trustee carries on the bankrupt employer's business, and pays remuneration to an employee who was employed by the employer in either pensionable or insurable employment or both, the trustee is required to deduct and remit prescribed amounts to Revenue Canada, Taxation.

Changes to an employer entity

When an employer is a sole proprietor or in a partnership, and during the course of the year the entity changes either to a partnership or becomes an incorporated company, the new entity is considered for income tax, Canada Pension Plan and Unemployment Insurance purposes to be a new employer. Therefore, a new employer account number for remitting and reporting employees' statutory deductions is required.

CHAPTER 2
DEDUCTING CANADA PENSION PLAN

COVERAGE

You must deduct the required Canada Pension Plan contributions from the remuneration of every employee **who meets all three** of the criteria below:

- the employee is 18 years old and has not reached 70 years of age, and
- the employee is employed in pensionable employment during the year, and
- the employee is not receiving a Canada or a Quebec Pension Plan retirement or disability pension.

Certain types of employment are excepted, and some payments are exempt from Canada Pension Plan contributions under the act or regulations. Below is a list indicating excepted employment and the payments and benefits subject and not subject to Canada Pension Plan contributions. If you still have doubts about your situation, please contact your district office.

Employment and earnings not subject to Canada Pension Plan contributions

Types of employment
The following types of employment are excepted by legislation. Therefore, they do not constitute pensionable employment. Payments arising from such employment are not subject to Canada Pension Plan contributions. When filling out the T4 Supplementary form, Box 28 "Exempt" must be completed if the employee is in excepted employment for the whole calendar year in all of the following cases:

(1) Employment by an employer in agriculture or an agricultural enterprise, horticulture, fishing, hunting, trapping, forestry, logging or lumbering is excepted employment. However, if the worker is paid $250 or more in a year, and the employee is employed on terms which provide for the payment of cash remuneration for a period of 25 or more working days in a calendar year, then the employment is not excepted.

Note
When both the $250 and 25-day limits are reached or exceeded, then the entire employment is pensionable from the first day that the employee was engaged.

(2) Employment of a casual nature other than for the purpose of the employer's trade or business.

(3) Employment as a teacher on exchange from a foreign country, if the exchange has been arranged through the Canadian Education Association.

(4) Employment of a wife by the husband or vice versa, unless the remuneration paid may be deducted under the Income Tax Act when computing the income of the payer.

(5) Employment of a member of a religious order who has taken a vow of perpetual poverty, and whose remuneration is paid either directly or by the member to the order.

(6) Employment for which no cash remuneration is paid, when the employee is the child of, or is maintained by, the employer.

(7) Employment abating a disaster or in a rescue operation, if the employee is not regularly employed by the employer.

(8) Employment, except as an entertainer at a circus, fair, parade, carnival, exposition, exhibition or other similar activity, if the employee
   - is not regularly employed by that employer, and
   - is employed by that employer for less than seven days in the year.

(9) Employment as a census taker or election worker by a government body, if the person is not a regular employee of the employer, and is employed for less than 25 days.

Note
When the 25-day limit is reached or exceeded, the entire employment is pensionable from the first day that the employee was engaged.

Payments and benefits
The following list reflects most types of payments or benefits not subject to contributions, either because the employment is excepted or the payment is exempt:

(1) Pension payments, lump-sum payments out of a pension fund, death benefits, amounts allocated under a profit-sharing plan or paid under a deferred profit-sharing plan, supplementary unemployment benefits received under a Supplementary Unemployment Benefit (SUB) plan which qualifies as a SUB plan by virtue of Section 145 of the Income Tax Act. Retiring allowances or severance payments received upon or after retirement from an office or employment in recognition of long service, or for loss of office or employment.

(2) Payments made after the employee's death, other than amounts earned and owing before the date of death.

(3) Workers' compensation payments, if under an employment contract, an employer pays the employee

- the equivalent amount of a Workers' Compensation Board award for an injury; or
- when no amount is payable as compensation from the Workers' Compensation Board but the employer chooses to pay an equivalent amount of a Workers' Compensation Board award, a contribution should not be deducted. However, there are situations when contributions are required. Refer to Item 7 under the heading, "Payments and benefits subject to Canada Pension Plan contributions."

(4) When for tax purposes a deduction from the income of a member of the clergy is permitted for an amount for the clergyman's residence, the value of the benefit will not be subject to Canada Pension Plan contributions.

Payments and benefits subject to Canada Pension Plan contributions

The following illustrates some types of payments and benefits subject to Canada Pension Plan contributions. If you have any questions about your situation, please contact your district office.

(1) Salary and wages or other remuneration, commissions, bonuses, and the value of board and lodging other than an exempt allowance paid to an employee at a special work site or remote location.

(2) Certain rent-free and low-rent housing, interest-free and low-interest loans, personal use of employer's or leased automobile, certain gifts, prizes and awards, holiday trips, and subsidized meals.

(3) Honoraria by virtue of either employment or office or both, share of profit paid by an employer, incentive payments, director's fees, fees paid to board or committee members, and executor's and administrator's fees earned for the administration of an estate, as long as the executor or administrator does not act in this capacity in the regular course of business.

(4) Certain tips and gratuities received for the performance of services by employees and officers. For additional information, see Interpretation Bulletin CPP-1.

(5) Remuneration received while on furlough, sabbatical, vacation, sick or retirement leave, lost time pay from a union, vacation pay, payments received under a Supplementary Unemployment Benefit plan (SUB) which does not qualify as a SUB plan by virtue of Section 145 of the Income Tax Act, and payments for sick leave credits.

(6) Benefits derived from stock option plans.

(7) Workers' compensation payments, if under an employment contract an employer pays the employee for an injury an amount that is

- over the maximum dollar amount payable by the Workers' Compensation Board,
- over the equivalent maximum dollar amount payable by the Workers' Compensation Board.

Note

If payments were made to an employee in a year when no employer-employee relationship existed, and they were paid for services performed in a year when such a relationship did exist, the payments are subject to contributions at the rate in force for the year the remuneration was paid, whether or not the remuneration was earned in that year.

Specific coverage cases

Coverage by a foreign employer

Coverage may also be extended in the case of employment in Canada by a foreign employer who does not have a place of business in Canada. This extension, subject to certain conditions, is at the employer's option.

Application Form CPT13 and additional information on extended coverage is available from a CPP/UI rulings officer at your district office.

International agreements with foreign governments

Since 1979, some foreign countries have signed a Reciprocal Agreement on social security. The purpose of Reciprocal Agreements between Canada and foreign countries is to eliminate dual coverage situations under the Canada Pension Plan and social security plans for people who are working or will work both in Canada and other countries.

As of January 1, 1990, Canada has negotiated agreements with 19 countries as follows:

Country	Date
Australia	September 1, 1989
Austria	November 1, 1987
Barbados	January 1, 1986
Belgium	January 1, 1987
Denmark	January 1, 1986
Dominica	January 1, 1989
Finland	February 1, 1988
France	March 1, 1981
Federal Republic of Germany	April 1, 1988
Greece	May 1, 1983
Iceland	October 1, 1989
Italy	January 1, 1979
Jamaica	January 1, 1984
Norway	January 1, 1987
Portugal	May 1, 1981
Saint Lucia	January 1, 1988
Spain	January 1, 1988
Sweden	January 1, 1986
United States	August 1, 1984

Canada is presently awaiting ratification of agreements with Luxembourg and the Netherlands, and is negotiating with Brazil, Cyprus, Ireland, Switzerland, Trinidad and Tobago, and Yugoslavia.

Application forms for coverage or extension of coverage under the Canada Pension Plan can be obtained from the **Coverage Policy and Legislation Section, Source Deductions Division, 875 Heron Road, Ottawa, Ontario, K1A OL8.**

CONTRIBUTIONS

Employees' contributions

You deduct employees' contributions from salary, wages or other remuneration including any taxable benefits you pay or provide.

Note
When determining an emploee's required contribution, do not take into account any contributions withheld by the employee's former employer in the same year.

For 1990, for example, the maximum amount any employer may deduct from an employee is $574.20. To obtain the employee's current yearly maximum contribution, see Schedule 1 in the *Source Deductions Tables* booklet.

In cases listed below, however, the maximum contribution is 1/12 of $574.20 multiplied by the number of months of the year in which the employee is subject to contributions. The number of months is determined as follows:

- if an employee turns 18 during the year, use the number of months following the month in which the employee turns 18 (see "When age is a factor," Example 2);
- if an employee turns 70 during the year, use the number of months before and include the month the employee turns 70 (see "When age is a factor," Example 3);
- if a retirement pension is payable to an employee under the Canada Pension Plan or the Quebec Pension Plan, use the number of months before the month in which the pension becomes payable, or if an employee dies during the year, the number of months before and including the month of death; or
- if a disability pension is payable to an employee under the Canada Pension Plan or the Quebec Pension Plan, use the number of months the employee did not receive a disability pension.

An employer who has places of business in both the province of Quebec and in another province of Canada might transfer an employee from Quebec to that other province. In this case, contributions deducted previously in the year under the Quebec Pension Plan may be taken into account to ensure that the total contributions deducted under both plans are not over the required maximum contribution for the year.

Note
Two T4 Supplementaries will be required; one for the remuneration earned in each province of employment.

Employer's contribution

Every employer is also required to make a contribution on behalf of their employees equal to the contributions deducted from the employees' remuneration. Each employer must make contributions regardless of what any other employer may have deducted.

Methods of determining contributions

Table method

Using the Canada Pension Plan tables found in the *Source Deductions Tables* booklet, determine the amount to deduct from each employee's salary or wages as follows:

- Refer to the page in the table corresponding to the pay period. For example, if the employee is paid weekly, refer to the "Weekly Pay Period" table.
- Look down the "Remuneration" column for the bracket that includes the employee's gross pay including any taxable benefits.
- The amount in the adjoining "CPP" column is the amount of contribution to withhold from the employee's pay. To this, add an equal amount as the employer contribution.

For your particular pay period, please refer to either the *Source Deductions Tables* which contains the tax, CPP and UI deductions for the weekly, bi-weekly, semi-monthly and monthly pay periods, or the *Supplementary Canada Pension Plan Tables for 10, 13 and 22 Pay Periods.*

Calculation method

From the employee's gross pay, first deduct the appropriate basic exemption for the pay period calculated by dividing the yearly basic exemption by the number of your pay periods (see Schedule 2 in the Source Deductions Tables booklet for the correct amounts).

Multiply the remainder by the CPP rate, keeping in mind not to go over the maximum for the year. The result is the amount of employee contribution to withhold, to which you must add an equal amount as the employer contribution.

Example 1

Weekly salary	$400.00
Taxable benefit	70.00
Total	$470.00

- Amount subject to contribution is $470.00 minus the basic weekly exemption of $53.84, which leaves $416.16.

- Amount of contribution to withhold is $416.16 × 2.2%, which is $9.16.
- The amount to remit is

Employee's contribution	$ 9.16
Employer's contribution	9.16
Total	$18.32

Example 2

If an employee is continuously employed on a commission basis, and is paid only when sales are completed, which does not occur at regular intervals, prorate the basic exemption for the year for the number of days between each time the employee is paid. A salesperson is paid $700 commission, 73 days after being paid the last commission. The calculation is made as follows: A salesperson is paid $700 commission 73 days after being paid the last commission. The calculation is made as follows:

- Prorate the basic annual exemption

$$\frac{73}{365} \times \$2{,}800.00 = \$560.00$$

- Amount of contribution to withhold is $3.08 [2.2% × ($700.00 − $560.00)].
- The amount to remit is

Employee's contribution	$3.08
Employer's contribution	3.08
Total	$6.16

Note

If the remuneration paid during the period is more than the exemption for that period, the contribution must not be less than one cent. However, when the contribution is more than one cent, disregard a fractional part of a cent unless it amounts to one half or more. In that case, increase the amount to the next cent.

Determining contributions under special circumstances

When age is a factor

As previously stated, the maximum contribution required in a year for an employee who turns 18 or 70 is reduced in proportion to the number of months in the year during which the employee is subject to contributions. Having determined the maximum required contribution when age is a factor, make deductions as shown in the appropriate table until the maximum amount for the year has been reached.

The effective date for commencing or discontinuing contributions is the beginning of the calendar month following the calendar month in which the employee turns 18 or 70.

Example 1

An employee turns 18 on October 9 and is receiving an income of $300 per week. Since the employee is earning income under the maximum pensionable earnings of $28,900 a year, the weekly contributions are made according to the "Weekly Pay Period" table for the balance of the year (November and December).

Example 2

An employee turns 18 on October 9 and is receiving an income of $500 per week ($26,000 annually).

• Maximum contribution for the year: 2/12 ($28,900 − $2,800) × 2.2%	$95.70
• Contributions required as per weekly table:	
January - October	Nil
November ($9.82 × 4 wks)	$39.28
December 1	9.82
December 8	9.82
December 15	9.82
December 22	9.82
December 29	9.82
Total	$88.38

- The maximum contribution for the year cannot be more than **$88.38**.

Example 3

An employee turns 70 on February 13, and is receiving income of $800 per week or $41,600 annually.

• Maximum contribution for the year: 2/12 ($28,900 − $2800) × 2.2%	$95.70
• Contributions required as per weekly table:	
January ($16.44 × 4 weeks)	$65.76
February 3	16.44
February 10	13.50
February 17	nil
February 24	nil
Total	$95.70

- The maximum contribution for the year cannot be more than **$95.70**.

Employees from 60 to 70 years of age - Employees aged 60 and older may, if they wish, apply for and receive a Canada Pension Plan retirement pension, even though they continue to work and receive wages. For a retirement pension to be paid before age 65, however, the contributor must have entirely or substantially ceased pensionable employment. Canada Pension Plan contributions are required up to the month before the month in which the pension becomes payable.

Health and Welfare Canada sends an award letter to pension recipients which indicates the date the pension becomes payable. This letter must be produced by the employee to prove that contributions are no longer required.

An employee may choose to work after the age of 60 and not apply for a Canada Pension Plan retirement pension. In that case, contributions are required until the employee receives the retirement pension, or until the end of the month in which the employee turns 70, whichever occurs first.

27 or 53 pay periods
If your pay period schedule for the year is 53 weekly or 27 bi-weekly pay periods, and you are using the contribution tables, a manual contribution adjustment to each of the 53 or 27 pay periods is necessary. In putting together the tables, the year's basic exemption of $2,800 for 1990 has been prorated over 52 or 26 pay periods to determine the contribution to deduct for each pay period. When using the tables for 53 or 27 pay periods, a contribution deficiency is automatically created each pay period. To remedy the situation, you must make the following adjustment to each of the 53 or 27 pay periods:

	Weekly	Bi-weekly
Year's basic exemption (52 and 26 pay periods)	$53.84	$107.69
Year's basic exemption (53 and 27 pay periods)	52.83	103.70
Difference subject to 2.2% additional	$ 1.01	$ 3.99
Contribution to be added to the regular contribution for each of the 53 and 27 pay periods	2.2%	2.2%
	$ .02	$ .09

CHAPTER 3
DEDUCTING UNEMPLOYMENT INSURANCE

COVERAGE

Employee and employer premiums are payable if the person performing the service is employed in insurable employment. Insurable employment is all employment in Canada under a contract of service, express or implied, unless otherwise excepted. In certain circumstances, employment outside Canada is also insurable employment.

How to determine whether a contract of service exists is discussed in Chapter 1 under, "Determining employer-employee relationship." You can apply for a ruling on doubtful cases at your district office by using Form CPT-1.

Employment and earnings not subject to UI premiums

All employment in Canada and certain employment outside Canada, under a contract of service, is insurable employment and is subject to employee and employer premiums. However, some types of employment are excepted and some payments are exempt from premiums under the act or regulations. The following pages reflect most types of payments or benefits not subject to premiums. If you need further information, contact your district office.

Types of employment
Even though there may be a valid contract of service, the following types of employment are excepted by legislation and are **not insurable. Do not deduct premiums.** When filling in the T4 Supplementary, Box 28 "Exempt" must be completed if the employee is in excepted employment for the whole calendar year in all of the following cases:

(1) Employment of a person whose cash earnings in any week are less than 20 per cent of the maximum weekly insurable earnings, and who has worked for less than 15 hours.

(2) Employment of a casual nature:

- the employment must be casual, and
- other than for the employer's trade or business.

(3) Employment of a person 65 years of age or over. The effective date for discontinuing coverage is the beginning of the month following the calendar month in which the insured person turns 65.

(4) Employment by a corporation of a person who controls more than 40 per cent of the issued voting shares.

(5) Employment that constitutes an exchange of work or service.

(6) Employment of a person in agriculture, an agricultural enterprise or horticulture who has worked for less than seven working days with the same employer during the year.

Note
Subject to Item 1 above, employment for seven days or more will be insurable from the first day.

(7) Employment of a person in a rescue operation, if that person is not regularly employed by that employer. Employment in abating a disaster is insurable subject to Item 1 above. If the provincial government is the employer, the requirements of Section 8 of the Unemployment Insurance Regulations must still be met.

(8) Employment, other than as an entertainer at a circus, fair, parade, carnival, exposition, exhibition or other similar activity, if the person is not in the regular employment of that employer, and is employed for less than seven days in the year.

Note
Subject to Item 1 above, employment for seven days or more will be insurable from the first day.

(9) Employment as a census taker or election worker by a government body, if the person is not a regular employee and has worked for less than 25 days in such employment.

Note
Subject to Item 1 above, employment for 25 days or more will be insurable from the first day.

(10) Employment in Canada under an exchange program, if the employee is not paid by a Canadian employer and is in excepted employment.

(11) Employment of a member of a religious order who has taken a vow of perpetual poverty and whose remuneration is paid either directly or by the member to that order. For additional information, see Interpretation Bulletin UI-2R.

(12) Employment when no cash remuneration is paid. In the case of a bankruptcy, please contact your local Canada Employment Centre.

(13) Employment if premiums are required to be paid under the United States Unemployment Insurance Law or the United States Railroad Unemployment Insurance Act.

(14) Employment in Canada of a non-resident person, if premiums are payable under the Unemployment Insurance laws of any foreign country for employment in Canada.

(15) Employment by a foreign government or an international organization unless that government or international organization has agreed to cover its Canadian employees under Canada's Unemployment Insurance Legislation. The Canada Employment and Immigration Commission must have consented.

(16) Employment of a claimant on a Job Creation project approved under Section 25 of the Unemployment Insurance Act by the Canada Employment and Immigration Commission. Also, any amount paid by participating employers on a Job Creation project will not be subject to the Unemployment Insurance premium deduction.

Amounts excluded from earnings from insurable employment

(1) A payment by an employer under a Supplementary Unemployment Benefit Plan (SUB).

(2) When no cash remuneration is paid by the employer for a pay period, the value of board, lodging and all other benefits received or enjoyed for the employment in the pay period.

(3) The value of lodging received or enjoyed by a clergyman for employment as a clergyman and provided by a diocese, parish or congregation. Note, if the clergyman received a cash allowance for lodging, that amount would be included in earnings from insurable employment.

(4) Any amounts that are excluded as income according to paragraph 6(1)(a) or (b) or Subsection 6(6) of the Income Tax Act:

- Paragraph 6(1)(a) deals with benefits received under employee benefit plans or trusts, benefits derived from employer contributions to certain funds or plans, etc.
- Paragraph 6(1)(b) deals with travelling, personal or living expenses or allowances.
- Subsection 6(6) deals with the value of allowances for board and lodging and transportation at a special worksite or remote location.

Information concerning these types of amounts can be obtained by contacting the Source Deductions section of your district office.

Employment and earnings subject to UI premiums

Earnings from insurable employment

An employee's earnings from insurable employment are all remuneration received or enjoyed and paid by the employer whether in cash, or partly in cash, and partly in kind. Remuneration includes any taxable benefit that is not specifically excluded from earnings from insurable employment. An allowance paid under a government training plan or by Veterans Affairs Canada through an employer, in addition to the remuneration received for vocational training during the period of insurable employment is included in earnings from insurable employment. For Workers' Compensation Award payments see Chapter 7.

Allocation of earnings

(1) All remuneration paid for a pay period should be allocated to the pay period for which they are paid. This includes salary, wages and employee paid leaves such as vacation and statutory holidays. The expression "paid for a pay period" and "the pay period for which they are paid" could be interpreted to mean "earned during a pay period" and "the pay period in which they were earned."

(2) The following earnings subject to Item 3 should be allocated to the pay period in which they are actually paid:

- overtime pay
- retroactive pay increases
- bonuses
- gratuities
- accumulated sick leave credits
- shift premiums
- incentive payments
- cost of living allowances

- separation payments
- wages in lieu of notice

In addition, any remuneration not paid for a pay period should be allocated to the pay period **in which they are paid**.

(3) When a person is on unpaid leave, has abandoned employment, or has been dismissed or laid off, the earnings mentioned in Item 2 should be allocated **to the last pay period for which regular salary, wages or commissions are paid**.

For additional information, please contact your district office.

PREMIUMS

If you pay remuneration to an employee in insurable employment, you must deduct from the remuneration, the required employee's premium. You are also required to pay an employer's premium on behalf of each employee.

Employee's premium

For a complete list of the employee's premium rate, minimum and maximum insurable earnings and maximum premiums for each pay period, refer to Schedule 3 in the *Source Deductions Tables* publication.

Employer's premium

Unless you qualify for a premium rate reduction, calculate the premium at 1.4 times the employees' premiums. For example, if the required employees' premiums for a month total $100, the employer's premium would be 1.4 × $100, which is $140.

Employer's UI premium reduction for wage-loss replacement plans

Some employers maintain an approved wage-loss replacement plan entitling them to pay their employer's share of Unemployment Insurance premiums at a reduced rate. In many cases, this type of plan requires employers to obtain an additional account number so that a separate remittance may be made for employees covered by the plan.

To take advantage of this provision, you must register the wage-loss plan by completing Form EMP2642, Initial Application for Premium Reduction, not later than September 30 to be considered for a reduction starting the following January 1. The form is available from any Canada Employment Centre, and you must complete one each year to receive the reduction. The completed form and required documents should be sent to:

Employment and Immigration Canada
Employer Registration Division
P.O. Box 11000
Bathurst, New Brunswick
E2A 4L8
Telephone: 1-800-561-7923

For wage-loss replacement plans, you must file a separate T4 return, summary and supplementaries for each account number. Report employees for which you qualify for a premium reduction under the account number designated by the Employment and Immigration Commission. Report all other employees under the other account number. If the employee was in more than one category during the year, file two T4 Supplementaries.

How to determine premiums

Using the tables
Using the Unemployment Insurance Tables, determine the amount to deduct from each employee's salary or wages and any taxable benefits as follows:

- Look down the "Remuneration" column for the bracket listing the employee's gross pay including any taxable benefits.
- The amount in the adjoining "UI Premium" column is the premium to withhold from the employee's pay. Remember, do **not** deduct more than the pay period maximum shown at the bottom of each of the UI tables.
- To this amount add the employer's portion (1.4 × employee's premium unless you have applied for a premium rate reduction).

Manual calculation

- Determine the employee's insurable earnings for the pay period. In most cases, the employee's gross pay including taxable benefits is his or her insurable earnings. Remember, do not exceed the maximum insurable earnings for that pay period.
- Multiply your employee's insurable earnings for the pay period by the UI rate. The result will be the UI premium to deduct for that pay period. Remember, do not exceed the maximum premium for the pay period. Refer to Schedule 3 in the *Source Deductions Tables* publication for minimum and maximum insurable earnings and rates.

What is a "week?"
The definition of a "week" is a period of seven consecutive days beginning on and including Sunday.

What is a "pay week?"
A "pay week" is a period of seven consecutive days, or any one of two or more such consecutive periods, the last of which ends on your payroll ending date.

This definition makes it possible to apply the rules on minimum insurability evenly to all pay periods, whether or not the pay week is a calendar week.

Examples

Weekly pay periods

1. Pay week same as calendar week –

S	M	T	W	T	F	S
①	2	3	4	5	6	⑦

2. Pay week not the same as the calendar week –

S	M	T	W	T	F	S
1	2	3	4	⑤	6	7
8	9	10	⑪	12	13	14

Pay week starts on the 5th and ends on the 11th.

Bi-Weekly pay periods

1. Pay week same as calendar week –

S	M	T	W	T	F	S
①	2	3	4	5	6	⑦
⑧	9	10	11	12	13	⑭

First pay week starts on the 1st and ends on the 7th. Second pay week starts on the 8th and ends on the 14th.

2. Pay week not the same as the calendar week –

S	M	T	W	T	F	S
1	2	3	4	⑤	6	7
8	9	10	⑪	⑫	13	14
15	16	17	⑱	19	20	21

First pay week starts on the 5th and ends on the 11th. Second pay week starts on the 12th and ends on the 18th.

In the following example, the pay period is bi-weekly and ends on Wednesday, December 21. There are two pay weeks, the first ending on December 14, and the second ending on December 21.

To receive credit for two weeks of insurable employment, the person must work in each pay week and satisfy one of the minimum requirements as shown on Schedule 3 in the *Source Deductions Tables* publication. In the example shown below, an employee who works for eight hours a day on December 8, 9, 19, 20 and 21 would qualify for two weeks of insurable employment, even though the employee did not work the week beginning December 11.

DECEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Weekly payrolls

Employees paid on a weekly pay period basis must earn at least 20 per cent of the maximum weekly insurable earnings, or work at least 15 hours each week or part of a week to be considered to work in insurable employment.

Special rules apply to arrive at the insurable earnings of employees who are not employed on a weekly basis. These rules are outlined below.

Daily payrolls

It is important to keep a record of individual insurable earnings along with time records for each of your employees. Make no deductions until the employee either earns 20 per cent of the maximum weekly insurable earnings in any week, or has worked 15 hours or more.

Make the first deduction on the employee's accumulated earnings for the week on the day the employee's accumulated hours or cash earnings for a week reach or exceed the appropriate minimum. After that, make deductions for each day starting from the next day of work according to the unemployment insurance table in the *Source Deductions Tables* publication. No premiums are payable on earnings above the weekly maximum.

For daily payrolls, the definition of a week is a period of seven consecutive days beginning on and including Sunday.

Bi-weekly payrolls

Employees paid on a bi-weekly basis may earn less than 20 per cent of the maximum, or work less than 15 hours in one week of the pay period. As long as the total earnings or hours for the pay period equal or exceed the bi-weekly minimum required, the entire pay period is insurable up to the appropriate maximum.

Example

The minimum bi-weekly insurable earnings in 1990 is $256. If a person earns only $50 in the first pay week of a bi-weekly period, and $220 in the second week for a total of $270, those earnings are insurable up to a bi-weekly maximum of $1,280.

The same applies to hours. In a bi-weekly pay period a person could work five hours in one pay week and 25 the next for a total of 30 hours. Then the earnings for both pay weeks are insurable regardless whether the earnings may be less than the minimum. Remember, an employee can have insurable earnings either on the basis of minimum earnings or minimum hours worked.

Note

If the employee has no earnings in one pay week or earnings or hours in each pay week, the total of which is less than the bi-weekly minimum, averaging the earnings over the bi-weekly pay period is not permitted. In this case you must determine the actual earnings and hours the employee worked during each pay week within the pay period, and then refer to the weekly minimums shown on Schedule 3 in the *Source Deductions Tables* publication. Make deductions according to the weekly rules.

Additional weekly or bi-weekly premiums

The Unemployment Insurance Act requires that an employee pay one week's premium for every week of insurable employment. When there are more than 52 weekly pay days within a calendar year, or more than 26 in the case of bi-weekly pay, additional premiums must be paid to cover the extra pay periods. The additional premiums and insurable earnings over the maximum must be reflected on the T4 Supplementary slip in Boxes 18 and 24 respectively.

The following bi-weekly pay period table provides some examples to illustrate how this works:

Pay Period Ending	Pay Week in Pay Period	Hours	Weekly Remuneration	Gross Remuneration	Insurable Earnings	Insured Weeks	Deduction at 2.25%	Insurable Weeks on Record of Employment
	1	14	70.00					
14 Oct.	2	14	70.00	140.00	Nil	Nil	Nil	Nil
	1	15	75.00					
28 Oct.	2	15	75.00	150.00	150.00	2	3.38	2
	1	14	70.00					
11 Nov.	2	14	186.00 (1)	256.00	256.00	2	5.76	2
	1	14	70.00					
25 Nov.	2	14	128.00 (2)	198.00	128.00	1	2.88	1
	1	12	60.00					
9 Dec.	2	15	75.00	135.00	75.00	1	1.69	1
	1	—	Nil					
23 Dec.	2	40	700.00 (3)	700.00	640.00	1	14.40	1

The amount represents regular pay plus a bonus payment of (1) $116, (2) $58, and (3) $500.

Semi-monthly and monthly payrolls

Use the semi-monthly or monthly pay period rules or both only when there are earnings in each week or part of a week within the pay period, and when the employee has earned the minimum earnings, or has worked the minimum hours for the pay period (see Schedule 3 in the *Source Deductions Tables* publication).

Once these conditions are met, the employee will receive credit for either a semi-month or a full month of insurable employment, even though in one or more of the weeks within the pay period the earnings or hours are less than the required weekly minimum.

Again, if the employee has no earnings or hours in one or more weeks or part weeks, averaging the earnings over the pay period is not permitted. In this case, you must determine the earnings or actual hours the employee worked during each week or part week of the pay period. Then refer to the weekly minimums and special instructions shown on Schedule 3 in the Source Deductions Tables publication, and make deductions according to the unemployment insurance tables.

EXAMPLES – SEMI-MONTHLY PAYROLL – Pay Period December 1-15 inclusive

Week or Part Week Ending in Pay Period	Hours worked	Gross Remuneration	Insurable Earnings	Insurable Period	Insurable Equivalent Weeks	Deduction at 2.25%	Insurable Weeks to Be Shown in Item 12 of the Record of Employment
Ex. 1. 3 Dec.	10	50.00					
10 Dec.	14	70.00					
15 Dec.	16	80.00					
Total	40	200.00	200.00	One semi-monthly	2 1/6	4.50	3*
Ex. 2. 3 Dec.	—	—	—				
10 Dec.	25	130.00	130.00		1	2.93	
15 Dec.	30	150.00	150.00		1	3.38	
Total	55	280.00	280.00	Two weeks	2	6.31	2
Ex. 3. 3 Dec.	6	30.00	—		—	—	
10 Dec.	12	60.00	—		—	—	
15 Dec.	12	144.00 (1)	144.00		1	3.24	
Total	30	234.00	144.00	One week	1	3.24	1
Ex. 4. 3 Dec.	—	—	—		—	—	
10 Dec.	20	100.00	100.00		1	2.25	
15 Dec.	10	50.00	—		—	—	
Total	30	150.00	100.00	One week	1	2.25	1

EXAMPLES - MONTHLY PAYROLL - Pay Period December 1-31 inclusive

Week or Part Week Ending in Pay Period	Hours worked	Gross Remuneration	Insurable Earnings	Insurable Period	Insurable Equivalent Weeks	Deduction at 2.25%	Insurable Weeks to Be Shown in Item 12 of the Record of Employment
Ex. 1. 3 Dec.	12	60.00					
10 Dec.	14	70.00					
17 Dec.	15	75.00					
24 Dec.	15	75.00					
31 Dec.	15	75.00					
Total	71	355.00	355.00	One month	4 1/3	7.99	5*
Ex. 2. 3 Dec.	—	—	—		—	—	
10 Dec.	25	130.00	130.00		1	2.93	
17 Dec.	24	120.00	120.00		1	2.70	
24 Dec.	5	25.00	—		—	—	
31 Dec.	12	60.00	—		—	—	
Total	66	335.00	250.00	Two weeks	2	5.63	2
Ex. 3. 3 Dec.	—	—	—		—	—	
10 Dec.	14	168.00 (1)	168.00		1	3.78	
17 Dec.	—	—	—		—	—	
24 Dec.	—	—	—		—	—	
31 Dec.	14	168.00 (1)	168.00		1	3.78	
Total	28	336.00	336.00	Two weeks	2	7.56	2

Regular pay was calculated at $12.00 per hour (1).

*For a Record of Employment issued when a monthly or semi-monthly pay period is used:

1. For one pay period, the number of weeks in the "Insurable Weeks" column is rounded up, as in Example 1.
2. When the Record of Employment covers more than a single pay period, first total the number of insurable weeks, and then round up that figure.

Minimum: monthly earnings - $ 554.66	semi-monthly earnings - $ 277.33
Maximum: monthly earnings - $2,773.33	semi-monthly earnings - $1,386.66
Minimum: monthly hours - 65	semi-monthly hours - 33

Other pay periods and special cases

The following types of remuneration, when paid on a regular basis such as weekly, bi-weekly, etc., are treated the same way as other earnings:

- commissions, when a drawing account is not involved;
- drawings, when no periodic settlement of account is made;
- piecework;
- remuneration paid to an individual employed under a contract of service for a period of 52 consecutive weeks, and the remuneration was paid in 10 or 22 payments.

The following earnings are treated on a yearly basis:

- commissions paid at irregular intervals;
- combination of drawings or regular salary and commissions;
- sums debited to a drawing account at irregular intervals;
- piecework, when settled at irregular intervals;
- remuneration paid to an individual employed under a contract of service for a period of 52 consecutive weeks, when the payments do not extend over the entire 52-week period, and they were paid in other than 10 or 22 payments.

Calculate the premiums from the first dollar on each payment up to the maximum insurable earnings for the year. Once the maximum is reached, stop deducting premiums.

To calculate premiums under the yearly system when employment begins after January 1, you must adjust the maximum insurable earnings for the year. For example, if the employment begins on April 1, calculate the maximum insurable earnings for the year as follows:

9/12 × yearly maximum insurable earnings

If the employee separates before the end of the year, make a similar adjustment to the maximum amount subject to deductions. For example, an employee who worked from January 1 to June 30 and earned $40,000 would have overpaid the premiums because the adjusted maximum insurable earnings for six months is less than the $40,000 earned. The overdeduction should then be refunded to the employee, and the next remittance for that year reduced accordingly. Be sure to allow for the adjusted employer premium.

If for any reason the refund to the employee cannot be made, report the full deduction and the adjusted insurable earnings on the employee's T4 Supplementary. If the employer's share of the premium cannot be recovered from any future remittance for that year, apply to the Department for a refund.

Information on the refund application procedure and application Form PD24 may be obtained from your district office.

When an employee whose earnings are considered on a yearly basis is absent because of illness, injury or pregnancy, contact your district office for information on how to allocate insurable earnings and calculate the premiums payable.

Teachers and athletes: In some cases, remuneration is paid under a contract of service for 52 consecutive weeks, and the services do not extend over the full period of the contract. Contracts of this nature include those for school teachers, professional athletes, etc. Special instructions are required for such cases. If necessary, contact your district office for information on how to allocate insurable earnings and calculate the premiums.

Sometimes insurable earnings are paid to a person in a year following the year in which the employment occurred. In this instance, use the premium rate and maximum insurable limits in effect at the time you paid the remuneration.

Certain workers not employed under a contract of service
The following table of earnings and premiums will assist employers of taxi and passenger vehicle drivers, and barbers and hairdressers not employed under a contract of service. When records related to these workers are inadequate to determine earnings but are sufficient to determine the days worked in each week, the insurable earnings are established as follows. A one-week pay period will consist of a maximum of five days. The maximum insurable earnings are established in these cases by Sections 16 and 17 of the Unemployment Insurance (Collection of Premium) Regulations as two thirds of the regular weekly insurable amount. A person working one day in the five-day week will have insurable earnings of 1/5 X 2/3 of the regular maximum insurable earnings equal to 2/15 of $640. By extension, the fraction representing two, three or four days is calculated at 4/15, etc., of $640.

For more information on how to deal with these categories, see "Coverage."

Insurable earnings and premium deductions table

Days of Work and/or Days Vehicle Rented during Week	Method of Calculation	Weekly Earnings (1)	Insurable Earnings	Premium (2)
1	2/15 X 640	85	Nil*	Nil*
2	4/15 X 640	171	171	3,85
3	6/15 X 640	256	256	5,76
4	8/15 X 640	341	341	7,67
5 (or over)	2/3 X 640	427	427	9,61

(1) Amounts have been rounded to the nearest dollar as per paragraphs 16(3)(b) and 17(3)(b) of the Unemployment Insurance (Collection of Premiums) Regulations.

(2) For premium deduction, refer to the UI Premium Deductions Table.

* When earnings are less than $128, the employment and earnings will not be insurable unless it can be established that the earnings are for 15 hours or more during the week (e.g., two shifts at 7.5 hours or longer).

Unemployment Insurance and the Record of Employment (ROE)

It is important to follow the rules on insurability and ensure that the excepting provisions have been considered. They not only affect the amount of premiums paid by you and your employees but also the amount of benefits paid by the Canada Employment and Immigration Commission when your employee no longer works for you. This is referred to as an "interruption of earnings." When this occurs, you must issue a Record of Employment (ROE) to the employee.

The information on the ROE is used to decide if a claimant is eligible for benefits, the amount of benefits, and for how long the claimant can collect them. The ROE should reflect the information from your payroll records. If you have any questions about the types of earnings that are to be included in "Additional Monies Paid or Payable on or after Termination of Employment," please ask your local Canada Employment Centre for advice. Keeping accurate payroll records and issuing correct ROEs will ensure that proper benefits are paid to claimants.

When is a Record of Employment issued?
By law, you must issue a Record of Employment every time an employee experiences an "interruption of earnings." Examples include when the employment has ended, or the employee leaves because of illness, injury, pregnancy, adoption leave, layoff or leave without pay, or when the employee turns 65.

The Record of Employment must be issued within five days of you becoming aware that there has been an interruption of earnings. Blank Record of Employment forms and a guide entitled *How to Complete the Record of Employment* may be obtained from your nearest Canada Employment Centre.

Insurable weeks to be shown on the Record of Employment
In the section, "Semi-monthly and monthly pay periods," the figures shown in the "Insurable Equivalent Weeks" column are not necessarily the same as those shown in the column for "Insurable Weeks to Be Shown on Record of Employment." The Record of Employment (ROE) is the base document used to determine a person's benefit rate and how long they are off work. Note that if the ROE covers a single pay period only (i.e., semi-monthly and monthly), the number of weeks shown in the "Insurable Weeks" column on the ROE is rounded off. When the ROE covers more than a single pay period, first total the number of insurable weeks, and then round off that figure. For example, one complete semi-monthly pay period

equals 2 1/6 actual insurable weeks, but the number of weeks to be shown on the ROE is three. If a person completes 10 full semi-monthly pay periods, this equals 21 2/3 insurable weeks, but the total number of insurable weeks to be shown on the ROE is 22.

CHAPTER 4
DEDUCTING INCOME TAX

Form TD1 - Personal Tax Credit Return

Everyone who receives employment or pension income is required to complete and file a TD1 form with their employer or payer. If an individual does not complete a TD1 form, withhold tax as if the individual is a single person with no dependants. Use "net claim code" **1**.

While no general refiling of the TD1 form is required, if an individual's status changes and the information on the TD1 form is no longer current, the individual must complete a new form. This should be done within seven days of any change in an individual's personal circumstances. Anyone who fails to file a new form is liable to a penalty of $25 for each day of default to a maximum of $2,500. The minimum penalty is $100.

It is a serious offence to knowingly accept a TD1 form that contains false or deceptive statements. If you are given a TD1 form that you believe contains incorrect information, please contact the chief of Source Deductions at your district office.

Be sure to have completed TD1 forms on hand for all your employees, even those for whom you are not withholding any tax, for inspection by officers of Revenue Canada, Taxation.

Net claim code O

This code represents **no claim amount allowed**. It is mainly used by non-resident employees who include less than 90 per cent of their total world income when calculating taxable income earned in Canada.

Net claim code X

You cannot use the tables to determine the withholding deductions for individuals who have a "net claim code" **X**. Therefore, you must refer to "Appendix 1, Manually calculating tax deductions when the tables cannot be used" found in the *Source Deductions Tables* publication.

Net claim code E

Do not deduct tax from individuals who certify on their TD1 form that their total remuneration received during the year from all sources will not be more than the amount claimed on line 15, "Net claim amount."

Request for additional tax deductions

Individuals may elect to have additional tax deducted from their earnings or other remuneration they receive in a year. To do this, they must file a new TD1 form indicating, on line 18, how much additional tax they want deducted. The amount must be a multiple of $5 (for example, 5, 10, 15, 20, etc.) per pay period, and the amount deducted will stay the same until the individual files an amended TD1 form.

Note

Additional tax deductions, although optional for employees and payees, are mandatory for employers and payers.

Deduction for living in a prescribed area

Persons living in the Yukon or Northwest Territories or locations designated as "prescribed areas" for a continuous period of six months or more beginning or ending in the year are eligible for a deduction from income equal to the lesser of

(i) **20 per cent** of net income for the year; or

(ii) a **$225** basic residency amount for each 30-day period in the year the person lived in the "prescribed area;"
plus
an additional residency amount of **$225** for each 30-day period, if the individual maintained a "self-contained domestic establishment," and no other person living in that same dwelling claims a basic residency amount for living in the same dwelling for the same 30-day period.

Note

"Self-contained domestic establishment" means a dwelling house, apartment or similar place where a person sleeps and eats. It does not include a bunkhouse, dormitory, hotel room or rooms in a boarding house. A residence is considered to be a "self-contained domestic establishment" if it is a living unit with restricted access which contains a kitchen, bathroom and sleeping facilities. The residence must be complete and separate from any other residence in the same building.

Eligible individuals can claim the deduction for living in a "prescribed area" on line 19 on their TD1 form. To determine the amount of tax to deduct from such individuals

- divide the total deduction for the year, as shown on line 19 on the TD1 form, by the number of pay periods in the year;
- subtract the result from the gross earnings for each pay period;
- refer to the applicable tables.

For more information, see the *Employers Guide to Housing and Travel Assistance Benefits in Prescribed Areas*, available from your district office.

Form TD1X - Statement of Remuneration and Expenses

This form should be completed by employees who are totally or partially paid on a commission basis. They may base their Statement of Remuneration and Expenses on either their previous year's actual or current year's estimated figures, if at any time they were paid in the previous year or will be so paid in the current year on a commission basis. If in the previous year they were not paid on a commission basis, they may only use their current year estimated figures.

The TD1X form should be completed and filed with the employer

- on or before January 31 or, where applicable;
- within one month of commencing employment; or
- within one month of the date on which a change occurs that may result in a substantial change in the actual amounts previously reported.

Form TD3F - Fisherman's Election for Tax Deductions at Source

When a fisherman sells a catch, the fisherman may elect to have tax deductions withheld from the proceeds of the sale. The withholding rate is 20 per cent, and the fisherman may make the election by completing and filing Form TD3F with the payer. Although the election is optional on the part of the fisherman, the "designated employer" or "buyer" must comply with the withholding, remitting and reporting requirements. One copy of the election should be filed with the appropriate district office.

Reducing tax deductions at source - Undue hardship

Under certain circumstances, individuals may request to have less tax deducted from their employment earnings or pension income. However, the adjusted tax to be withheld at source cannot be less than the tax otherwise payable by an employee or a pensioner when they file their income tax return at the end of the year.

You should advise any employee or pensioner who would like to make this request to explain their situation in writing to the chief of Source Deductions at their local district office.

You cannot reduce the tax to be withheld until you receive a **letter of authority** from the district office. When you do receive the necessary authorization, please deduct tax as instructed in the letter of authority. Please keep these letters with your payroll records for examination, upon request, by officers of Revenue Canada, Taxation.

CALCULATING TAX DEDUCTIONS AT SOURCE

This section outlines the procedures to use when calculating income tax to be deducted at source for all employees. Please note that you can use the tables in most cases. For those employees who earn more than the maximum amount specified in the tables, it will be necessary to do a manual calculation (see "Appendix 1" in the *Source Deductions Tables* publication).

Determining the amount subject to tax deductions

You must deduct income tax from

- salary, wages and commissions;
- bonuses, vacation pay and gratuities;
- pensions, retiring allowances and death benefits;
- benefits under a Supplementary Unemployment Benefit Plan; and
- additional amounts paid by a participating employer under an Employment and Immigration Canada Job Creation project;

Note

Salary or wages includes an advance against future earnings, the value of free board and lodging, and any other taxable allowances or benefits which to the extent possible should be prorated to your pay period.

Once you have determined the gross remuneration including any taxable benefits for the pay period, you must subtract the following amounts before determining the tax to withhold at source:

- the employees' contributions to a registered pension fund or plan;
- union dues;
- deduction for living in a prescribed area from the TD1 form - this amount must be prorated for the pay period (for more information, see the section "Deduction for living in a prescribed area" in this Chapter) and
- deductions authorized by the district office, for example, RRSP contributions, alimony, maintenance payments, etc., (see "Reducing tax deductions at source-undue hardship" in this Chapter).

Note

While you are still required to deduct CPP contributions and UI premiums, you no longer need to subtract these amounts from the gross remuneration when determining the amount of tax to deduct.

Example

Regular remuneration (weekly, 52 pay periods)		$500.00
Plus any taxable benefits		50.00
Gross remuneration		$550.00
Less deductions for:		
• RPP contributions	$25.00	
• union dues	5.50	
• living in a prescribed area ($225 per month × 12 months ÷ 52)	51.92	
• RRSP contributions (estimate)	25.00	107.42
Remuneration subject to tax withholding at source		$442.58

Registered pension plan contributions

(i) Employees who contribute to a money-purchase plan are limited to an annual maximum contribution of $3,500. Employees who contribute to a defined-benefit plan for current service may deduct for the year the total amounts contributed.

(ii) The Income Tax Act also provides that an employee may deduct up to a maximum of $3,500 for amounts contributed to a defined-benefit RPP for past services rendered in an earlier year when the employee was not a contributor to the fund or plan. Therefore, you may reduce the tax withholding amount on an individual's salary up to a maximum of $3,500 for past services, plus the applicable maximum referred to in (i).

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Note

A defined-benefit plan promises a certain level of pension, whereas a money-purchase plan provides whatever benefit the accumulated contributions will buy.

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For more information, see Interpretation Bulletin IT-167R5, and Information Circulars 79-8R2 and 72-13R8.

Calculating tax deductions based on tables

Only the most commonly used tax deduction tables are included in the *Source Deductions Tables* publication. They are for weekly, bi-weekly, semi-monthly and monthly pay periods and for commission earnings. If you have one of the following pay periods: daily, 10 monthly, 13 pay periods or 22 pay periods, see the *Supplementary Source Deductions Tables* publication, which can be obtained from your district office.

Deducting tax from pension income

Before you use the tables to determine the tax to be withheld from pension income (other than lump-sum payments), you should make an adjustment for CPP and UI. The tax deduction tables have CPP and UI credits already built into them. Since individuals who receive pension income are not required to have CPP contributions and UI premiums withheld at source, they are not entitled to these credits. Therefore, you must determine the amount of each individual's credit, based on his or her pension income amount, and add these credits to the total to be withheld. The above procedure should also be used when determining tax for individuals who are not required to pay CPP contributions and/or UI premiums because their earnings or employment are not considered pensionable or insurable.

The chart below provides the appropriate adjustments on an annual basis. To obtain the adjustment for your particular pay period, simply divide the amounts in the chart by the number of your pay periods.

Annual Pension Income			Annual Tax Credit		
Over	Not over		CPP	UI	
$ 0 -	2,800		.00	5.36	
2,800 -	5,600		5.24	16.07	
5,600 -	8,400		15.71	26.78	
8,400 -	11,200		26.18	37.49	
11,200 -	14,000		36.65	48.20	
14,000 -	16,800		47.12	58.91	
16,800 -	19,600		57.60	69.62	
19,600 -	22,400		68.07	80.33	
22,400 -	25,200		78.54	91.04	
25,200 -	28,000		89.01	101.75	
28,000 -	30,800	(Max)	97.61	112.46	
30,800 -	33,280		97.61	122.55	
33,280 and over			97.61	127.30	(Max.)

For more information on pension income, see Interpretation Bulletins IT-401R2 and IT-499.

Tax deductions from regular remuneration (TD1)

Once you have determined the remuneration subject to tax withholding, as shown in the example above on "Determining the amount subject to tax deductions," then proceed as follows:

- Turn to the table for the appropriate pay period. For example, if an employee is paid once a month, see the "Monthly Tax Deductions" table.
- Look down the appropriate "Pay" column for the bracket listing the employee's remuneration subject to tax withholding.
- Follow the line across to the appropriate "Net claim code" column which you obtained from the employee's TD1 form.
- The amount shown at this point on the table is the amount of tax to be deducted.

Tax deductions from commission remuneration (TD1X)

If you are paying an employee on a commission basis or a salary plus commission basis, various tax deduction options are open to you.

- Employees earning commissions **without expenses:**

  If you usually pay commissions to an employee at the same time you pay salary, simply add the amount of the commission to the salary, then use the regular tax table method. If, however, you pay commissions on a periodic basis, you may wish to use the "bonus" method to determine the tax to withhold on the commission payment. See the section, "Bonuses and retroactive pay increases" in Chapter 7 for additional information.

- Employees earning commissions **with expenses**:

  Employees who incur expenses while earning commission income must complete a TD1X form. Using the total remuneration amount (commissions and salary) and the total revised expense amount as determined on the TD1X form, refer to the "Tax Deductions from Commission Remuneration Table" found in the *Source Deductions Tables* publication to find the appropriate decimal fraction (percentage figure). If the employee receives straight commission, apply the decimal fraction to each "gross" amount of commission you pay to the employee. If the employee receives a salary as well as a commission, apply the resulting percentage to both.

  Note
  Apply the decimal fraction to any amount credited to the employee's commission or salary account which he or she is entitled to receive under the employment contract, i.e., taxable benefits.

  If an employee elects not to file a TD1X form, calculate the tax to be withheld as if the employee has no expenses.

For tax deductions on other types of income such as bonuses, directors' fees, lump-sum payments and retiring allowances, see Chapter 7, "Deducting and Reporting on Special Payments" in this Guide.

Manually calculating tax deductions when the tables cannot be used

There are a number of instances when you cannot use the tax deduction tables to determine the amount of tax to be withheld at source. These include

- when an individual reports on a TD1 form a "net claim code" X;
- when an individual reports on a TD1X form a total revised expense amount over $59,000;
- when an individual's gross annual income amount is over $183,612;
- when an individual's gross annual commission amount is over $567,000;
- when a non-resident's income for the pay period is under the minimum or over the maximum amount in the tables.

In the above cases, you must determine the amount to be withheld by doing a manual calculation. See Appendix 1 in the *Source Deductions Tables* publication for instructions.

CHAPTER 5
REMITTING DEDUCTIONS

Except as noted below, deductions of income tax, Canada Pension Plan contributions and Unemployment Insurance premiums must be received by either a district office, taxation centre or a Canadian financial institution on or before the 15th day of the month immediately following the month in which the remuneration was paid. Remittance Form PD7AR should accompany all remittances.

Note
Please remember that all amounts required to be deducted or withheld for 1990 must be received by January 15, 1991. Payments for 1990 that are made after January 15, 1991 may be subject to a late-remitting penalty. Payments made when filing the T4 Summary are considered late.

Accelerated remitting

For large employers, there are two thresholds which determine the frequency and due dates for remittances. To determine if you are a large employer, take the total amount you were required to remit in the second previous year and divide it by the total number of payments you were required to make in that year, not to exceed 12. This will give you the average monthly withholding amount.

Threshold 1: Employers with an average monthly withholding amount of $15,000 to $49,999.99.

Payday occurs during	Remittance to be received by
1st - 15th of the month	25th of the same month
16th - end of the month	10th of the following month

Note
When the due date falls on a Saturday, Sunday or holiday, the remittance is due on the next day that is not a Saturday, Sunday or holiday.

Example
If the payday occurs on Friday, January 12, 1990, the remittance must be received by us on or before Thursday, January 25, 1990.

Threshold 2: Employers with an average monthly withholding amount of $50,000 or more.

Payday occurs during	Remittance to be received by
1st - 7th of the month	Within three days from the last day in each period. Saturdays, Sundays and holidays are not counted.
8th - 14th of the month	
15th - 21st of the month	
22nd - end of the month	

This accelerated remittance procedure will also apply to all related employers and associated corporations if their deductions average $15,000 or more each month. In the case of corporations, the definition of associated corporations in the Income Tax Act will apply.

Example

If the payday occurs on Friday, January 5, 1991, the remittance must be received by us on or before Wednesday, January 10, 1991, which is the third day after January 7, 1991.

Specially designed remittance booklets (PD7A-RB) are available for those employers who are required to remit two or more times a month. These booklets will be mailed to you each year in December. If you need additional booklets, or you have not received your supply, please contact your nearest district office.

Note

Pay advances are subject to withholding in the period for which they are paid.

New remitters

If you have never remitted income tax deductions, Canada Pension Plan contributions or Unemployment Insurance premiums before, you should contact the Source Deductions section of your district office. They will ask you to complete Form PD20, Employer Registration, give you an employer number, and tell you how to remit your deductions.

When making your first payment, send a cheque or money order made payable to the "Receiver General" for the total amount of deductions to your taxation centre or district office. In addition, please include a letter indicating

- that you are a new remitter;
- the period covered by the remittance;
- your full name and address;
- your account number, if you have one; and
- the separate amounts of income tax, Canada Pension Plan contributions and Unemployment Insurance premiums that make up the total remittance.

Once you have made the first remittance, you will receive a PD7AR remittance form each month in the mail. If you do not receive a PD7AR in time for the next payment, please remit in the same manner as described above, and indicate that you have not received the required form.

Remittance forms

When preparing PD7AR remittance forms, please note that the area indicating "Deductions withheld during the month of" should reflect the month in which the remuneration is actually **paid** rather than the pay period covered. If you are a large employer who remits on an accelerated basis, please indicate on the PD7A-RB/PD7AR(TM) form the date the remuneration was paid to your employees or other payees. When two or more paydays occur, indicate the latest date. Also, if your address changes, please print your new address in the space provided on the PD7AR/PD7A-RB form which accompanies your payment.

If you have not received your remittance forms or have lost them, please send your cheque or money order made payable to the "Receiver General" to the appropriate taxation centre or district office, and give your employer number and the month for which deductions were withheld, or the payday date.

Please **do not send cash through the mail.**

Note

If you are remitting deductions for more than one employer account, amounts intended for each account should be broken down on a separate record to ensure that the proper amounts are credited to the right account.

Form PD7AR (remittance form)

This form is divided into four parts. You must complete **Part 1** of the PD7AR form, report the deductions in the appropriate box, and indicate the month to which they apply, i.e., the month in which the remuneration was paid. Part 1 of the form must always accompany your payment.

Keep **Part 2** of the PD7AR form as a record of your payment, if you pay where you bank. If you are unable to pay where you bank, mail your cheque or money order made payable to the Receiver General along with Part 1 of the PD7AR form to the address of the taxation centre shown on Part 2 of the form.

Part 3 of the PD7AR is a statement of account from Revenue Canada, Taxation. It details payments received regarding your deductions as well as unpaid assessments of deductions plus any penalties and interest outstanding. The line related to the "present balance" in the "Amount paid" column represents deductions for the current year to date. The line related to the "present balance" in the "Amount owing" column represents the balance owing on assessments of deductions including any penalties and interest.

Part 4, which is identified as PD7A, should be completed by you when no more deductions are forthcoming, either because your business is permanently or temporarily discontinued, or you have no employees subject to deductions, or for any other reason. See the instructions on the back of the form.

If you receive an Assessment Notice, use only the remittance form attached to the Notice of Assessment for payment. The PD7AR is to be used for normal remittances of tax, CPP and UI.

You are also required to notify your taxation centre by the due date for remitting if you no longer have any employees liable for deductions, contributions or premiums. If you have been remitting and cease to remit, you should notify your taxation centre. Please indicate on the PD7AR form the date you expect deductions to resume.

Service bureaus

Service bureaus or other similar institutions may remit, in one lump-sum amount, the amounts withheld for all their clients. However, the amounts remitted must show each client's "employer number" and include the same information as requested above.

If you use a service bureau or similar institution to remit your source deductions, you should be aware that as an employer or payer, you are responsible for making sure that the institution withholds and remits your deductions to Revenue Canada, Taxation on time.

If your business ends

If you cease to carry on business, you must remit all amounts deducted for income tax, Canada Pension Plan contributions and Unemployment Insurance premiums to the appropriate taxation centre or district office within **seven days** of the day your business ends. Complete the T4, T4A, T4F, T4A-NR, T4RIF and T4RSP returns and the necessary summaries and supplementaries, and send them to the district office within 30 days of ceasing business. If current summaries and supplementaries are not available, use the forms from the preceding year and change the date to the current year. If you have any questions, contact the Source Deductions section of your district office.

CHAPTER 6
REPORTING PROCEDURES

New reporting requirements for 1990

Two new summaries have been developed for the 1990 taxation year. These include a T4A Summary and a T4A-NR Summary. If you complete T4A or T4A-NR Supplementaries, you should request the appropriate summary when ordering the supplementaries from your district office. For more information on how to order additional forms, see "Ordering forms and publications" in this Guide.

When filing a T4A or T4A-NR return, use your employer name and number shown on your Tax Deduction - Canada Pension Plan - Unemployment Insurance Remittance Return, Form PD7A.

Note
Every employer or payer is required to give to each employee, pensioner, officer or independent agent two copies of the T4, T4A and T4A-NR Supplementary forms, or mail them to the person's last known address. In addition, the reporting instructions which follow for the T4, T4A, T4A-NR Summaries and Supplementaries apply to both resident and non-resident payers.

Forms to use and where to obtain them

T4 Supplementary	For reporting salary, wages and taxable benefits paid to or conferred on employees for services rendered during the year, as well as a pension adjustment amount for those employees whose employers contribute to a RPP or DPSP.
T4A Supplementary	For reporting other amounts such as pensions, annuities, etc. This form is also used for reporting PA by employers or pension plan administrators under certain circumstances. Refer to the "What's new" section in the front of this Guide for more details.
T4A-NR Supplementary	For reporting amounts paid to non-resident individuals and corporations for services performed in Canada, regardless of either the amounts of the payment or the tax withheld. Please report all amounts in Canadian dollars and cents.
T4 Summary	For reporting the totals of all amounts recorded on the T4 Supplementaries.
T4A Summary	For reporting the totals of all amounts recorded on the T4A Supplementaries.
T4A-NR Summary	For reporting the totals of all amounts recorded on the T4A-NR Supplementaries.

NR4, NR4A and NR4A-RCA Supplementaries	For reporting alimony, pensions, annuities, investment income or retirement compensation arrangement payments when such amounts are paid to individuals and corporations who are non-residents of Canada. For additional information, see "Non-resident reporting" in Chapter 11 of this Guide.
NR4, NR4A and NR4A-RCA Summary	For reporting the totals of all amounts recorded on the NR4, NR4A and NR4A-RCA Supplementaries.
T4F Supplementary	For use by persons regarded under the Unemployment Insurance Act and Regulations as designated employers of self-employed fishermen to report the gross and insurable earnings of each fisherman and the Unemployment Insurance premiums deducted. In addition, it is to be used by payers to report remuneration and tax withheld, when a fisherman has requested that tax be withheld (by providing the payers with a completed Form TD3F, *Fisherman's Election for Tax Deductions at Source*).
T4F Summary	For reporting the totals of all amounts reported on the T4F Supplementaries.

Ordering forms and publications

Use the T2015C order card included with your personalized T4 Summary to order the forms you need. Taxation forms and publications not listed on the order card may be obtained from your district office.

What constitutes an information return

An information return consists of the summary and related supplementaries. A summary alone does not constitute a return. It must be accompanied by the related supplementaries.

How, where and when to file returns

Please mail your completed information returns to your appropriate taxation centre. The address of the taxation centre serving your area may be found at the back of this Guide. Distribute the copies as directed on each form.

Note

To facilitate processing, do not separate taxation office copies of the supplementaries. File them three to a page.

Branch offices filing information returns

If the branch office of a company has remitted income tax deductions, Canada Pension Plan contributions and Unemployment Insurance premiums under an employer account used exclusively by that branch, the information return (summaries and related supplementaries) of that branch should be filed as a separate return.

Breakdown of large returns

Any return containing more than 300 supplementaries must be split into segments of 300 or fewer slips with appropriate sub-totals provided on each segment. Instructions on how to complete them are available from your district office.

Employers who file information returns on magnetic tape or diskette

Revenue Canada, Taxation encourages employers, whenever possible, to file their T4, T4A and T4A-NR Supplementaries on magnetic tape or diskette.

Employers who file their returns on magnetic media are not required to send the Department's copies of the supplementaries that relate to the information filed on the magnetic media.

Please refer to the *Computer Specifications for Data Filed on Magnetic Media* publication for additional information. This publication can be obtained from your local district office or by contacting (613) 954-9000 (collect).

Magnetic media shipments should be sent to:

Magnetic Media Processing Unit
Revenue Canada Taxation
875 Heron Road
Ottawa, Ontario
K1A 1A2

Persons required to file an information return must do so by the last day of February each year.

Ceasing business

If you cease to carry on business, you must send all amounts deducted for income tax, Canada Pension Plan contributions and Unemployment Insurance premiums to the appropriate taxation centre within seven days from the day your business ends. The information return must be filed with the **district office** within 30 days of ceasing business. Since the T4, T4A, T4A-NR and T4F Supplementaries are not available to employers until later in the year, use forms from the preceding year, and change all tax year references to the current year.

Procedures for amending (or replacing) supplementaries

Occasionally, you may discover that you have made an error in preparing a T4, T4A, T4A-NR, NR4, NR4A, NR4A-RCA or T4F Supplementary form and you notice the error **after** the required summaries and supplementaries have already been filed. Therefore, it is necessary to prepare amended supplementaries. These amended supplementaries, as well as cancelled or duplicate forms, should be clearly identified as such and should show the serial number of the original supplementary filed for cross reference purposes. When amending a supplementary, please ensure that the original information in the boxes not being changed is also shown on the amended slip. Distribute and file the amended supplementaries as detailed in this Guide. Errors that you make and correct when you are preparing the supplementaries and **before** you file them with the Department require no cross-reference. You can simply delete any incorrect copies from the return and prepare a new slip. If a new supplementary is not prepared, you must initial any alteration.

If the amended supplementaries require changes to financial data, you will have to prepare and file an amended summary showing the revised totals. Amended summaries should be **clearly** marked "amended" at the top of the form.

If you must amend, replace, or cancel a T4F Supplementary, the same general procedures apply. The notation on the T4F form that identifies whether it is amended, cancelled or duplicated should be shown in the area above Box 24. An amended T4F Summary should be clearly marked as such.

You may have to issue supplementaries to replace copies that have been inadvertently lost or destroyed by employees. These should not be submitted to Revenue Canada, Taxation but clearly identified as "duplicate" copies.

What happens to a completed information return?

When your information return is received at the appropriate taxation centre, it is initially checked to determine if all essential items are present and have been correctly prepared. If items are missing or incorrect, you will be contacted and requested to provide the proper information. After this preliminary check, the return will be prepared for forwarding to our Information Returns Processing System.

Information Returns Processing System

This system is responsible for the computer processing of information returns. The information slips are recorded on our system and undergo a number of validity checks. Discrepancies between the amounts reported and the amounts remitted are identified for corrective action.

Additional processing information

In addition to this reconciliation program, T4 information is used by several other government departments. Most importantly, this information is used to update individuals' "Record of Earnings" files at the Department of Health and Welfare. Information relating to Canada Pension Plan contributions that is sent to the Department of Health and Welfare forms the basis for the Canada Pension Plan benefits that will be paid to employees.

Pensionable and Insurable Earnings Review (PIER)

To ensure that employees will be eligible for accurate Canada Pension Plan and Unemployment Insurance benefits when applicable, it is essential that you deduct appropriate Canada Pension Plan contributions and Unemployment Insurance premiums, and that you report identical amounts on the T4 Supplementaries you file with the T4 return. We will verify the accuracy of these deductions during the processing of your T4 return, and contact you to correct any errors.

Importance of proper SIN reporting

It is essential that your employees' social insurance numbers be correctly reported on the T4 and T4A Supplementaries. Incorrect social insurance numbers may adversely affect Canada Pension Plan benefits eventually paid to these employees, as the correct Record of Earnings file will not have been updated. Legislation requires that individuals provide their social insurance numbers to all information slip preparers. You must obtain a SIN from every employee, and you should be able to prove that you made a reasonable effort to do so. In addition, an incorrect SIN on a T4 containing a pension adjustment amount will result in the employee not receiving an annual RRSP Room Statement, or at least receiving an inaccurate one.

A non-compliance penalty of $100 per failure applies to both parties.

Note

If you cannot obtain a SIN, please do not delay filing your information returns beyond the last day of February, as it could result in your receiving a penalty for late filing.

Completing the supplementaries

Before you begin...
Please note the following instructions:

- Complete the supplementaries legibly and preferably in alphabetical order.
- If an employee was employed in more than one province during the year, prepare a separate supplementary for earnings and deductions for each province.
- Report all amounts in **Canadian dollars and cents,** even in boxes where the cents area is shaded.
- Negative dollar amounts must not be reflected on supplementaries. All previous year adjustments must be made by submitting an amended supplementary for the year(s) in question.
- Do not change the headings of any of the boxes.

Completing the T4 Supplementary

Complete T4 Supplementaries for all persons who, in the ordinary course of an office or employment, received remuneration from you during the year (as described in this Guide under Box 14, "Employment income before deductions") if

- income tax, Canada Pension Plan contributions or Unemployment Insurance premiums were required to be deducted from the remuneration; or
- the remuneration was $500 or more.

Note

A T4 Supplementary should not be issued to a partner or proprietor in an unincorporated company.

Employee
In the shaded area next to the arrow, print or type the employee's surname, in capital letters, followed by the usual first name and initials. Directly below the name, enter the employee's full address, including the province and postal code.

Employer name
As the employer, enter your name on each slip in the space provided.

Box 54 - Account number
In the space provided, enter the account number under which you remit your employee deductions to Revenue Canada, Taxation. This "employer account number" appears at the top right hand corner of your statement of account, which is issued each month.

Please note that your employer account number will be blanked out on both copies of the employee's T4 slip.

Box 56 - Employee number
Information such as employee number, department, unit or payroll number may be entered here.

Box 10 - Province of employment
Enter the province or territory in which the employee is considered to be employed.

You may use the following suggested abbreviations:

NF-Newfoundland
PE-Prince Edward Island
NS-Nova Scotia
NB-New Brunswick
PQ-Quebec
ON-Ontario
MB-Manitoba
SK-Saskatchewan
AB-Alberta
BC-British Columbia
NT-Northwest Territories
YT-Yukon Territory
US-United States
ZZ-Other

The province of employment will depend on whether or not the employee is required to report for work at your place of business:

- If the employee reports for work at your place of business, the province of employment is the province where that business is located.

  ### Example
  An employee is paid by an employer located in the province of Ontario, but **is required** to report at the employer's place of business in Manitoba. Then MB would be entered.

- If the employee is not required to report to work at your place of business the employee's province of employment would be the province your business is located, and from which your employee's salary is paid.

  ### Example
  An employee does not have to report to any particular establishment of the employer, but the employee is paid out of the employer's establishment located in the province of Quebec. Then PQ would be entered.

If the employee was employed in Canada but beyond the limits of a province or territory (e.g., an offshore oil rig) then ZZ would be entered.

Note

Please remember that for any employee who worked in or whose employment was located in more than one province in the year, you must complete a T4 Supplementary for each province.

Box 12 - Social insurance number
The social insurance number entered must be the same as the number shown on the employee's social insurance number card.

Note

For more information on SIN reporting, refer to the "Importance of proper SIN reporting" section at the beginning of this Chapter.

Box 14 - Employment income before deductions
Report in Box 14 the total income before any deductions. Include in that total all salary, wages, bonuses, vacation pay, gratuities, honoraria, director's fees and executor's fees earned by an individual for administering an estate (when the individual does not act in this capacity in the course of business) commissions, taxable allowances, the value of taxable benefits, and any other payments for services during the year. They should be included in Box 14 even though they may be shown separately in other boxes.

For more information, see Interpretation Bulletin IT-377R.

Box 16 - Employee's pension contribution
Enter in the appropriate area, the amount deducted as the employee's contribution to the Canada or Quebec Pension Plans. Your entry will be under "Canada Plan" or "Quebec Plan" depending on the province of employment. Enter "nil" in both areas if no contribution was made to either plan. **Do not report your share of CPP contributions on the T4 Supplementary.**

If you have overdeducted contributions from the employee, do not adjust the amounts reported on the T4 Supplementary. The employee will be refunded the excess contributions after filing a General income tax return. You can apply for a refund of the overpayment of the **employer's** portion of the contributions by completing Form PD24, available from your district office, and submitting it with the completed T4 return.

Box 18 – Employee's UI premium

Enter the amount deducted as the employee's premium for Unemployment Insurance. Enter "nil" if no premium has been withheld. **Do not report your share of UI premiums on the T4 Supplementary.**

If you have overdeducted premiums from the employee, do not adjust the amounts reported on the T4 Supplementary. The employee will be refunded the excess premiums after filing a general income tax return. You can apply for a refund of the overpayment of the **employer's** portion of the premiums by completing Form PD24, available from your district office, and submitting it with the completed T4 return.

Box 20 – Registered pension plan contribution

Enter the total amount contributed by the employee to a registered pension plan. Enter "nil" if no amount has been contributed by the employee.

If the total amount reported is a combination of contributions for current and past services, the amount relating to past services should be identified as such in the footnotes area on the T4 Supplementary. Please indicate whether the past service contributions relate to an earlier period when the employee "was a contributor" or "was not a contributor" to this plan.

Note

- Do not use Box 20 to show what you have contributed to an employee's registered retirement savings plan. Please report **employer** contributions in Boxes 14 and 40 on the employee's T4 Supplementary.
- If you have a registered retirement savings plan for your employees, you will receive official receipts for income tax purposes from the trustee showing each employee's contribution amounts.
- If the only contribution is for minimal deficiency (indexing), indicate this by putting an asterisk beside the amount shown in Box 20.
- In past years, instalment interest has been excluded from the amount to be reported in Box 20. Effective January 1, 1989, this interest is to be included in Box 20. Instalment interest does not include interest levied as a finance charge for the buy back of the pension credits, or life insurance charges on a financed buy back.

Box 22 – Income tax deducted

Enter the amount of federal and provincial (except for Quebec) income tax deducted during the year. Enter "nil" if no tax has been deducted.

Do not include any amount withheld under the authority of a "requirement to pay" for a previous year's tax arrears.

Box 24 – UI insurable earnings

Enter the amount of the employee's insurable earnings on which the Unemployment Insurance premiums are required to be calculated. Enter "nil" if there are no insurable earnings.

There are maximum insurable earnings for various pay periods. Since these amounts change each year, refer to Schedule 1 and 2 in the *Source Deductions Tables* publication.

Special application

1. Payments in recognition of long service or for loss of office or employment (please note that retiring allowances are sometimes referred to as severance pay), **must** be reported on the T4A Supplementary form.

   These payments are considered to be insurable earnings for Unemployment Insurance purposes and must be taken into consideration when determining the insurable earnings of the last pay period of insurable employment as described below:

   - When a person receives this kind of payment, and their last pay period is insurable to the maximum, no further adjustment is required. The payment must be reported on the T4A Supplementary form as indicated above.
   - When a person receives this kind of payment, and their last pay period is insurable to an amount less than the maximum for that pay period, part of this payment must be used to increase insurable earnings so that this pay period is insured to the maximum. In this situation, the reporting requirements are as follows:
     - the portion of the payment that constitutes insurable earnings should be included in Box 24, and any premium payable included in Box 18 on the T4 Supplementary form;
     - the gross payment must be reported on the T4A Supplementary form;
     - even though a portion of this payment is insurable income, **it should not be included in Box 14 on the T4 Supplementary form.**

2. An amount for the use of a residence by a clergyman that was deducted to determine the clergyman's earnings for purposes of the Unemployment Insurance Act should not be reported in the "Insurable earnings" box. However, if the clergyman receives a cash allowance for the value of the use of the residence, this cash amount is part of insurable earnings.

Box 26 – CPP pensionable earnings

In most cases, this box should be left blank. If you incorrectly complete this box, you will be asked to file an amended T4 Supplementary. If you have any doubts, please contact your local district office.

Do not complete this box if Quebec Pension Plan contributions are payable. This box is to be used for Canada Pension Plan purposes only.

Complete this box **only** if any of the following forms of remuneration are included in "Employment income before deductions" reported in Box 14. **For all other situations, leave this box blank.**

(a) Remuneration paid to the employee before and during the month in which the employee turned 18, after the month in which the employee turned 70, or during the months in which the employee received a disability pension under the Canada or Quebec Pension Plan.

(b) Remuneration paid to the employee while the employee is engaged in excepted employment.

(c) Remuneration paid to the employee after a retirement pension becomes payable under either the Canada or Quebec Pension Plans.

(d) An amount for the use of a residence by a clergyman that was deducted to determine the clergyman's earnings for Canada Pension Plan contributions purposes.

(e) Remuneration paid by an employer to a Status Indian located on a reserve before an election to cover an employee under the Canada Pension Plan.

Subtract any of the above (a) to (e) amounts from the amount shown in Box 14, and enter the difference in Box 26. Do not change the amount shown in Box 14.

If remuneration in (a) or (c) above applies, the pensionable earnings for the period must be prorated. See the section entitled "When age is a factor" in Chapter 2 of this Guide.

Box 28 – Exempt (CPP/QPP and UI)
Do not complete the "CPP/QPP" portion of this box if you have entered an amount in Box 16 or Box 26. Enter an "X" under "CPP/QPP" only if an exemption applied for the entire period of employment.

Do not complete the "UI" portion of this box if you have entered an amount in Box 18 or Box 24. Enter an "X" under "UI" only if an exemption applied for the entire period of employment.

Boxes 30 to 40 – Taxable benefits
The following instructions for Boxes 30 to 40 provide a brief outline of what should be entered in each box. Since the calculations for some of these benefits are fairly lengthy, detailed explanations are provided in Chapter 10. You will be referred to this section where applicable. The amount of taxable benefits to be reported may be affected if the employee is at a special or remote work site, or is living in a "prescribed area" (previously called isolated posts.) If you feel that one of these two situations might apply, refer in this Guide to Chapter 9, "Deducting and reporting on special employment."

Box 30 – Housing, board and lodging
Enter an amount in Boxes 14 and 30 if you provide free or subsidized housing, board and lodging, and/or meals to an employee. As an employer, you are responsible for estimating and reporting the fair market value of such benefits you provide to your employees. Please refer to the section entitled "Housing, board and lodging" and/or "Subsidized meals" in Chapter 10 for further explanation.

Do not include board and lodging at a special work site in a prescribed area. Record in the space marked "footnotes" the following: "Box 30, Special work site $ ________ ".

Box 32 – Travel in a prescribed area
Medical travel in a prescribed area – Enter in Boxes 32 and 14 the amount of medical travel assistance provided to employees living in a "prescribed area." This amount should also be indicated in the space denoted "footnotes" as follows: "Box 32, Medical travel $ ________ ".

Other travel in a prescribed area – Enter in Boxes 32 and 14 the amount of other travel assistance provided to employees living in a "prescribed area."

For more information, refer to Chapter 7, "Deducting and Reporting on Special Payments".

Box 34 – Personal use of employer's auto
Enter in Boxes 14 and 34 the benefit from an employer-provided automobile which is calculated in two parts:

- a portion of the operating costs that applies to personal use; and
- a standby charge, which is a benefit specifically related to the availability and use of the automobile by the employee, officer or shareholder.

Please refer to Chapter 10, "Benefits" for an explanation of standby charges and operating costs.

Box 36 – Interest-free and low-interest loans
Enter an amount in Boxes 14 and 36 if a person receives this type of loan by virtue of an office or employment (or intended employment). For more information, refer to Chapter 10, "Benefits." Details on the calculation of this benefit are provided in Interpretation Bulletin IT-421R.

Box 38 – Stock option
Enter in Box 14 and 38 the benefit received by an employee under an agreement by a corporation to issue its shares to the employee.

In the footnotes area, enter, as in the following examples, the amount of the benefit for which an employee is entitled to a deduction under either paragraph 110(1)(d) or paragraph 110(1)(d.1) of the Income Tax Act:

"Stock option 110(1)(d) $ ________ "
or
"Stock option 110(1)(d.1) $ ________ ."

Please refer to Chapter 10, "Benefits" for more information regarding this benefit and its calculation for T4 reporting purposes.

Box 40 – Other taxable allowances and benefits
Enter in Boxes 14 and 40 the amount of all taxable benefits paid or conferred upon an employee, and not included elsewhere on the T4 Supplementary. Please refer to Chapter 10, "Benefits" for details on how to calculate specific taxable benefits.

Box 42 – Employment commissions
Enter in Boxes 14 and 42 the amount of the employee's commissions if the employee was employed to sell property or negotiate contracts on your behalf. Refer to Interpretation Bulletin IT-522 for further details.

Box 44 – Union dues (completed at employer's option)
Do not use this box if the union will be issuing receipts for union dues directly to employees. **It is extremely important that this restriction be followed.**

Only use this box if both you and the union have agreed that the union will not be issuing receipts directly to employees. In this case, the return must be accompanied by the "Certificate of Agreement" referred to in Interpretation Bulletin IT-103R.

Enter the amount deducted from employees for union dues including the amounts paid to cover the cost of parity or advisory committees which would qualify as a deduction in computing income from an office or employment. For further information, refer to Interpretation Bulletin IT-103R.

Box 46 – Charitable donations (completed at employer's option)
Enter the amount deducted from employees for donations made on their behalf to registered charitable organizations in Canada. **All** registration numbers obtained from the Department for the employee's charity trust must be entered in the space marked "footnotes."

Box 48 – Payments to a deferred profit-sharing plan
Enter the amount of payments or the word "yes," if payments were made to a DPSP by either the employee or yourself on behalf of the employee.

Note
1990 will be the last year employees will be allowed to make contributions to a DPSP.

Box 50 – Pension plan or deferred profit-sharing plan registration number
Enter the registration number issued by us for the employees' pension plan or deferred profit-sharing plan to which you contributed on behalf of your employees for that year. This is mandatory, even if the employees did not contribute to the plan. If contributions on behalf of the employee were made to more than one plan, only the number of the plan under which the employee accrued the largest PA should be inserted here. Any additional plan registration numbers (not exceeding three) should be entered on the T4 Summary form.

If you are required to make contributions to union pension funds, you **must** include the union's plan number.

Box 52 – Pension adjustment
Enter the amount of the pension adjustment (PA) the employee has accrued during the year, or the period of the year during which he or she reported to the employer's work location in a particular province. If the individual participated in the RPP or DPSP, but no PA is reportable, "Nil" should be entered in this box. (For example, the employee died during the year.)

Completing the T4A Supplementary

Complete T4A Supplementaries for all individuals to whom you paid remuneration as described in Boxes 16, 18, 20, 24, 26, 28 or 30 below, if

- the remuneration is more than **$500**, or
- the remuneration had tax deducted.

Please complete your T4A Supplementaries according to the instructions below.

Recipient's name and address
Enter, in capital letters, the surname of the person to whom the payment was made, followed by the first name and initials, aligning the names with the arrow. Directly below the name, enter the recipient's full address, including the province and postal code.

Employer's or payer's name
Enter the name of the employer or payer in the space provided (the bottom right corner of the supplementary).

Box 61 – Account number
In the space provided, enter the account number under which you remit your employee deductions to Revenue Canada, Taxation.

This "employer account number" appears at the top right hand corner of part 2 of your statement of account, which is issued by Revenue Canada, Taxation.

Please note that your employer account number will be blanked out on both copies of the employee's T4A slip.

Box 14 – Pension or recipient's number
Use of the pension or recipient's number is optional.

Box 12 – Social insurance number
Enter the social insurance number (SIN) of the person to whom the payment was made. The social insurance number must be the same as the number shown on the person's social insurance number card.

Note
For more information on SIN reporting, refer to the section "Importance of proper SIN reporting" at the beginning of this Chapter.

Box 16 – Pension or superannuation
Enter the taxable portion of annuity payments paid to an employee or former employee out of or under a superannuation or pension fund or plan.

However, the transferring carrier must continue to maintain the necessary documentation to support the transfer.

Spousal transfers

For the years 1989 to 1994, periodic payments of retirement income from a registered pension plan may be transferred to a spousal RRSP to a maximum of $6,000. In this situation, write in the space marked "footnotes" the following: "Box 16, Transfer of funds, paragraph 60(j.2) $ ________ ".

Pension benefits and lump-sums paid from a pension fund or plan that are not registered must be identified by typing in the space marked "footnotes" the following: Box 16, "Unregistered." These benefits **cannot** be transferred to a registered plan.

Box 18 – Lump-sum payments

Enter the total lump-sum amounts paid out of pension plans or funds (or deferred profit-sharing plans).

If the lump-sum payments accrued to December 31, 1971 are included, identify in the space marked "footnotes" the following: "Box 18, Accrued to Dec. 31, 1971 $ ________ ".

Direct qualified lump-sum inter-plan transfers from registered pension plans, deferred profit-sharing and similar plans to registered retirement savings plans (in line with legislation) do not have to be reported on Form T4A. In addition, the receiving carrier does not have to issue receipts.

For further information, see Chapter 7, "Deducting and reporting on special payments." A more detailed explanation is provided in Information Circular 74-21R.

Box 20 – Self-employed commissions

Enter the amount of commission paid to an independent agent.

Box 22 – Income tax deducted

Enter the amount of federal, provincial (except for Quebec) and territorial income tax deducted. Do not include any amount withheld under the authority of a "requirement to pay" which applies to previously assessed tax arrears of the employee. Enter "nil" if no tax has been deducted.

Box 24 – Annuities

Enter the total annuity payments under an income-averaging annuity contract (IAAC) and the yearly taxable portion of other annuity payments.

If IAAC payments are included in this box, identify the amount in the area marked "footnotes" as follows: "Box 24, IAAC $ ________ ".

Some annuity payments resulting from certain other sources are to be reported elsewhere on the T4A Supplementary as follows:

- Annuity payments derived from a superannuation or pension fund or plan, other than a life annuity, are to be reported in Box 28.
- Report annuity payments from a deferred profit-sharing plan or proceeds of disposition or deemed proceeds of disposition of an income-averaging annuity contract in Box 28 of the T4A Supplementary. See Information Circulars 77-1R3 and 79-8R2.

Annuity payments for accrued income required to be included in computing a taxpayer's income under the provisions of Section 12.2 of the Income Tax Act or other annuity payments to which paragraph 56(1)(d.1) of the Income Tax Act applies are to be reported on a T5 Supplementary rather than on a T4A Supplementary. Annuity payments to a non-resident should be reported on an NR4A Supplementary.

Box 26 – Retiring allowances

Enter the total amount of retiring allowances (sometimes referred to as severance pay).

If the allowances include an amount not eligible to be transferred to a registered retirement savings plan or registered pension plan, indicate in the space marked "footnotes" the following: "Box 26, Non-eligible $ ________ ". For more information, please see Chapter 7, "Deducting and reporting on special payments" in this Guide.

Box 28 – Other income

Enter amounts such as the following, and indicate the type of payment in the area marked "footnotes." The following is an example of how this should be completed: Box 28, "Payment under a Supplementary Unemployment Benefit Plan."

1. Payments under a Supplementary Unemployment Benefit Plan.

2. The taxable portion of periodic payments out of or under a pension or superannuation fund or plan made in settlement of a lump-sum pension entitlement that was paid other than for the retirement of an employee or former employee.

   Transfer of funds – If the amount described above has been transferred to another pension or superannuation plan or to a registered retirement savings plan, and Form TD2 has been completed, name the type of payments and also enter in the space marked "footnotes" the following: Box 28, "Transfer of funds, paragraph 60(j)."

Note

If draft amendments announced by the Minister of Finance on March 28, 1988 are enacted, transfers of periodic payments to the annuitant's RRSP under paragraph 60(j) can no longer be deducted by the annuitant after 1989.

However, transfers of periodic pension payments to spousal RRSPs under subparagraph 60(j.2) of up to $6,000 will continue to be permitted as a deduction until 1994 inclusive.

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3. Annuity payments from an annuity that was purchased with a refund of premiums from an RRSP. For more

information on this type of annuity, refer to Information Circular 79-8R2.

4. (a) Instalment or annuity payments under a deferred profit-sharing plan (DPSP).

   Transfer of funds – No part of any RPP or DPSP periodic payments may be transferred to another RPP, DPSP or RRSP in the recipient's name.

   For the years 1989 to 1994, periodic payments of retirement income from a deferred profit-sharing plan may be transferred to a spousal RRSP to a maximum of $6,000. In this situation write in the space marked "footnotes" the following: "Box 16, Transfer of funds, paragraph 60(j.2) $ ________ ".

   (b) Payments under a revoked deferred profit-sharing plan. If the amounts described in items (a) or (b) above are reported, enter a footnote stating "Annuity or instalment payments" $ ________ or "Payment from a revoked plan."

5. Benefits under a trust that provide health and welfare benefits to employees, as described in Interpretation Bulletin IT-85R3.

6. Fees or other amounts paid to Canadian residents for services and from which income tax has been deducted. Any other amount from which income tax has been deducted and which is not required to be reported elsewhere on a T4A or other information return should also be reported in Box 28 of the T4A.

7. The proceeds of disposition or deemed proceeds of disposition of an income-averaging annuity contract.

8. Scholarships, fellowships, bursaries, prizes and research grants. Indicate the type of payment in the area marked "footnotes." The following is an example of how this should be reported: Box 28, "Bursary."

   Additional information is contained in Interpretation Bulletin IT-75R2.

9. Certain payments made under an insured wage-loss replacement plan do not need to be reported even though the employer has made a contribution to the plan. However, these situations are very specifically defined, and you should refer to Interpretation Bulletins IT-54 and IT-428 for full details.

10. Payment of a training allowance paid under the National Training Act. The portion payable for personal living expenses while the employee is living away from home for training is not a taxable allowance.

11. Payments under the Labour Adjustment Benefits Act or a benefit payable under an Appropriation Act to compensate for loss of office or employment such as in the textile and leather-tanning industries.

12. The gross amount of any payment on or after the death of an employee in recognition of the employee's service in an office or employment. Indicate that this is a death benefit in the area marked "footnotes" as follows: Box 28, "Death benefit."

13. Payments out of an employee benefit plan except

    - the portion that is a death benefit, or would be a death benefit but for the deduction provided in the definition of "death benefit;"
    - a return of amounts contributed to the plan by the employee, or contributions returned to the heir or legal representative of a deceased employee; or
    - a superannuation or pension benefit attributable to services rendered by a person in a period during which the person was not living in Canada.

    For more information, refer to Interpretation Bulletin IT-502.

    This type of benefit should be reported in Box 16 or Box 18, and can be transferred under paragraph 60(*j*). A footnote should be included to say that benefits were for services rendered while not a resident.

14. Amounts allocated for the taxation year to a taxpayer by a trustee under an **"employee trust."** A later distribution by the trust to the employee is not included in the income of the employee, and therefore, is not reported at that time. For more information, refer to Interpretation Bulletin IT-502.

15. Benefits from board, lodging or transportation supplied by the prime contractor or another subcontractor to employees of subcontractors (e.g., all workers on a specific site who share common quarters) must be reported on a T4A Supplementary issued by the person providing the benefits, unless the benefits are non-taxable allowances for working at a special work site. See Interpretation Bulletin IT-91R3 for more information on this subject.

16. Payments out of a former employer's own funds of all or part of the premiums or contributions on behalf of a pensioner to a provincial hospital or provincial medical care insurance plan. See Interpretation Bulletin IT-247.

Note

For reporting requirements concerning payments out of a Retirement Compensation Arrangement (RCA), please refer to the *Retirement Compensation Arrangement Guide* or contact your district office.

Box 30 – Patronage allocations

Report here all allocations for customer patronage totalling $100 or more. This includes payments made in cash or kind, by certificate of indebtedness, issue of shares, set-off, assignment, or in any other manner.

Box 32 – Pension plan contributions (past service)

Enter the amount of contributions made to buy back past service. The amount shown in this box represents contributions that are being made by a former employee to buy back pensionable service. This is normally completed by the plan administrator when an employee-employer relationship no longer exists. Include any instalment interest paid according to an obligation entered into on or after November 13, 1981 for past service contributions. Instalment interest in this instance refers to the portion of contributions which represent the charge levied to finance the buy back of past service over a period of time.

Box 34 – Pension adjustment
Enter the amount of the pension adjustment (PA) the employee has accrued under the RPP during the period of the year for which you are required to report in your capacity as either the employer or the plan administrator.

Box 36 – Pension plan registration number
Enter the registration number issued by us for the registered plan in which the employee participates and which gave rise to the pension adjustment being reported. The registration number must be reported whether or not the employee contributed to the plan.

Completing the T4A-NR Supplementary

Complete T4A-NR Supplementaries for every non-resident person (including corporations) to record the payments made for services performed in Canada (fees, commissions or other amounts as described in Box 18 below). This does not include amounts paid for services performed in the ordinary course of an office or employment. Such amounts are reported on the T4 Supplementary.

Recipient's name and address
In the designated area, enter, in capital letters, the name of the person or the corporations to whom the payment was made. Directly below the name, enter the recipient's full address, including the postal code and country.

Employer's or payer's name
Enter the name of the employer or payer in the space provided (the bottom right corner of the supplementary).

Box 28 – Account number
In the space provided, enter the account number under which you remit your employee deductions to Revenue Canada, Taxation.

This "employer account number" appears at the top right hand corner of part 2 of your statement of account, which is issued by the Department each month.

Box 12 – Foreign social security number and Box 14 – Canadian social insurance number
Enter the numbers assigned to the non-resident by both country of residence and by Canada.

Box 16 – Professional name (if applicable)
This box relates primarily to persons in the entertainment and athletic professions. If the professional name differs from the name of the actual payee, use this box.

"Year" – Enter the calendar year during which the payment was made.

Box 18 – Gross income
Enter the gross amount of fees, commissions or other amounts paid to a non-resident person or an amount paid on behalf of other associates, except travel expenses as noted in Box 20, for services rendered in Canada. Further clarification regarding the withholding from payments made to non-resident persons for services rendered in Canada (other than in the course of regular and continuous employment) can be found in Information Circular 75-6R, available from your district office.

Note

This amount should not include amounts reported in Box 20.

Box 20 – Travel expenses
Enter the total of all travel expenses paid directly to third parties on behalf of the non-resident, and travel expenses reimbursed to the non-resident, provided they are adequately supported by vouchers maintained by the payer. Travel expenses are restricted to reasonable expenses incurred for transportation, accommodation and meals.

Note

Amounts included in Box 20 should not be included in Box 18 "Gross income." All other expenses paid on behalf of or reimbursed to the non-resident payee should be included in the amount reported in Box 18.

Box 22 – Income tax deducted
Enter the amount of income tax deducted.

Box 24 – Province or territory where services rendered
Enter the name of the province or territory where the services were performed. Preferred provincial and territorial abbreviations are included in this Guide in the instructions for Box 10 under the heading, "Completing the T4 Supplementary."

Box 26 – Number of days recipient was in Canada during calendar year
Enter the total number of days, including weekends, holidays, etc., while the non-resident was in Canada.

Completing the Summaries (T4, T4A and T4A-NR)

The Summaries report the totals of the amounts that you have reported on the corresponding supplementaries.

Before you begin...

- For 1990 and subsequent years, a separate summary must be used for each type of supplementary, i.e., T4 Summary with T4 Supplementaries, T4A Summary with T4A Supplementaries and T4A-NR Summary with T4A-NR Supplementaries.

- If you have not received a personalized T4 Summary, obtain a blank one from your local district office and insert your employer number, name and address.
- If you require a T4A Summary or a T4A-NR Summary when you are filing these type of supplementaries, you must obtain one from your local district office and insert your employer account number, and name and address as shown on your PD7A remittance form.
- On all summaries, report all amounts in Canadian dollars and cents.
- If you are filing a summary for a taxation year other than the one printed on the form, please cross through the year that appears in the upper right corner and write in the correct year directly below it.
- A separate summary must be completed for each one of your employer account numbers. Each summary should be attached to the front of the associated T4, T4A and T4A-NR Supplementaries.
- The totals reported on your summaries must agree with the totals reported on your supplementaries. Any errors or omissions may cause unnecessary processing delays.
- A separate summary working copy is available to help you complete the summary in draft form. Once you have completed the working copy (copy 3), transfer the data to copy 1 of the summary. Keep the working copy for your records, and send copies 1 and 2 of the summary along with copy 1 of the supplementaries to the taxation centre listed on the back of the third copy of the summary.

Completing the T4 Summary

Total number of T4 slips filed
Enter on line 88, the total number of all T4 Supplementaries included with this T4 Summary.

T4 slips with U.S. addresses
Enter in the space to the right of line 88, the number of T4 Supplementaries filed with this return that list employees with addresses in the United States. These slips should be filed at the end of the return after the T4 Supplementaries for employees with Canadian addresses.

Employment income before deductions
Add the amounts in Box 14 as reported on all T4 Supplementaries, and enter the total on the corresponding line 14.

Registered pension plan contributions
Add the amounts in Box 20 on all T4 Supplementaries and enter the total on line 20.

Pension adjustment
Add the amounts in Box 52 on all T4 Supplementaries and enter the total on line 52.

UI insurable earnings
Add the amounts in Box 24 on all T4 Supplementaries and enter the total on line 24.

Employees' Canada Pension Plan contributions
Add the amounts in Box 16, Canada Pension Plan, on all T4 Supplementaries, and enter the total on line 16.

Do not include Quebec Pension Plan contributions in the above total.

Employer's Canada Pension Plan contributions
Enter on line 17 the total amount of your matching Canada Pension Plan contributions (as shown in your records).

Employees' Unemployment Insurance premiums
Add the amounts in Box 18 on all T4 Supplementaries and enter the total on line 18.

Employer's Unemployment Insurance premiums
Enter on line 19 the total amount of your Unemployment Insurance premiums (as shown in your records).

Income tax deducted
Add the amounts in Box 22 on all T4 Supplementaries and enter the total on line 22.

Total deductions reported
Add the amounts reported on lines 16, 17, 18, 19, and 22 from the summary and enter the total on line 80.

Remittances for the year
Enter the total amount remitted to this account for the 1990 tax year on line 82.

Difference
Subtract line 82 from line 80 and enter the difference in the applicable space. If there is no difference between total deductions reported and the remittances for the year, enter "nil" on the balance due, line 86. A difference of less than $1 is neither charged nor refunded.

Overpayment
If the amount on line 82 is higher than the amount on line 80, enter the difference on line 84, "Overpayment." If you wish this overpayment to be transferred or refunded, you must include a written request explaining how the overpayment originated and the action to be taken.

Balance due
If the amount on line 80 is higher than the amount on line 82, enter the difference on line 86, "Balance due."

If you have not remitted the total amount, attach to this T4 Summary, a cheque or money order made payable to the Receiver General for the balance owing. Any balance owing may be subject to a 10 per cent penalty and interest at the prescribed rate for late remitting.

Canadian-controlled private corporation or unincorporated employers
Enter on lines 74 and 75 the social insurance number of the proprietor(s) or principal owners.

Completing the T4A Summary

Report only the total of the amounts that you reported on the T4A Supplementaries.

Total number of T4A slips filed
Enter on line 88 the total number of all T4A Supplementary slips included with this T4A Summary.

T4A slips with U.S. addresses
Enter in the appropriate box (to the right of the number of T4A Supplementaries) the number of T4A slips with payee addresses in the United States. These slips should be filed at the end of the return after those slips with addresses in Canada.

Pension or superannuation
Add the amounts in Box 16 on all the T4A Supplementaries and enter the total on line 16.

Lump-sum payments
Add the amounts in Box 18 on all the T4A Supplementaries and enter the total on line 18.

Self-employed commissions
Add the amounts in Box 20 on all the T4A Supplementaries and enter the total on line 20.

Annuities
Add the amounts in Box 24 on all the T4A Supplementaries and enter the total on line 24.

Retiring allowance
Add the amounts in Box 26 on all the T4A Supplementaries and enter the total on line 26.

Other income
Add the amounts in Box 28 on all the T4A Supplementaries and enter the total on line 28.

Patronage allocations
Add the amounts in Box 30 on all the T4A Supplementaries and enter the total on line 30.

Pension Plan contributions (past service)
Add the amounts in Box 32 on all the T4A Supplementaries and enter the total on line 32.

Pension adjustment
Add the amounts in Box 34 on all the T4A Supplementaries and enter the total on line 34.

Total tax deductions
Add the amounts in Box 22 on all the T4A Supplementaries and enter the total on line 22.

Remittances for the year
Enter the total amount remitted to this account for tax withheld for the 1990 tax year on line 82.

Difference
Subtract line 22 from line 82 and enter the difference in the applicable space. If there is no difference between total tax deductions reported and what you remitted for the year, enter "nil" on the balance due, line 86. A difference of less than $1 is neither charged or refunded.

Overpayment
If the amount on line 82 is higher than the amount on line 22, and no other type of return is due to be filed on this account, enter the difference on line 84, "Overpayment."

If you wish this overpayment to be transferred or refunded, you must include a written request explaining exactly how the overpayment originated and the action to be taken.

Balance due
If the amount on line 22 is higher than the amount on line 82, enter the difference on line 86, "Balance due."

If you have not remitted the total amount, attach to this T4A Summary a cheque or money order made payable to the Receiver General for the balance owing. Any balance owing may be subject to a penalty and interest at the prescribed rate for late remitting.

Revenue Canada, Taxation issued registration number(s) for RPP
Complete lines 71, 72 and 73 with all the registration numbers assigned to you by Revenue Canada, Taxation.

Canadian-controlled private corporations or unincorporated employers
Enter on lines 74 and 75, the SIN of the proprietor(s) or principal owner(s).

Completing the T4A-NR Summary

Report the total of the amounts that you reported on the T4A-NR Supplementaries.

Total number of T4A-NR slips filed
Enter on line 88 the total number of all T4A-NR Supplementary slips included with this T4A-NR Summary.

Gross income
Add the amounts in Box 18 on all the T4A-NR Supplementaries and enter the total on line 18.

Travel expenses
Add the amounts in Box 20 on all the T4A-NR Supplementaries and enter the total on line 20.

Total tax deductions reported
Add the amounts in Box 22 on all the T4A-NR Supplementaries and enter the total on line 22.

Remittances for the year
Enter the total amount remitted to this account for tax withheld for the year on line 82.

Difference
Subtract line 20 from line 82 and enter the difference in the applicable space. If there is no difference between total tax deductions reported and what you remitted for the year, enter "nil" on the Balance due, line 86. A difference of less than $1 is neither charged or refunded.

Overpayment
If the amount on line 82 is higher than the amount on line 20, and no other type of return is due to be filed on this account, enter the difference on line 84, "Overpayment."
If you wish this overpayment to be transferred or refunded, you must include a written request explaining exactly how the overpayment originated and the action to be taken.

Balance due
If the amount on line 20 is higher than the amount on line 82, enter the difference on line 86, "Balance due."

If you have not remitted the total amount, attach to this T4A-NR Summary a cheque or money order made payable to the Receiver General for the balance owing. Any balance owing may be subject to a penalty and interest at the prescribed rate for late remitting.

Canadian-controlled private corporations or unincorporated employers
Enter on lines 74 and 75 the SIN of the proprietor(s) or principal owner(s).

T4F returns (self-employed fishermen)

General reporting requirements
Any designated employer of a self-employed fisherman, or any buyer with whom a fisherman has filed a TD3F is required to file an annual T4F return. This return should report the gross earnings, and where applicable, the insurable earnings along with the applicable Unemployment Insurance premiums as well as any income tax deducted. This form should not be used to report CPP contributions for self-employed fishermen. Designation of the employer, and determination of the self-employed fisherman's earnings are discussed in the *Fishermen and Unemployment Insurance* pamphlet.

Completing the T4F Supplementary

This section should be read in conjunction with the *Fishermen and Unemployment Insurance* pamphlet. Changes or omissions could result in T4F Supplementaries being returned for proper completion.

Before you begin...
Please note the following general instructions:

- Ensure that you have the correct social insurance number for the fisherman to whom the supplementary is being issued.
- Complete the T4F Supplementaries legibly and preferably in alphabetical order.
- Report all amounts in Canadian dollars and cents.
- Do not change the headings of any of the boxes to accommodate specific details or additional information. Detailed or additional information should be shown in the shaded area to the right of Box 22. **Do not report CPP contributions on the T4F.** Fishermen's CPP contributions on self-employed earnings must be reported on the individual's General income tax return.
- Negative dollar amounts must not be reflected on the T4F Supplementaries. All previous year adjustments may be made by submitting an amended T4F Supplementary for the year(s) in question.

Name and address of fisherman
Enter the fisherman's surname first, in capital letters, followed by the first name and initials. Directly below the name, enter the fisherman's full address including the province or territory and the postal code.

Name and address of "designated employer"
Enter the name and address of the designated employer on each slip.

Box 12 – Social insurance number
Enter the social insurance number of the fisherman to whom the supplementary is being issued.

Year – Enter the year the income is earned.

Box 14 – Gross earnings
Enter the gross earnings of the fisherman **who is not the owner or lessee of the boat or gear** as determined by using information given under the heading "Determining earnings" in the *Fishermen and Unemployment Insurance* pamphlet.

If the fisherman is the owner or lessee of the boat or gear, the amount of gross earnings is the value of all the catches delivered.

When a partnership is involved, the gross earnings of each partner (fisherman) is the value of all the catches delivered.

Box 16 – UI insurable earnings
Enter the amount of the fisherman's insurable earnings. Detailed instructions for calculating insurable earnings are contained in the *Fishermen and Unemployment Insurance* pamphlet. Enter "nil" if there are no insurable earnings.

Box 18 – UI premium
Enter the amount of Unemployment Insurance premiums deducted from the fisherman's earnings. Enter "nil" if no premiums were deducted.

Box 20 – UI exempt
Do not complete this box if you have completed Box 18 and/or Box 16. Enter an "X" in this box only if an exemption applies for the total period of employment or deemed employment. To determine if an exemption applies, refer to the *Fishermen and Unemployment Insurance* pamphlet.

Box 22 – Income tax deducted
Record federal income tax deducted on a voluntary basis or under an election completed on Form TD3F. Do not include in this amount instalment payments which have been remitted on behalf of a fisherman, or any amount withheld under the authority of a "garnishee order" or a "requirement to pay" for taxes of a previous year.

Box 24 – Fisherman number
Use of the fisherman's number is optional if the T4F Supplementaries are prepared in alphabetical order. If the T4F Supplementaries are not prepared in alphabetical order, enter all relevant information such as department, unit, payroll and fisherman number.

Completing the T4F Summary

In the boxes at the top of the T4F Summary, enter your "employer account number," name and address, as shown on the remittance return, and the name and code of the designated employer's district office.

Total number of T4F slips filed
Enter on line 88 the total number of all T4F Supplementary slips included with this T4F Summary.

Gross earnings
Add the amounts in Box 14 as reported on all T4F Supplementaries and enter the total on the corresponding line 14.

Unemployment Insurance insurable earnings
Add the amounts in Box 16 on all the T4F Supplementaries, and enter the total on line 16.

Unemployment Insurance premiums - Fishermen's
Add the amounts in Box 18 on all the T4F Supplementaries and enter the total on line 18.

Unemployment Insurance premiums - Designated employer
Enter on line 26 the total amount of your Unemployment Insurance premiums (as shown in the designated employer's records).

Income tax deducted
Add the amounts in Box 22 on all the T4F Supplementaries, and enter the total on line 22.

Total deductions reported
Add the amounts reported on lines 18, 26, and 22 from the summary, and enter the total on line 80.

Remittances for the year
Enter the total amount remitted to this account for the 1990 taxation year on line 82.

Difference
Subtract line 82 from line 80 and enter the difference in the applicable space. If there is no difference between total deductions reported and the remittances for the year, enter "nil" on the balance due, line 86. A difference of less than $1 is neither charged nor refunded.

Overpayment
If the amount on line 82 is higher than the amount on line 80, enter the difference on line 84, "Overpayment." If you wish this overpayment to be transferred or refunded, you must include a written request explaining how the overpayment originated and the action taken.

Balance due
If the amount on line 80 is higher than the amount on line 82, enter the difference on line 86, "Balance due."

If you have not remitted the total amount, attach to this T4F return a cheque or money order made payable to the Receiver General for the balance owing. Any balance owing may be subject to a penalty and interest at the prescribed rate for late remitting.

CHAPTER 7
DEDUCTING AND REPORTING ON SPECIAL PAYMENTS

Bonuses and retroactive pay increases

Deducting CPP
These payments are subject to contributions, however, **no basic exemption is allowed**. No contributions are required if the total yearly maximum contribution from the income of the employee has already been deducted. When determining the employee's required contribution, do not take into account any contributions withheld by your employee's previous employer in the same year.

Example

An employee receives a retroactive pay increase totalling $450 on June 30. An examination of the employee's wage record for the year indicates that $115.20 has been deducted to date for Canada Pension Plan contributions.

• Maximum contribution for the year ..	$574.20
• Contributions to date for the year....	115.20
Difference	$459.00

- Multiply retroactive pay increase of $450 by CPP rate of 2.2% which is **$9.90.**

The amount of contribution to deduct from the retroactive pay increase of $450 is the lesser of $459 and $9.90.

Deducting UI
Bonuses and retroactive pay increases are in most part considered earnings from insurable employment. Therefore, UI premiums must be deducted. These earnings should be allocated to the pay period in which they are actually paid.

Deducting tax
To determine how much tax to withhold on bonuses or retroactive pay increases, take the employee's total remuneration for the year including the bonus or increase, and subtract the following:

- registered pension plan contributions;
- union dues;
- deduction for living in a prescribed area, if applicable; and
- any undue hardship amounts authorized by the district office, such as RRSP, alimony and maintenance payments, etc.

If the resulting income is $5,000 or less, withhold 15 per cent tax on the bonus or retroactive pay increase (10 per cent in Quebec). If the resulting income is over $5,000, calculate the amount to withhold as outlined in the following examples.

Example 1: Once-a-year bonus payment

John earns a salary of $400 per week and in January he is paid a bonus of $300. The "net claim code" on his TD1 form is **1**.

(1) Divide the bonus by the number of pay periods in the year ($300 ÷ 52 = $5.77).

(2) Add the $5.77 to the current rate of pay of $400 thus obtaining an assumed rate of pay for the year of $405.77 per week.

(3) Refer to the "Weekly Tax Deductions" table using net claim code 1 to find the increased weekly tax deduction arising from the additional $5.77 weekly income:

- tax deduction on $405.77 per week,
- **less** tax deduction on $400 per week,
- **equals** tax deduction on the additional $5.77 per week.

(4) Multiply the additional tax deduction per week by 52 to obtain the deduction on the bonus of $300.

Example 2: More than one bonus payment a year

David earns a salary of $400 per week and is paid a monthly bonus of $300 in January and $780 in February. The "net claim code" on his TD1 form is **1**.

(1) Divide the last bonus to be paid by the number of pay periods in the year ($780 ÷ 52 = $15).

(2) Add the $15 to the current rate of pay of $400. Divide all previous bonuses paid in the year by 52 weeks ($300 ÷ 52 = $5.77). Add all three amounts to obtain an assumed rate of pay for the year of $420.77 per week.

(3) Refer to the "Weekly Tax Deductions" table to find the increased weekly deduction arising from the additional $15 weekly income:

- tax deduction on $420.77 per week,
- **less** tax deduction on $405.77 per week,
- **equals** tax deduction on the additional $15.

(4) Multiply the additional tax deduction per week by 52 to obtain the deduction on the bonus of $780.

(5) To calculate tax on additional bonuses, repeat Steps 1 to 4.

Example 3: Retroactive pay increase

Susan's pay is increased from $440 to $460 per week, retroactive to 12 weeks, thus providing an immediate payment of $240. The "net claim code" on her TD1 form is **6**.

(1) Determine the increase in the weekly tax deduction resulting from the increased rate of pay:

- tax deduction on $460 per week,
- **less** tax deduction on $440 per week,
- **equals** increase in weekly tax deduction.

(2) Multiply the increase in the weekly tax deduction by the number of weeks for which the pay increase is retroactive.

Death benefits

Deducting tax

You are not required to withhold tax from the portion of a lump-sum payment which

- qualifies as a death benefit, as described in Interpretation Bulletin IT-301; and
- may eventually be deducted from the income of the surviving spouse or heir, as explained in Interpretation Bulletin IT-508.

The rest of the death benefit is subject to tax withholding at the lump-sum rates. Please note that you must report the gross amount of the payment on the T4A Supplementary.

Director's fees

Deducting CPP

When a director's fee is being paid to a corporation director who does not receive regular remuneration from the corporation, the basic exemption of $2,800 is allowed but must be prorated for the number of fees paid during the year.

Example

A director of a corporation receives no remuneration as an employee but is paid a director's fee of $975 each quarter. The required contributions are calculated as follows:

- Amount subject to contribution is $275 ($975 minus $700, the quarterly basic exemption).
- The amount to remit is

Director's contribution ($275 × 2.2%) . . .	$ 6.05
Employer's contribution	6.05
Total	$12.10

Deducting UI

When a director's fee is being paid to a corporation director who does not receive regular remuneration from the corporation, the director's fee is not subject to Unemployment Insurance premiums.

Deducting tax

If you pay a director a director's fee in addition to a salary, add the director's fee to the salary for that pay period to calculate the required tax to be withheld.

If the only remuneration you pay to a director is a director's fee, and you estimate that such fees during the year will not be over the net claim amount as declared on the TD1 form, or the basic personal net claim amount if no TD1 form has been filed, you are not required to withhold tax at source.

However, if you estimate that a director's fee will be over the appropriate net claim amount as established above, you should withhold tax according to the "Monthly Tax Deductions" table. Convert the fee to its monthly equivalent by dividing by the number of months that have elapsed since the last payment, or the first day of the year, whichever is later. Find the monthly deduction for that amount and multiply it by the divisor used to convert the fee to the monthly equivalent. The result is the tax to withhold from the fee.

For more information, see Interpretation Bulletin IT-377R.

Housing and travel assistance benefits in a prescribed area

Reporting
The Remission Orders governing the treatment of housing and travel assistance benefits at locations that qualify as "isolated posts" expired on December 31, 1986. Provisions in the Income Tax Act have since replaced these orders. A publication is available from Revenue Canada, Taxation entitled, *Employer's Guide to Housing and Travel Assistance Benefits in Prescribed Areas* (formerly entitled *Tax Treatment of Housing and Travel Assistance Benefits in Prescribed Areas*). If you are affected by these provisions, you should obtain this publication.

Boxes 30 and 32 of the T4 Supplementary are used to report housing, board and lodging and travel benefits received by employees living in a "prescribed area."

If you employ such employees, you are required to segregate and report, on the T4 Supplementary, four specific benefits commonly paid to or conferred on employees in these areas.

(1) Medical travel assistance - Boxes 32 and 14. This amount **must** be shown as a "footnote" separate from "travel for reasons other than medical" which is also included in Box 32, "Travel in a prescribed area."

Note
It is essential that "medical travel" assistance be segregated as required. Failure to do so will preclude the employee from claiming the deduction for such travel. In such cases, all reported travel assistance will be viewed as "vacation travel," for which the employee's deduction from income is limited to two trips per year for the employee and members of the household.

(2) Other travel assistance - Boxes 32 and 14.

(3) Valuation of the housing benefit - Boxes 30 and 14.

(4) Board and lodging at special work sites that are also a prescribed area - To be reported as a footnote only.

Lump-sum payments

Deducting tax
If you paid a lump-sum payment to an employee

- on retirement,
- as compensation for loss of office,
- in recognition of long service and not out of or under a superannuation fund or plan, or
- as a retiring allowance,

you must withhold tax from this income at the following federal and provincial composite rates (except for Quebec):

- 10% (5% for Quebec) - if the payment is not more than $5,000;
- 20% (10% for Quebec) - if the payment is over $5,000 but is not more than $15,000;
- 30% (15% for Quebec) - if the payment is over $15,000.

Note
As the above composite tax rates are only estimates, when you use them, a possible tax liability could result when the employee files a General income tax return at the end of the year. To remedy the situation, you should

- calculate the annual tax to be deducted on the employee's yearly remuneration including the lump-sum payment as per instructions in Appendix 1, of the *Source Deductions Tables* publication,
- calculate the annual tax to be deducted on the employee's yearly remuneration not including the lump-sum payment as per instructions in Appendix 1
- subtract the two amounts.

The result will be the amount to withhold on the lump-sum payment.

Other lump-sum payments that you must withhold tax on at the above rates include lump-sum payments

- that represent proceeds of the surrender, cancellation or redemption of an income-averaging annuity contract;
- out of a registered retirement savings plan, or a plan referred to in Subsection 146(12) of the Income Tax Act as an "amended plan;"
- out of a registered pension plan, and remember, the pension income credit does not apply on such payments;
- made to an annuitant under a registered retirement income fund to the extent that it is not part of the "minimum amount" as defined in paragraph 146.3(1)(b.1) of the Income Tax Act.

When you make payments out of deferred profit-sharing plans or employees' profit-sharing plans, contact your district office to discuss how tax should be withheld.

You do not need to withhold tax from a lump-sum payment if an employee's total earnings received and receivable during the calendar year (including the lump-sum payment) will not be over the "net claim" amount on the employee's TD1 form. However, this exception does not apply to lump-sum payments made to non-residents.

Reporting

The following amounts should be reported in Box 16 of the T4A Supplementary:

(1) The taxable portion of a **single payment** out of a pension fund or plan resulting from a

- withdrawal from the plan, retirement from employment, or death of an employee or former employee; or
- termination, amendment to or modification of the plan.

(2) The taxable portion of a **single payment** out of a deferred profit-sharing plan resulting from a withdrawal from the plan, retirement from employment, or the death of an employee or former employee.

If the payment in (2) was not made as a result of the death of a spouse, state in the space marked "footnotes" the following: Box 18, "DPSP - Payment not upon death," otherwise state "DPSP - Payment upon death."

Lump-sum payments out of pension and deferred profit-sharing plans that accrued before December 31, 1971 are treated differently than lump-sums paid from plans that accrued after that date.

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Note

If Box 16 contains amounts accrued before December 31, 1971, you are required to identify in the footnote area the following: Box 16, "Accrued to Dec 31, 1971"
$ ________.

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Additional information is contained in Information Circular 74-21R.

Transfer of funds

An employee may wish to transfer a lump-sum payment out of a superannuation or pension fund or plan, or a payment under a deferred profit-sharing plan to another registered pension fund or plan, or to a registered retirement savings plan. If the full amount of funds so received are **transferred directly** to another registered pension fund or plan, or to a registered retirement savings plan without being at any time paid to the employee, no withholding of tax at source is required. It is not necessary to complete a TD2 form for such transfers, and you need not report the transferred amount on a T4A information slip. In addition, the receiving carrier does not have to issue receipts. However, the transferring carrier must continue to maintain the necessary documentation to support the transfer. If the funds to be transferred pass through the employee's hands rather than from one trustee of a plan to another, or only a portion of the fund is directly transferred, tax must be withheld at source on the amount not directly transferred. In addition, the amount must be reported on a T4A information slip, and the funds will not be eligible for transfer to another registered pension fund or plan, or to a registered retirement savings plan.

Transfers of qualifying portions of retiring allowances to registered pension plans or RRSPs as well as periodic pension payments to spousal RRSPs (to a maximum of $6,000) will continue to be reported on T4A forms, and appropriate receipts must be issued by the RRSP issuer. Such transfers may be made without source deductions being withheld, providing the individual completes a TD2 form.

An annuitant of a registered retirement savings plan may request the transfer of funds before maturity of the plan to another registered retirement savings plan, a registered retirement income fund, or to a registered pension plan under which the annuitant is a member. Individuals may make such transfers under Subsection 146(16) of the Income Tax Act without tax being withheld at source. To do this, they must complete Form T2033. For more detailed information on these transfers, see Information Circulars 72-22R7 and 79-8R2.

For additional information concerning the transfer of funds between plans, see the *Pension and RRSP Tax Guide*, available from your district office.

Box 16 is also used to report the total of amounts allocated or reallocated in the year under a deferred profit-sharing plan, or a revoked plan to an individual described in paragraph 147(2)(k.2) of the Income Tax Act for either employer contributions made to the plan after December 1, 1982, or amounts forfeited in the plan to the extent that such amounts are withdrawn from the plan during the year.

If there has been an allocation under Section 147(10.3) of the Income Tax Act in a previous year, and payment has been made in the current year, the payment amount is to be reported. A notation is to be made in the space marked "footnotes" as follows: "DPSP - Not eligible for transfer."

Pension benefits and lump-sums paid after February 15, 1984 from a pension fund or plan that is **not** registered in accordance with the Income Tax Act must be identified by typing "unregistered" in the space marked "footnotes." These benefits are precluded from being transferred to a registered plan.

Deferred profit-sharing plans (DPSP) and employees' profit-sharing plans (EPSP)

You must report all payments made to a beneficiary under a DPSP on the T4A Supplementary in the box denoted "other income."

To determine the amounts that must be reported and or the amount subject to withholding, see Interpretation Bulletin IT-363R and Information Circular 77-1R3.

For information regarding EPSPs, please see Interpretation Bulletin IT-379 and Information Circular 77-1R3.

Overtime pay

Deducting CPP and UI
Overtime pay is subject to CPP contributions and UI premiums in the same manner as bonuses and retroactive pay increases. For information on how to determine the deductions, refer to the section in this Chapter entitled "Bonuses and retroactive pay increases."

Deducting tax
For tax deduction purposes, overtime pay is added to the regular pay for the period in which the overtime pay is being paid, and the total is subject to tax deductions in the normal manner.

Patronage allocations

Every resident of Canada who is not exempt under Section 149 of the Income Tax Act who receives an amount for patronage payments (including certificates of indebtedness, application of an amount to the recipient's liability to the payer, or shares of a corporation received pursuant to a patronage allocation) in a particular year will be subject to a withholding tax of 15 per cent on payments totalling more than $100. The payer should remit the amount withheld to the "Receiver General" using Form PD7AR. For reporting purposes, all allocations totalling more than $100 must be reported on Form T4A, Box 30 along with the tax withheld in Box 22.

Example

For a $250 patronage payment, $150 ($250 - $100) will be subject to deduction at source at 15 per cent ($150 × 15% = $22.50). Form T4A will report the allocation of $250, and tax withheld of $22.50.

For further information, see Interpretation Bulletins IT-362 and IT-493.

Payments or allocations under an employees' profit-sharing plan

These payments should be reported on a T4PS return and not on a T4 Supplementary. See Information Circular 77-1R3.

Retiring allowance

A retiring allowance, also referred to as severance pay, is an amount (other than a superannuation or pension benefit) paid to an officer or employee upon or after retirement from an office or employment in recognition of long service, or for loss of office or employment, and includes a payment for unused sick-leave credits. Amounts received on termination of an office or employment, whether or not received as damages (wrongful dismissal) are included in the definition of a retiring allowance.

In certain circumstances, the transfer of all or part of the retiring allowance to a registered pension plan (RPP) or to a registered retirement savings plan (RRSP) is permitted.

Deducting CPP
The payment of a retiring allowance is not subject to Canada Pension Plan contributions.

Deducting UI
A retiring allowance paid on termination is allocated to the pay period in which it is paid and UI premiums are withheld accordingly. A retiring allowance paid after termination, but in the week of termination, is considered as "top up" in the week in which it is paid, and UI premiums are withheld accordingly. A retiring allowance paid after the week of termination is not subject to Unemployment Insurance premiums.

A retiring allowance may be paid in a series of payments after termination. Each payment after the week of termination is subject to tax deductions only, at the lump-sum rates.

Deducting tax
A person paying a retiring allowance to a recipient who is a resident of Canada is required to withhold tax at the lump-sum tax deduction rates on any portion paid directly to the recipient. For lump-sum tax deduction rates, see "Lump-sum payments" in this Chapter. (A person paying a retiring allowance to a non-resident of Canada is normally required to withhold 25 per cent of the retiring allowance, and to send this amount to the Receiver General on behalf of the non-resident).

Transfer of a retiring allowance to an RPP or RRSP
All or part of a retiring allowance payment may be transferred to an RPP or RRSP without tax being withheld on the amount transferred. However, the amount that is **eligible for transfer** is limited to

- $2,000 for each calendar year during which the retiree was employed by the employer or a person related to the employer; plus
- $1,500 for each equivalent year of employment before 1989 for which no amount from contributions made by an employer was vested in the employee at the time the retiring allowance was paid. This applies to a pension plan or a deferred profit-sharing plan of the employer or a person related to the employer. For this purpose, the number of years is determined by referring to the terms of the particular plan. This can be a fractional number of years.

Example

An employee worked seven years before 1989 for the employer and the employer made contributions in each of those years. If at the time of the payment, 60 per cent of employer contributions have vested in the employee, the number of years eligible for the additional $1,500 amount would be 2.8 (seven minus 60 per cent of seven or 7 - [7 × .6]).

If the employee wishes to transfer an eligible amount to a registered pension plan or to a registered retirement savings plan without tax being deducted at source on the amount to be transferred, he or she must complete Form TD2. For instructions on how to use the form, and comments regarding the responsibilities of persons involved in the transfers, see Information Circular 79-8R2. You may obtain copies of the TD2 form and the circular from your district office.

Reporting
Enter the gross amount of the retiring allowance in Box 26 of the T4A Supplementary. Enter the portion of the retiring allowance that is **not eligible** for transfer or rollover to a registered pension plan or to a registered retirement savings plan in the footnotes area "Box 36, as Ineligible RA $ ________". (See instructions above for calculating the eligible portion of a retiring allowance for transfer in order to determine the portion which is ineligible).

For information on the reporting requirements concerning UI insurable earnings reporting on retiring allowances see "Completing the T4 Supplementary," and "Box 24, UI insurable earnings, special application", sections in Chapter 6 of this Guide.

Further information relating to this subject is contained in Interpretation Bulletin IT-337R2.

Retirement compensation arrangements

If, as an employer, you are presently sponsoring a retirement compensation arrangement or are considering starting one, please contact your district office. For additional information regarding a plan of this type, please refer to the *Retirement Compensation Arrangement Guide.*

If you establish certain unregistered pension or retirement arrangements, you are required to withhold and remit a 50 per cent tax to the Receiver General on any contributions made to a custodian of the arrangement. For more information, see the *Retirement Compensation Arrangement Guide*, available at your district office.

Salary deferral arrangements

When a taxpayer postpones receiving salary and wages to a subsequent year under a salary deferral arrangement (between the employer and the employee), the deferred amount is considered to be the employee's employment income in the year the amount is earned, and should be reported on the employee's T4 Supplementary for that year.

Certain salary deferral arrangements that meet prescribed requirements are excluded from the foregoing salary deferral rules, and deferred amounts are considered income in the year they are received by the employee.

For details on how to report pension adjustments under these circumstances, please refer to the *Pension Adjustment Calculation* guide, available at the district office.

More information regarding salary deferral arrangements may be obtained from the Source Deductions section of your district office.

Travelling allowances or reimbursements: part-time employees

If you reimburse a part-time employee for travelling expenses, the employee does not have to include this amount in income as long as it is not over a reasonable amount. For the purpose of this provision, part-time employment must require the performance of duties at a location not less than 80 kilometres (50 miles) from both the employee's place of residence and the location at which the employee is regularly employed or carries on business. See Interpretation Bulletin IT-522, item 57, "Part-time employees."

Vacation pay

Deducting CPP and tax
If you pay vacation pay, and the employee takes holidays, determine the table to use according to the rate at which you calculate vacation pay:

2% - Use the Weekly Table;
4% - Use the Bi-Weekly Table;
6% or 8% - Divide the vacation pay by three or four respectively, use the Weekly Table, and multiply the resulting weekly deduction by three or four respectively. For other percentages, apply the same principle.

To determine the amounts to be withheld at source when you pay vacation pay and the employee **does not take holidays**, use the CPP and tax calculation method as outlined under the heading, "Bonus and retroactive pay increases."

Include the contributions you made to a trust for vacation credits earned by the employee in the employee's income for the same year that you made the contributions. Withhold tax at source on this amount as though you had paid it directly to the employee. See Interpretation Bulletin IT-389R.

Workers' compensation payments and advances

Deducting CPP, UI and tax
Except as noted in the next paragraph, there is no tax, CPP or UI eventually payable on amounts received by an employee as a result of a Workers' Compensation Board award. This applies to amounts paid by a Workers' Compensation Board as well as amounts paid by a

self-insured employer who has received in receipt of an award letter from the Workers' Compensation Board.

The exception to this are payments made by self-insured employers. For Unemployment Insurance purposes only, these payments are insurable earnings, and the proper UI premiums must be withheld on the total remuneration paid by the employer.

Deductions for CPP, UI and tax only apply to amounts paid in excess of the benefits provided under provincial Workers' Compensation legislation (i.e., top-ups).

The requirement to withhold amounts for CPP, UI and tax on amounts either paid or advanced on Workers' Compensation benefits while a WCB claim is in process and an award is pending has been eliminated.

Note

If a WCB award is subsequently denied, all amounts for tax, CPP and UI which would have normally been required to be deducted must be received by the Department on or before the appropriate due dates. In cases where the denial of the award pertains to a previous year, such remittances must be identified as "payment for previous year 19____," and an amended T4 Supplementary must be issued, and copies forwarded to the employee and this Department. This T4 Supplementary marked "amended," must reflect the corrected total deductions for CPP, UI and tax as well as adjusted pensionable and insurable earnings, as applicable, and the employee must be instructed to file this amendment with the Department.

Reporting

All T4 Supplementaries prepared for employees who received WCB benefits paid or advanced by the employer must include these WCB amounts in Box 14 along with regular employment earnings received during the remainder of the calendar year. These T4 Supplementaries must also show by means of a footnote the following: Box 14 "$________ paid as WCB." Further, Boxes 24 and 26 must reflect the appropriate totals for pensionable and insurable earnings respectively. If you are unable to produce the footnote, you must provide your employees with a letter containing this information and instruct them to file the letter with their return.

CHAPTER 8
DEDUCTING AND REPORTING FOR SPECIAL CLASSES OF WORKERS

Special rules cover certain classes of workers, as follows:

Barbers, hairdressers, taxi drivers, drivers of other passenger-carrying vehicles and fishermen

Under certain circumstances, the employment of the above classes of workers is included in insurable employment by regulations, even though they may not be employed under a contract of service. See "Certain workers not employed under a contract of service" in Chapter 3 for further details. Tax deductions and Canada Pension Plan contributions are required for these workers if they are engaged under a contract of service as employees, otherwise tax and Canada Pension Plan contributions are not required to be withheld at source.

The brochure, *Fishermen and Unemployment Insurance*, and the *Table of Weekly Unemployment Insurance Premiums* are available for persons designated as employers for insuring fishermen. Also available at your district office are two additional brochures about Unemployment Insurance coverage, *Information for Barbers and Hairdressers,* and *Information for Taxi and Passenger Vehicle Operators.*

Barbers, hairdressers, taxi drivers, and drivers of other passenger-carrying vehicles who are **not** employees, and who are **not** owners of vehicles, or owners, proprietors or operators of businesses, must have T4 Supplementaries prepared for them as noted below by the owner, proprietor or operator of the business.

Note

This reporting procedure also applies to individuals who are sponsors of projects under employment-creating programs conducted by the Government of Canada under any Act of Parliament.

Box 18 - UI premium - Enter the amount of the individual's premium for Unemployment Insurance.

Box 24 - UI insurable earnings - Enter the amount of the individual's insurable earnings on which the Unemployment Insurance premium was calculated.

Enter "nil" in all remaining boxes.

For those individuals noted above who are **not employees**, identify in a footnote, the occupation of the worker.

The standard T4 Supplementary instructions should be used for **employees** in the aforementioned occupations.

Placement agency employees (workers)

(1) Workers of a placement agency who are employed under a contract of service (even though they might be located at a client's premises) are regular employees, and tax deductions, CPP contributions and UI premiums must be withheld by the agency and reported on the T4 Supplementary in the usual manner.

(2) The employment of workers who are placed in employment and paid by a placement agency to perform services for one of the agency's clients, who exercises direction and control over the worker, is insurable and pensionable. The person paying the remuneration is required in these circumstances to deduct and remit Canada Pension Plan contributions and Unemployment Insurance premiums on behalf of these workers, and issue T4 Supplementaries in the usual manner. However, tax is not required to be withheld from the workers remuneration. The notation, "Placement agency - S.E." should be entered as a footnote on the T4.

(3) When a worker is placed with a client by a placement agency, and a contract of service does not exist between the worker and the agency, and the client who pays the worker does not exercise direction and control over the worker, source deductions for CPP, UI or tax are not required. In addition, the client is also not required to report the amounts paid to the worker.

Power saw employees

All employers engaged in forestry operations who file T4 Supplementaries on behalf of their employees should indicate as a footnote on the T4 Supplementary the notation "power saw employee" for each employee who is required by their contract of employment to supply a power saw at their own expense. The amount in Box 14, "Employment income before deductions" should not be reduced in any way by the cost or value of saws, parts, gasoline or any other materials supplied by the employee. Employers are not required to report separately the amount of rent paid to employees for the use of power saws. Rather, such rental payments should be included in Box 14.

Status Indian employees

The Canada Pension Plan Regulations have been amended to permit non-taxable salary and wages paid by employers located on reserves to be included when calculating a person's contributory income for Canada Pension Plan purposes.

Employers located on reserves, other than those in the province of Quebec, can provide coverage for their Status Indian employees by making an election with Revenue Canada, Taxation. This is done by completing Form CPT124, Application for Coverage of Employment of an Indian in Canada under the Canada Pension Plan Whose Income is Exempt Under the Income Tax Act, available at all district offices. Although this is voluntary, once the employer has chosen to do this, the election cannot be revoked, and as well, the employer must cover all employees.

(1) Employment by an employer located on a reserve

Reporting the employment income of a Status Indian employee paid by an employer located on a reserve depends on whether or not the employer elected to cover his or her employees under the Canada Pension Plan by filing Form CPT124, as explained above.

(a) No election made by employer to provide coverage under the Canada Pension Plan

The employment income of a Status Indian employee paid by an employer located on a reserve is non-taxable and non-pensionable, regardless of where the services are performed. However, such income is subject to Unemployment Insurance premiums. For T4 reporting purposes, complete Box 18,"UI premium" and Box 24, "UI insurable earnings." "Nil" should be entered in Boxes 14, 16 and 22. Indicate with a footnote, "Non-taxable earnings - Status Indian employee."

(b) Employer has elected to provide coverage under the Canada Pension Plan

There may be situations when an employer who is located on a reserve elected, under amendments to the Canada Pension Plan Regulations, to cover all Status Indian employees under the Canada Pension Plan. The T4s in this case must be prepared and identified in the following manner: Enter in Box 14 the total income before any deductions. Enter in Box 16 the amount deducted from the employee's earnings for Canada Pension Plan contributions. Enter in Box 18 the Unemployment Insurance premium deducted. Enter in Box 24, the insurable earnings. Also indicate as a footnote, "Non-taxable earnings - Status Indian employee, election under 29.1(1) - C.P.P.R."

(2) The employment income of a Status Indian employee paid by an employer located off a reserve for services performed off a reserve is taxable, pensionable and insurable. All T4 reporting boxes should be completed in the normal manner, and no footnotes are required.

(3) The employment income of a Status Indian employee paid by an employer located off a reserve for services performed on a reserve is taxable, pensionable and insurable. However, as the tax payable in this instance is "forgiven" under the Indian Remission Order, no deductions for tax at source are required for these employees. Such income remains subject to Canada Pension Plan contributions and Unemployment Insurance premiums. For T4 reporting purposes, complete Box 14, "Employment income before deductions," Box 16, "Employee's pension contribution Canada Plan," Box 18, "UI premium," and Box 24, "UI insurable earnings." Enter a footnote indicating "$ ________ is subject to the Indian Remission Order."

When part of the income is taxable (2) and part of it is not, (1) and/or (3), the T4 should be prepared with the applicable combination of footnotes as follows:

Non-taxable earnings - Status Indian Employee (1) $________

Taxable earnings (2) $________

Earnings subject to Indian Remission Order (3) $________

The Indian Remission Order now applies to lump-sum payments and retiring allowances arising from tax exempt income and to training allowances. As instructed above, enter a footnote stating $________ is subject to the Indian Remission Order.

Note

A status Indian is defined in the Indian Act as "A person who pursuant to the Indian Act is registered as an Indian or is entitled to be registered as an Indian."

Indian Remission Order - Amendment
Remission is granted to a taxpayer who is a Status Indian for income tax payable on pension income.

The order now applies to periodic payments received by a Status Indian on account of, in lieu of payment of, or in satisfaction of a superannuation or pension benefit under a registered pension fund or plan to the extent that the payments arise from contributions made by the Indian or the Indian's employer to a pension plan for tax-exempt employment of an Indian working on a reserve.

The information to support the details as shown on any of the above-referenced T4 Supplementaries must be available for review by officers of Revenue Canada, Taxation.

CHAPTER 9
DEDUCTING AND REPORTING ON SPECIAL EMPLOYMENT

Employment at special work sites and remote locations

If you pay an employee a reasonable allowance to cover travelling expenses to, or board and lodging at, a "special work site" or "remote location," you do not have to report the amount as taxable income on the employee's T4 Supplementary providing certain conditions are satisfied. If these conditions are not satisfied, this allowance may in fact be a taxable benefit to be reported on a T4.

Note

If the special work site is also a "prescribed area," identify the amount of the allowance in the footnote area of the T4. Please see the *Employers Guide to Housing and Travel Benefits in Prescribed Areas*, which is available at your district office.

The allowances paid to employees working at a **special work site** are exempt from withholding providing the employee is working away from home under all the following circumstances:

- Duties at the work site must be of a temporary nature, and the work site where the employee works must be at such a distance from the employee's principal place of residence that the employee could not be expected to return daily to his or her principal place of residence.
- During the period of employment, the employee must maintain and live in a self-contained domestic establishment. This residence must remain available for occupancy by the employee and not be rented to any other person.
- The board, lodging and transportation allowances must have been received for a period of absence of not less than 36 hours from the ordinary place of residence.

If the employee meets all the above requirements, both you and your employee should complete Form TD4, Declaration of Exemption - Employment at Special Work Site, so that the benefit or allowance may be excluded from income. As long as Form TD4 is completed, the amounts should not be reported on the employee's T4 Supplementary slip.

TD4 forms and Interpretation Bulletins IT-91R3 and IT-254R2 are available from any district office. After you complete Form TD4 with the employee, you must keep it with your payroll records.

If Form TD4 is not completed, or if all the conditions described are not met, you are required to treat the amounts as income of the employee, make the necessary deductions at source, and report the amounts on the employee's T4 Supplementary. This treatment also applies to that part of an allowance for board, lodging and transportation that is over a reasonable amount.

Allowances paid to employees working at remote locations may also be exempt from withholding. These allowances are of two types, and to qualify for an exemption, the following conditions must be met:

(a) For board and lodging allowances to be exempt, the location must be one which, by virtue of its remoteness from any established community, the employee could not reasonably be expected to establish and maintain a self-contained domestic establishment. The allowances must be for a period when the employee's duties required the employee to be away from his or her principal place of residence, or the employee was required to be at the remote location for a period of not less than 36 hours.

(b) For transportation allowances to be exempt, the allowance must have been paid for transportation between the remote location described in (a) above and any location in Canada. In the event that the remote work location is situated outside Canada, the allowance for transportation between the remote location and another location anywhere in Canada, or in the country of employment, also qualifies for exemption. To qualify, the transportation allowances paid to an employee must be for a period

- during which the employee was required to be away from his or her principal place of residence, or
- during which the employee was required to be at the remote location, and
- for not less than 36 hours.

When you pay or provide transportation or board and lodging under the above conditions, it is not necessary to report the equivalent value as remuneration to the employee on the T4 Supplementary return. In addition, Form TD4 is not required for an exemption granted for allowances you pay to employees working at a remote location. For assistance in determining whether a location qualifies as remote, please contact your district office.

Employment outside or partly outside Canada

Deducting CPP

Employment outside Canada by a Canadian employer is pensionable. Contributions are required if the employee ordinarily reports for work to the employer's establishment in Canada or if the employee is a Canadian resident and is paid from the employer's establishment in Canada. If these factors are not present, the employment outside Canada is not pensionable. Remuneration from that employment is not subject to contributions for Canada Pension Plan purposes. Under certain conditions, and at the option of the employer, coverage may be extended to provide for contributions related to employment outside Canada that is otherwise not pensionable employment.

Application Form CPT8, Application and Undertaking for Coverage of Employment in a Country Other Than Canada Under the Canada Pension Plan, is available from a CPP/UI rulings officer at your district office. Special rules apply to employment on ships, trains, trucks and aircraft. This information may also be obtained at your district office from a CPP/UI rulings officer.

Deducting UI

Employment outside Canada or partly outside Canada under a contract of service will be insurable employment if

- the employer is living in Canada, or has a place of business in Canada;
- the insured person normally lives in Canada;
- the employment is not insurable in the country where employed; and
- the employment is not excepted.

For information concerning employment outside Canada or partly outside Canada on ships, contact your district office.

Deducting tax

If you employ an employee who works outside Canada for over six consecutive months, beginning before the end of the year, in connection with a contract you entered into in the course of carrying on business relating to

- the exploration for, or exploitation of, petroleum, natural gas, minerals or other similar resources;
- a construction, installation, agricultural or engineering activity; or
- a prescribed activity (none so far prescribed);

there may be deducted from the tax otherwise payable (the tax otherwise payable means the amount of tax to be deducted by using the tables, "Income Tax Deductions at Source for In Canada Beyond the Limits of any Province or Outside Canada") an amount equal to that proportion of tax otherwise payable that the lesser of

(i) an amount equal to that proportion of $80,000 that the number of days in the taxation year is of 365 that the employee performed the duties applicable to the deduction and

(ii) 80 per cent of the amount of remuneration from that employment paid for duties performed on the days referred to in (i) above

is of the total income for the year.

Example

Assume that a worker who is single and has no dependants was employed for 365 days with respect to item (i), and the related total remuneration for the same period of employment is $48,000 (giving rise to a taxable income of $46,500); the tax credit applicable against the tax otherwise payable (TOP = $12,986.04) is determined as follows:

(i) $\$80{,}000 \times 365/365 = \$80{,}000$

(ii) $80\% \times \$48{,}000 = \$38{,}400$

$$\text{Tax Credit} = \text{TOP} \times \frac{\underline{\text{Lesser of (i) or (ii) above}}}{\text{Total Remuneration}}$$

$$\text{TC} = \$12{,}986.04 \times \frac{\$38{,}400}{\$48{,}000}$$

$$\text{TC} = \underline{\underline{\$10{,}388.83}}$$

The tax credit applicable against the tax otherwise payable is $10,388.83.

A request for a reduced amount of tax to be deducted at source must be made by the employee through the district office. As the employer, you will be informed by letter of the reduction of tax, and you should keep the letter for inspection by officers of Revenue Canada, Taxation.

Reporting

For reporting purposes, you should report the total amount of remuneration paid and attributable to any employment outside Canada on a T4 Supplementary in Box 14, even though the employee may have obtained relief from income tax deductions at source through the district office. As a footnote on the T4 Supplementary, you must note the portion of the remuneration qualifying under Section

122.3 that has been included in Box 14 as well as the number of days in the year the employee was absent from Canada in the following format:
"S.122.3 income: $
No. of days outside Canada: _______________."

Interpretation Bulletin IT-497R contains more information on this subject.

Employment of a spouse

Remuneration paid to a spouse is subject to the following set of rules:

- Remuneration received as an employee of a spouse who is a sole proprietor should be included in the employee's income and be subject to withholding of tax deductions as appropriate.
- Remuneration received as an employee of a partnership in which the employee's spouse is a partner is subject to withholding of tax deductions on the full amount received without taking into consideration the proportion of the remuneration from the partnership that relates to the spouse's share of the partnership.

Employment by a trustee

A trustee making any payment is responsible for withholding and remitting income tax. The provision will apply if the trustee is administering, managing, distributing, winding up, controlling or otherwise dealing with the property, business, estate or income of another person, and the trustee authorizes or otherwise causes a payment to be made on behalf of that other person performing a function similar to that performed by a trustee.

"Trustee" also includes a liquidator, receiver, receiver-manager, trustee in bankruptcy, assignee, executor, administrator, sequestrator or any other person performing a function similar to that performed by a trustee.

The trustee that is considered to be a person making any payment is jointly and severally liable for tax to be withheld and remitted on account of such a payment.

For further information, contact the Source Deductions section of your district office.

CHAPTER 10
BENEFITS

TAXABLE BENEFITS

This section provides further details on the amounts of taxable benefits to be reported in Boxes 14 and 40 of the T4 Supplementary. Exceptions to this are

- the personal use of employer's automobile benefit, reported in Boxes 14 and 34;
- the interest-free and low-interest loans benefit, reported in Boxes 14 and 36;
- the housing, board and lodging benefit, reported in Boxes 14 and 30;
- the travel in a prescribed area benefit, reported in Boxes 14 and 32; and
- the stock option, reported in Boxes 14 and 38.

Automobile allowances

If you pay an employee more than a reasonable allowance for the use of an employee-owned automobile, then this allowance must be included in the employee's income and reported on the employee's T4 Supplementary. An allowance for the use of a motor vehicle is considered reasonable only if it is directly related to the number of business kilometres driven in a year, the rate per kilometre is reasonable, and the employee has not been reimbursed for expenses related to the same use. More information and details on calculating and reporting this benefit are provided in the *Employers Guide to Automobile Benefits*, which you may obtain from any district office.

Benefit from an employer-provided automobile

If a taxpayer who is your officer or employee uses an automobile supplied by you or by a person related to you for purposes other than for your business, the employee receives a taxable benefit which you must include in income. Similarly, a benefit must be included in your officer's or employee's income if you make an automobile available to a relative of your officer or employee.

Note
To facilitate deductions at source, the yearly value of the automobile benefit may be estimated on the basis of the formula and examples provided below. The estimated benefit can then be prorated to your pay period, and the resulting amount added to salary, wages and the value of other benefits to arrive at the total remuneration per pay period subject to tax deductions. At year end, or when the employee is no longer employed by you, you must recalculate the automobile benefit on the basis of actual operating costs and kilometres driven for the taxation year, and that amount should be reported on the individual's T4 Supplementary for the taxation year.

For more information, see Interpretation Bulletin IT-63R3.

The benefit from an employer-provided automobile is to be calculated in two parts:

(1) The **prorata portion of the operating costs** that apply to the personal use of the automobile. The legislation also provides an optional calculation when

- the automobile is used "primarily", more than 50 per cent in the performance of the duties of the taxpayer's office or employment; and
- the employee has notified you in writing before the end of the year that the amount of the benefit from the operating costs may be calculated as one half of the standby charge determined in (2) below.

(2) A standby charge as calculated by the following formula:

$$\frac{A}{B} \times [2\% \times (C \times D) + 2/3 \times (E - F)]$$

When the factors A, B, C, D, E & F are as follows:

A = the lesser of

(a) total number of kilometres of personal use by the employee during the time the automobile was available,* or

(b) the value of factor B as explained below.

* This amount is considered to be the same as amount (b) unless you require the employee to use the automobile in the course of an office or employment, and all or substantially all (at least 90 per cent measured by distance travelled) of the use of that automobile during the time it was available was in the course of an office or employment. This effectively restricts the availability of the reduction in the standby charge to those situations when the automobile is used all or substantially all of the time in the course of an office or employment.

$$\mathbf{B} = 1000 \times \frac{\text{Total days the automobile was available}}{30}$$

When dividing the total days available by 30, the result should be rounded off to the nearest whole number.

Example

Available 130 days ÷ 30 = 4.33 (rounded to 4)
Available 135 days ÷ 30 = 4.5 (rounded to 4)
Available 140 days ÷ 30 = 4.67 (rounded to 5)

If the total days available is less than 30, the number of days should be divided by 30.

Example

Available 28 days
Amount used in calculation = 28/30

C = the cost of the automobile to you if you owned it at any time during the year.

D = the number of days during which the automobile was available to the employee, and you owned the automobile, divided by 30.

Example

You leased an automobile for 245 days of the year and then purchased (owned) the automobile. The auto was available to the employee during the entire year.

$$D = \frac{\text{120 days owned}}{30} = 4$$

E = the total amounts paid by you to lease the automobile during those days that the automobile was available to the employee.

F = the amount included in amount E above that is for insurance, loss, or damage to or liability resulting from the use of the automobile.

Automobile sales persons and leasing agents

The legislation provides for a reduced standby charge for taxpayers employed in selling or leasing automobiles if

- the taxpayer was principally employed in selling or leasing automobiles; and
- an automobile owned by you was made available to the taxpayer or a person related to the taxpayer; and
- you have acquired at least one automobile during the year;

the standby charge, at your option, should be calculated by using the rate of 1 1/2 per cent instead of 2 per cent, and the cost of the automobile to you is calculated as the greater of

(i) the average cost of all new automobiles acquired by you for sale or lease in the year, or

(ii) the average cost of all automobiles acquired by you for sale or lease in the year.

Partnerships

When a partnership makes an automobile available for the personal use of a partner or a person related to the partner, or an employee of a partner or a person related to this person, a standby charge, as calculated in 2 above, is included in the income of the partner or employee, as the case may be.

Basic assumptions

The assumptions shown below provide the basic data for all the examples. Data specific to each example will be provided with that example. **Please note that although these examples assume the employee will not be reimbursing you for the personal use of the automobile, if such a reimbursement is made by the employee, it would be deducted from the total benefit calculated.**

Capital cost of automobile .... (Except for capital cost of automobiles related to automobile sales persons and leasing agents)	$10,000
Total operating costs	$ 3,000
Monthly leasing cost	$ 375
Monthly insurance included in lease ...	$ 75
Days available to employee or shareholder	365
Total kilometres driven during period ..	24,000

Example 1

Employer-owned automobile used less than 90 per cent in the course of an office or employment.

Additional facts:
The employee is required to use the automobile in the course of his or her office or employment. The employee used the automobile for 3,000 personal kilometres, therefore, the automobile was used in the course of an office or employment less than 90 per cent of the total distance travelled (21,000 ÷ 24,000 = 87%).

Applying the formula

$$\frac{A}{B}\,[2\% \times (C \times D) + 2/3 \times (E - F)]$$

A = B (because the automobile is used for business less than 90% of the total distance travelled)

B $= 1{,}000 \times \frac{365}{30} = 12{,}000$

C = $10,000

D $= \frac{365}{30} = 12$ (rounded to the nearest whole number)

E and F are equal to 0

Therefore, the standby charge is equal to

$\frac{12{,}000}{12{,}000} \times [2\% \times (\$10{,}000 \times 12)] \quad = \$2{,}400$

Operating cost benefit $= \frac{3{,}000}{24{,}000} \times \$3{,}000 \quad = \underline{375}$

Total benefit = $2,775

The optional method of calculating operating costs is not beneficial to the taxpayer in this case.

Example 2

Employer-owned automobile used more than 90 per cent in the course of an office or employment.

Additional facts:
The employee is required to use the automobile in the course of his or her office or employment. The employee used the automobile for only 2,000 personal kilometres, therefore, the automobile was used all or substantially all (i.e., at least 90 per cent, measured by distance travelled) in the course of an office or employment (22,000 ÷ 24,000 = 92%).

A = lesser of (a) 2,000 personal kilometres
(b) $1{,}000 \times \frac{365}{30} = 12{,}000$

B = 12,000

C = $10,000

D $= \frac{365}{30} = 12$

E and F are equal to 0

Standby charge $= \frac{A}{B}\,[2\% \times (C \times D) + 2/3 \times (E - F)]$

$= \frac{2{,}000}{12{,}000} \times 2\% \times (\$10{,}000 \times 12) \quad = \$400$

Operating cost benefit $= \frac{2{,}000}{24{,}000} \times \$3{,}000 \quad = \underline{250}$

Total Benefit = $650

Calculating the total benefit using the optional calculation of operating cost benefit.

Standby charge	$400
1/2 of standby charge	200
Total benefit	$600

Note that because the automobile was used primarily (i.e., more than 50 per cent) in the course of an office or employment, the taxpayer may use the optional calculation.

Example 3

Employer-leased automobile used less than 90 per cent in the course of an office or employment.

Additional facts:
You leased the automobile that the employee is required to use in the course of his or her office or employment. Personal kilometres driven by the employee were 3,000, therefore, the automobile was used less than 90 per cent in the course of an office or employment (21,000 ÷ 24,000 = 87%).

Standby charge $= \frac{A}{B}\,[2\% \times (C \times D) + 2/3 \times (E - F)]$

A = B (because the automobile is used less than 90% in the course of an office or employment)

B $= 1{,}000 \times \frac{365}{30} = 12{,}000$

C and D are equal to 0

E = $4,500 ($375 × 12)

F = $ 900 ($75 × 12)

Standby charge $= \frac{12{,}000}{12{,}000}\,[2\% \times (C \times D) + 2/3 \times (E - F)]$

$= 2/3\ (\$4{,}500 - \$900) \quad = \$2{,}400$

Operating cost benefit $= \frac{3{,}000}{24{,}000} \times \$3{,}000 \quad = \underline{375}$

Total benefit = $2,775

The optional method of calculating operating costs is not beneficial to the taxpayer in this case.

Example 4

Employer-leased automobile used more than 90 per cent in the course of an office or employment.

Additional facts:
You leased the automobile that the employee is required to use in the course of his or her office or employment. Personal kilometres driven by the employee were 2,000, therefore, the automobile was used more than 90 per cent in the course of an office or employment (22,000 ÷ 24,000 = 92%).

$$\text{Standby charge} = \frac{A}{B} [2\% \times (C \times D) + 2/3 \times (E - F)]$$

A = lesser of
  (i) personal kilometres driven 2,000
  (ii) value of B 12,000

$$B = 1{,}000 \times \frac{365}{30} = 12{,}000$$

C and D are equal to 0

$$E = \$375 \times 12 = \$4{,}500$$

$$F = \$\ 75 \times 12 = \$\ 900$$

$$\begin{aligned}\text{Standby charge} &= \frac{2{,}000}{12{,}000} [2\% \times (C \times D) + 2/3\ (E - F)] \\ &= \frac{2{,}000}{12{,}000} [2/3\ (\$4{,}500 - \$900)] \\ &= .1667\ [2/3 - \$3{,}600] \\ &= .1667\ [\$2{,}400] \\ &= \$400\end{aligned}$$

$$\text{Operating cost benefit} = \frac{2{,}000}{24{,}000} \times \$3{,}000 = \$250$$

Standby charge	$400
Operating cost benefit	250
Total benefit	$650

Calculate the total benefit using the optional method of calculating operating costs.

Standby charge	$400
Operating cost benefit (50% × $400)	200
Total benefit	$600

Note that because the automobile was used primarily (i.e., more than 50 per cent) in the course of an office or employment, the taxpayer may use the optional calculation

Example 5

Automobile sales people and leasing agents – used less than 90 per cent in the course of an office or employment, and you have acquired new automobiles in the year.

Additional facts:
The employee is principally engaged in selling or leasing automobiles, and is required to use the automobile in the course of his or her employment. Personal kilometres travelled were 3,000. Therefore, the automobile was used less than 90 per cent in the course of an office or employment (21,000 ÷ 24,000 = 87%).

Automobile purchase data –

	Total Cost	Average Cost
2 new automobiles acquired during the year	$ 30,000	$15,000
148 used automobiles acquired during the year	1,480,000	10,000
150 automobiles acquired	$1,510,000	$10,067

Standby charge (using optional reduced rate of 1.5%)

$$\frac{A}{B} [1.5\% \times (C \times D) + 2/3 \times (E - F)]$$

A = B (because the employment use is less than 90%)

$$B = 1{,}000 \times \frac{365}{30} = 12{,}000$$

C = greater of
  (i) average cost of new automobiles $15,000
  (ii) average cost of all automobiles $10,067

$$D = \frac{365}{30} = 12$$

E and F are equal to 0

Standby charge:

$$\begin{aligned}&= \frac{12{,}000}{12{,}000} [1.5\% \times (C \times D) + 2/3 \times (E - F)] \\ &= 1.5\% \times (\$15{,}000 \times 12) & = \$2{,}700\end{aligned}$$

$$\text{Operating cost benefit} = \frac{3{,}000}{24{,}000} \times \$3{,}000 \qquad = \quad 375$$

$$\text{Total benefit} \qquad = \$3{,}075$$

The optional method of calculating operating costs is not beneficial because operating costs are less than 50 per cent of the standby charge.

Example 6

Employer-owned automobile, sales person or leasing agent – used more than 90 per cent use in the course of an office or employment, no new automobiles acquired during the year.

Additional facts:
The employee is principally engaged in selling or leasing automobiles and is required to use the automobile in the course of his or her employment. The employee has driven the automobile only 2,000 personal kilometres, therefore, the automobile has been driven over 90 per cent in the course of an office or employment (22,000 ÷ 24,000 = 92%). The cost data provided in Example 5 applies here except that the automobile dealer is only engaged in selling used automobiles (i.e., has not acquired any new automobiles).

Standby charge:

$$= \frac{A}{B} [1.5\% \times (C \times D) + 2/3 \times (E - F)]$$

A = lesser of
  (i) personal kilometres driven 2,000
  (ii) the value of B 12,000

$$B = 1{,}000 \times \frac{365}{30} = 12{,}000$$

C = greater of
  (i) average cost of all new automobiles acquired for sale or lease during the year 0
  (ii) average cost of all automobiles acquired for sale or lease during the year $10,000

$$D = \frac{365}{30} = 12$$

E and F are equal to 0

Standby charge:

$$= \frac{2,000}{12,000} [1.5\% \times (\$10,000 \times 12) + 2/3 \times (E - F)]$$

$$= .1667 \times [1.5\% \times \$120,000]$$

$$= .1667 \times \$1,800 \qquad = \$300$$

$$\text{Operating cost benefit} = \frac{2,000}{24,000} \times \$3,000 \qquad = \underline{\ 250}$$

$$\text{Total benefit} \qquad = \underline{\underline{\$550}}$$

Total benefit calculation using the optional operating cost benefit.

Standby charge	$300
Operating cost (50% × $300)	150
Total benefit	$450

Note that because the automobile was used primarily (i.e., more than 50 per cent) in the course of an office or employment, the taxpayer may use the optional calculation.

Educational allowances

Amounts you pay to an employee as an educational allowance must be included in the employee's income for the taxation year. However, when an employee is required to live in a specific location where educational instruction is not available in the employee's official language, allowances for a child's education are not taxable as long as certain other conditions are met. If you have any questions, please contact the Source Deductions section of your district office.

Employee counselling services

The fees that you pay to provide services such as financial counselling or income tax preparation for an employee, whether directly or indirectly, are normally considered to produce a taxable benefit to the employee who receives the benefit. However, retroactive to January 1, 1988, certain employee counselling services are exempt as described below:

Any benefit derived by an employee from counselling services in respect of

- the mental or physical health of the employee or a person related to the employee, but not including any amount for the use of recreational facilities and club dues referred to in paragraph 18(1)(l) of the Income Tax Act or any other amount paid for services provided at a facility described in that paragraph;
- the re-employment of the employee; or
- the retirement of the employee.

The exemption applies to such services as tobacco, drug, and alcohol counselling, stress management counselling, job placement and retirement counselling.

Gifts

A gift, either in cash or in kind that you give to an employee is a benefit derived from employment. The employee is not required to report the gift as income if the value of a gift commemorating a wedding, Christmas, or similar occasion is not more than $100, and you do not claim the cost of the gift as an expense when calculating taxable income. This policy usually only applies to one gift per employee in a year. However, in the year an employee marries, two gifts are allowed provided one of them commemorates the wedding.

Group term life insurance over $25,000 – Employer paid premiums

The portion of the premium that provides for coverage over $25,000 under a group term life insurance policy that you pay for any officer or employee is a taxable benefit. This benefit is reduced by the amount the officer or employee reimburses you. For additional information, please refer to Interpretation Bulletin IT-227R.

Holiday trips, other prizes and incentive awards

A holiday trip or a vacation with expenses paid or other award that you give to an employee is a taxable benefit from employment. The value of the benefit is the fair market value of the trip or vacation.

If you give an employee a prize, or a sales, business or work incentive award, the amount the employee receives, whether in cash or in kind, is income from employment.

Any award or prize received as a benefit from employment or in connection with a business is not eligible for the $500 exemption applicable to some scholarships, fellowships and bursaries.

If prizes, cash awards or awards in kind are made available directly by a manufacturer **to a dealer,** the manufacturer is not required to report these on an information slip. When the dealer then passes this cash award or prize, whether in cash or kind, to an employee, it is the dealer's responsibility to report the cash payment or the value of the benefit in Boxes 14 and 40 on the employee's T4 Supplementary. However, if the manufacturer pays a cash award or a prize directly to the employee of a dealer or other sales organization, the value of the award or prize is a benefit which must be reported by the manufacturer in Box 28, "Other income" on a T4A Supplementary.

Additional information is contained in Interpretation Bulletin IT-470R.

Housing, board and lodging

If you provide a house, apartment or similar accommodation to an employee rent free or for a lower rent than the employee would have to pay on the open market for such accommodation, the employee receives a taxable benefit. As the employer, it is your responsibility to reasonably estimate the amount of such a benefit, which would normally be considered to be the fair market value for equivalent accommodation had the employee rented from a third party, less any rent paid by the employee. Report the taxable benefit on the employee's T4 Supplementary in Box 14 and Box 30 entitled "Housing, board and lodging."

If you provide a rent-free or low-rent residence or other accommodation to a **member of the clergy** who is in charge of or ministers to a diocese, parish or congregation, or who is engaged in full time administrative service by appointment of a religious order or denomination, you must estimate the value of such a benefit and report it on a T4 Supplementary as described above. If the **member of the clergy** advises you in writing that he or she intends to claim a deduction from income for the residence or other accommodation, you do not have to include the value of this benefit in the employee's income for purposes of source deductions.

If you provide **free** board (meals) and lodging to an employee, the employee receives a taxable benefit. The benefit is to be valued at its fair market value, included in the employee's income, and reported on the employee's T4 Supplementary in Box 14 and Box 30 entitled "Housing, board and lodging."

If you provide **subsidized** board (meals) and lodging to an employee, the value of the benefit for "board" is determined on the basis described in the section in this Chapter entitled "Subsidized meals." The "lodging" benefit is valued at the fair market value of the accommodation minus any amount paid by the employee. The benefits are reported as described above.

An exception to the above rules is made for board and lodging received by an employee whose duties are performed at a remote work location, or in some circumstances, at a special work site. This exception is discussed in Chapter 9, "Special employment."

Interest-free and low-interest loans

Benefits enjoyed as a result of interest free or low interest loans received by virtue of employment or shareholdings must be included in income. The benefit is calculated as the amount by which interest paid by the borrower on the loan in the year (or within 30 days thereafter) is less than the amount of interest that would be payable for the year at the interest rates prescribed (see prescribed rates of interest below). Certain loans are excepted while special rules apply to home relocation and home purchase loans.

Enter the amount in Boxes 14 or 36 or on a T4A Supplementary, Box 28, "Other income" as calculated below.

Loans received by virtue of employment
A taxable benefit to an employee can result when a loan is received because of his or her employment or intended employment. For this purpose, the loan may be received by any party, including the employee and the employee's spouse. Also, a loan includes any other indebtedness, for example, the unpaid purchase price of goods or services.

The employee is considered to have received a benefit in the taxation year equal to the amount by which

(1) interest on each loan and debt computed at the prescribed rate for the period in the year during which it was outstanding;

and

(2) interest on such a loan or debt that was paid or payable for the year by you the employer (for this purpose, employer means a person or partnership that employed or intended to employ the individual, and also includes a person related to the person or partnership);

exceeds

(3) the interest for the year paid by the employee, you as the employer or any other party on each such loan and debt not later than 30 days after the end of the year;

and

(4) any part of the amount in (2) that is reimbursed not later than 30 days after the end of the year by the employee to you the employer referred to in (2).

Note

Refer to the current version of Interpretation Bulletin IT-421R for similar taxable benefits resulting from loans received by virtue of services performed by a corporation carrying on a personal services business.

Example

The following example illustrates how to calculate the above benefit in 1990 for an employee who has borrowed $150,000 from you. The prescribed rate is 11 per cent for the first quarter in the year, 12 per cent for the second quarter, and 13 per cent for the last two quarters. Assume that within the year or 30 days thereafter, the employee paid $8,000 interest on the loan, and that a company related to you paid $3,000 interest on the loan on behalf of the employee in that period. Also, within the year, the employee reimbursed the company that paid the $3,000.

(1) Prescribed rate X loan amount for the period in the year		
• 11% × $150,000 × 1/4 = 4,125		
• 12% × $150,000 × 1/4 = 4,500		
• 13% × $150,000 × 2/4 = 9,750		$18,375
Plus		
(2) Amount paid by third party		3,000
		$21,375
Less		
(3) Amount of interest paid ($8,000 + $3,000)	$11,000	

(4) Amount repaid by employee	3,000	$14,000
Benefit to employee		$ 7,375

Loans received by virtue of shareholdings
The provisions dealing with taxable benefits from loans received by virtue of shareholdings apply in the following circumstances:

(1) The loan must be received by a person or a partnership (except when the person is a corporation resident in Canada, or the partnership is one in which each partner is a corporation resident in Canada.)

(2) The person or partnership described above must be

- a shareholder of a corporation;
- connected with a shareholder of a corporation; or
- a member of a partnership, or a beneficiary of a trust that was a shareholder of a corporation.

and

(3) By virtue of these shareholdings, the person or partnership received a loan from or otherwise incurred a debt to that corporation, or to a related corporation, or to a partnership of which that corporation or any related corporation was a member.

If these conditions are met, the person or partnership (e.g., shareholder) is considered to have received a benefit in the taxation year equal to the amount, if any, by which

- interest on each loan and debt computed at the prescribed rate for the period in the year during which it was outstanding

exceeds

- the interest for the year paid by any party (e.g., the person or partnership) on each such loan and debt in the year or within 30 days thereafter.

Note
A person includes an individual, a corporation and a trust.

Exceptions
There will be no benefit for loans received by virtue of employment and/or shareholdings as outlined above if the rate of interest on the loan or debt is at least equal to the normal "arm's-length rate" prevailing at the time the loan or debt arose. This rate is the rate that would apply on a commercial loan which did not arise by virtue of any office, employment or shareholding and which was made between parties dealing at arm's length. This exception to the benefit rules for loans received by virtue of office or employment and loans received by virtue of shareholdings does not apply if any portion of the interest arising on a loan or debt described above is paid by a party other than the borrower.

The benefits under the above also do not apply to any part of a loan or debt that was already included in income.

Home purchase or relocation loan
A home relocation loan is a loan received by an employee or the employee's spouse when

- the employee has moved to start work at a new location in Canada,
- the loan is used to purchase a new residence which is at least 40 kilometres closer to the new work location than the employee's old residence,
- the loan is received by virtue of the employment of the employee, and
- the loan is designated to be a home relocation loan.

When an employee has included a benefit under loans received by virtue of employment for a home relocation loan in income, the employee may deduct the least of

(i) the difference between the interest for the year computed at the prescribed rate for the period during which it was outstanding and the interest paid on the loan in the year or within 30 days thereafter,

(ii) the interest for the year that would be computed under (i) on a $25,000 interest-free loan, and

(iii) the benefit under loans received by virtue of employment considered to have been received by the individual in the year.

Note
The deduction for the home relocation loan is only available for five years, and not for the life of the loan.

A home purchase loan includes a loan received in the circumstances described in "loans received by virtue of employment" above when any portion of the loan or debt was used to acquire (or was used to repay a loan or debt that was used to acquire) a dwelling to house the employee (or a person related to that employee) by virtue of whose office or employment the loan was made.

For a home purchase loan or a home relocation loan, the amount of interest calculated in "loans received by virtue of employment" should not exceed the interest that would have been determined using the prescribed rate in effect at the time the loan was made or the debt incurred.

When a home purchase loan or a home relocation loan has a term of repayment which is more than five years, the balance outstanding at the end of five years from the day the loan was made is considered to be a new home purchase loan received by the individual on that date, and the benefit is determined based on the prescribed rate in effect at that time.

How to report benefits
The benefits should be reported as follows:

(i) For a loan received or a debt incurred by virtue of employment, as described in "loans received by virtue of employment," the benefit should be reported in Box 36 and included in Box 14 on the employee's T4

Supplementary form. The amount eligible for the deduction described in "Home purchase or relocation loan" should be identified and entered in the space marked "footnotes" as in the following example: "Box 36, Home loan $ ________ ".

(ii) For a loan received or a debt incurred as described in "Loans received by virtue of shareholdings" by a person or partnership that was a shareholder, or was related to the shareholder, the benefit should be reported in Box 28, "Other income" on the borrower's T4A Supplementary form. A notation should be made in the space marked "footnotes" on the T4A Supplementary as in the following example:

Box 28 includes $ ________ benefit under Subsection 80.4(2).

Deductibility of deemed interest benefit

The benefit, computed in "Loans received by virtue of employment and shareholdings" which was included in computing the income of a taxpayer is considered to be interest payable for the year by the borrower. If the borrower (e.g., employee) has used the funds to earn income from business or property, the borrower may be entitled to deduct such deemed interest when computing income. Nevertheless, the full benefit must be included in the earnings reported on a T4 or T4A Supplementary.

Prescribed rates of interest

The prescribed rates are as follows:

Quarterly Rates

Quarter	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**
1st	10%	12%	9%	9%	9%	11%	13%
2nd	10%	10%	11%	8%	9%	12%	13%
3rd	11%	10%	10%	8%	9%	13%	14%
4th	13%	10%	9%	9%	10%	13%	

Medical expenses paid by an employer

If you pay or provide any amount to pay an employee's medical expenses in a taxation year as described in subparagraphs 118.2(2) of the Income Tax Act, these amounts are a taxable benefit to the employee. More information is available in Interpretation Bulletins IT-225R, IT-509 and IT-519.

Municipal officer's expense allowance over one third of salary and allowances

When expense allowances paid by a municipal corporation or board to an elected officer to perform the duties of that office exceed one third of the total of salary and allowances, the amount of the excess is regarded as a taxable benefit.

For information on non-taxable allowances, refer to "Municipal officer's expense allowance not over one third of salary and allowances" in the section on "Non-taxable benefits" in this Chapter. Additional information is available in Interpretation Bulletin IT-292.

Premiums under provincial hospitalization and medical care insurance plans and certain government of Canada plans

If an employee is required to pay premiums or contributions to a provincial authority that administers a hospital or medical care insurance plan or both, and you

- pay all or part of these amounts out of your own funds, or
- pay an amount to an employee for these premiums,

the amount paid is a taxable benefit to the employee. Similarly, any amounts paid as a contribution to a provincial health services insurance plan on behalf of a retired individual by a former employer should be included in the individual's income as a taxable benefit. This benefit should be reported in Box 28 on a T4A Supplementary. This supplementary should also contain a footnote identifying the amount as a "Medical premium benefit." For further information, see Interpretation Bulletin IT-247.

Amounts paid by the Government of Canada for premiums under a hospital or medical care insurance plan for employees and their dependants serving outside Canada is a taxable benefit. This also applies to dependants of members of the RCMP and Armed Forces serving outside Canada.

Registered retirement savings plans (RRSPs)

Contributions you make to an employee's RRSP other than an amount withheld from the employee's remuneration are a taxable benefit to the employee.

Stock options

When a corporation agrees to issue its shares to an employee, the employee is considered to receive a benefit in the taxation year in which the employee acquires shares under the agreement. The benefit is equal to the difference between the fair market value of the shares when the employee acquired them, and the amount paid or to be paid for them. This benefit is to be reported in Boxes 14 and 38 on the T4 Supplementary. In addition, a benefit may accrue to the employee if his or her rights under the agreement have become vested in another person, or otherwise transferred or disposed of.

The employee is entitled to a deduction under paragraph 110(1)(d) of the Income Tax Act if

- after February 15, 1984 a corporation agreed to sell or issue to the employee a share of its capital stock, or the capital stock of another corporation with which it does not deal at arm's length;
- the employee dealt at arm's length with the above corporations immediately after the agreement was made;

- the share was a prescribed share at the time of its issue or sale, as the case may be; and
- the price of the share is not less than its fair market value at the time the agreement was made.

The employee is entitled to a deduction from income of one third of the amount of such benefits arising as a result of shares acquired or rights for shares transferred or otherwise disposed of after 1987 and before 1990. In addition, the employee may deduct one quarter of such benefits arising as a result of shares acquired or rights for shares transferred or otherwise disposed of after 1989. The amount of the benefit for which an employee is entitled to a deduction under paragraph 110(1)(d) of the Income Tax Act is to be identified in the space marked "footnotes" as in the following example: Stock option 110(1)(d) $________.

However, if

- the corporation was a Canadian-controlled private corporation at the time the agreement was made,
- the employee acquired shares after May 22, 1985 and,
- the employee dealt at arm's length with the corporation immediately after that time,

the benefit is considered to be received by the employee in the year in which the employee disposed of the shares and not in the year in which the employee acquired them.

In this instance, the employee is entitled to a deduction under paragraph 110(1)(d.1) of the Income Tax Act if

- the shares are disposed of in the year,
- the employee has not disposed of the shares within two years of having acquired them, and
- the employee has not deducted an amount under paragraph 110(1)(d) for the benefit.

The employee is entitled to a deduction from income of one third of the amount of the benefit for shares disposed of or exchanged after 1987 and before 1990. In addition, the employee may deduct one quarter of the benefit for shares disposed of or exchanged after 1989.

Note

Arm's length means parties that are not related in any manner other than as employer and employee.

For further information on stock options and shares, refer to Interpretation Bulletin IT-113R3.

Subsidized meals

If you provide subsidized meals to employees such as those offered in employees' dining rooms and cafeterias, etc., these meals are not considered to be a taxable benefit as long as the employees pay a reasonable charge. A reasonable charge is defined as one that covers the cost of the food, its preparation and service. The value of the benefit is the cost of the meals less any payment made by the employee. Report the taxable benefit on the employee's T4 Supplementary in Box 14 and Box 30 entitled "Housing, board and lodging."

Travelling expenses

If a spouse accompanies an employee on a business trip, the amount you reimburse the employee for his or her spouse's travelling expenses is a taxable benefit to the employee, unless the spouse went at your request and was engaged primarily in business activities during the trip. Further information is contained in Interpretation Bulletin IT-131R2.

For information on travelling allowances or reimbursements to part-time employees, travelling allowances related to special and remote work sites, and employees living in a prescribed area, refer to "Non-taxable benefits" later in this Chapter.

Tuition fees, scholarships and bursaries

If you pay tuition fees on behalf of an employee, or reimburse an employee in whole or in part for tuition fees that the employee has paid, the amount paid is income of the employee for the year in which you made the payment. An exception to this rule is when the course for which the fees are paid is undertaken on your initiative and for your benefit rather than the employee's benefit. This will usually be the case if a course is taken during normal working hours, and you give the employee time off with pay for that purpose. On the other hand, if the course is taken on the employee's own time, the Department will consider that the course is primarily for the employee's benefit. Tuition fees paid by you on behalf of a person related to an employee of yours are also a benefit to the employee.

If a student is or was employed, and the student receives a scholarship or bursary from you on condition that the individual returns to your employment, the amount of the scholarship or bursary is income of the student.

If an educational institution provides tuition for one of its employees, or the employee's spouse or child, the fair market value of the benefit should be included in the employee's income.

For further information, see Interpretation Bulletins IT-75R2, IT-82R3 and IT-470R, and Information Circular 75-23.

Wage-loss replacement plans/premiums paid to income maintenance plan

If you pay the premium under a **non-group** plan on behalf of a employee that is

- a sickness or accident insurance plan,
- a disability insurance plan, or

- an income maintenance insurance plan,

the payment of the premium is regarded as a taxable benefit to the employee. Your payment is not viewed as a "contribution by the employer" as it would be under a group plan.

NON-TAXABLE BENEFITS (not reported on T4 or T4A Supplementaries if certain conditions are met)

Discounts on merchandise and commissions on sales

If it is your practice to sell merchandise to your employees at a discount, the benefits that an employee may derive from exercising such a privilege are not normally regarded as taxable benefits. However, this does not extend to an extraordinary arrangement with a particular employee or a select group of employees, or to an arrangement by which an employee is permitted to purchase merchandise (other than old or soiled merchandise) for less than your cost. Furthermore, this treatment does not extend to a reciprocal arrangement between two or more employers whereby employees of one employer can exercise this privilege with another employer. If you do sell merchandise at below cost, the value of the taxable benefit is the amount by which the fair market value of the goods exceeds the price paid. A commission received by a sales employee on merchandise acquired for the employee's personal use is not taxable. Similarly, when a life insurance salesperson acquires a life insurance policy, a commission received by that salesperson on that policy is not taxable provided the salesperson owns that policy and is obligated to make the required premium payments.

Employer's contribution under provincial and territorial hospitalization and medical care insurance plans

If you are required under a provincial or territorial hospital insurance plan, medical care insurance plan or both to pay amounts to the authority administering such a plan or plans (other than for contributions or premiums that an employee is required to make under the plan), the payment of such amounts is not a taxable benefit to employees. If an employee is required to pay premiums or make contributions under a plan, and you make these payments, then the amounts that you pay are considered to be taxable benefits.

Municipal officer's expense allowance not over one third of salary and allowances

Expense allowances paid by a municipal corporation or board to an elected officer for the performance of his or her duties, which do not exceed one third of the total of salary and allowances should not be included in reported income. Such amounts should be indicated in the space marked "footnotes" as follows:

"Municipal officer's allowance, not included in Box 40, $ ________ ."

Premiums under private health services plan

If you make a contribution to a private health services plan for an employee, there is no taxable benefit to the employee.

Benefits provided to an employee under a private health services plan are not subject to tax in the employee's hands. "Private health services plan" is defined in the Income Tax Act under Subsection 248(1).

For further information, refer to Interpretation Bulletin IT-339R2.

Recreational facilities

If you maintain and make available recreational facilities for the general use of your employees, free of charge or for a nominal fee, the value of any benefit derived by an employee from taking advantage of this privilege is not taxable. However, if you give the employee board or lodging, for instance at a summer hotel or hunting lodge maintained by you, the value of the board and lodging received by the employee must be included in the employee's income.

Similarly, if you pay the fees required for an employee to be a member of a social or athletic club where it is to your advantage for that employee to be a member of the club, the employee is not considered to have received a taxable benefit.

Removal expenses

If you pay or reimburse an employee for certain expenses to move that employee, his or her family and household effects, this amount is not considered to be a taxable benefit to the employee. This applies when an employee has been transferred from one business establishment of the employer to another, or when the employee has accepted employment at a place other than where the employee's former home was located.

In addition, if you pay certain expenses for moving an employee and household out of a remote place after the work there has been completed, no taxable benefit exists.

The following items are not considered taxable if they are paid or reimbursed by you:

- charges and fees for disconnecting a telephone, television aerial, water, space heaters, air conditioners, barbecues, automatic garage doors and water heaters;

- lease cancellation fees;
- mortgage discharge penalties;
- mortgage interest, property taxes, heat, hydro, insurance and grounds maintenance costs to maintain the former residence after the move when all reasonable efforts to sell it have been unsuccessful;
- connection and installation charges for utilities, appliances and fixtures which existed at the old residence;
- automobile licence, inspection and drivers' permit fees, if such items were owned at the former location;
- legal fees and land transfer tax for the purchase of a new residence;
- adjustments and alterations to existing furniture and fixtures to accommodate them in the new residence, including plumbing and electrical changes in the new residence for this purpose;
- the cost of revisions to a Will necessitated by the move;
- reasonable interim living expenses while waiting to occupy the new permanent accommodation;
- long distance phone charges related to the disposal of the old residence;
- moving costs of personal items such as an automobile, boat or trailer;
- loss on the sale of the old residence as outlined in paragraph 37 of Interpretation Bulletin IT-470R, Employee's Fringe Benefits;
- interest costs on bridge financing to purchase the new residence, provided that all reasonable efforts have been made to dispose of the old residence.

If you pay or reimburse the relocation costs other than those listed above, such amounts are a taxable benefit to the employee.

Non-accountable allowances paid for incidental relocation or moving expenses will be considered a reimbursement of expenses incurred as a result of the move, up to **but not exceeding $500,** providing the employee certifies in writing that incidental expenses have been incurred at least to the extent of the allowance or $500, whichever is less. The amount of the reimbursement is not to be reported on a T4 or T4A Supplementary. Any portion of the non-accountable allowance over $500 is to be reported in the usual manner.

If an employee is not, or is only partially reimbursed for removal expenses, that employee may be able to claim some of the expenses incurred as a deduction from income under Section 62 of the Income Tax Act. Further information is available in Special Release 178R2, and the publication entitled "Are you moving?"

Subsidized school services

In remote areas, employers frequently assume, initially at least, responsibility for essential community services normally provided by a municipality. If you provide free or subsidized school services for your employees' children, the employees have not received a taxable benefit. This does not include an educational allowance you pay directly to your employees. The educational allowance benefit is taxable unless excepted by subparagraph 6(1)(b)(ix) of the Income Tax Act.

Transportation to the job

Sometimes, for security or other reasons, public and private vehicles are not permitted or practical at an employment location. Therefore, you may find it necessary to provide transportation for your employees from pick-up points to that location. Such transportation is not a taxable benefit. See also "Special and remote work sites" in Chapter 9.

Travelling allowances or reimbursements - Part-time employees

A reasonable allowance for, or reimbursement of, travelling expenses that you give to a part-time employee is not to be included in the employee's income as long as you and the part-time employee are not related to each other. This applies only to the period during which the part-time employee had other employment or carried on a business. The duties of the part-time employee must have been performed at a location not less than 80 kilometres (50 miles) from both the employee's residence and principal place of employment or business.

Uniforms and special clothing

If you supply an employee with a distinctive uniform that the employee is required to wear while carrying out the duties of employment, or you provide the employee with special clothing, including safety footwear, designed for protection from the particular hazards of the employment, then the employee is not regarded as having received a taxable benefit.

If you reimburse your employees for the cost of protective clothing that they have purchased and are not required to be supported by receipts, the Department will consider such amounts paid as a **non-taxable** reimbursement of expenses when

- the law requires that such protective clothing be worn on the work site,
- the protective clothing was purchased by the employee, and
- the amount of the reimbursement is reasonable in the circumstances.

If these three criteria are not met, the payments are a taxable benefit in the hands of the employee.

Payments you make to a laundry or dry cleaning establishment for the laundry or dry cleaning expenses pertaining to uniforms and special clothing, or payments made directly to the employee to reimburse the employee for such expenses do not constitute a taxable benefit to the employee.

Volunteer firefighters - Expense allowance

Income up to $500 received as an expense allowance by a volunteer firefighter from a government, municipality or other public authority is not a taxable benefit. Any amounts over $500 must be included in the firefighter's income.

CHAPTER 11

NON-RESIDENTS

Non-residents performing services in Canada

Regulation 102: Employees
Non-residents of Canada who are engaged in regular and continuous employment in Canada are subject to tax deductions on the same basis as residents, regardless of whether the employer is a resident of Canada.

If a non-resident of Canada who is employed by a Canadian employer participates in that employer's registered pension plan or deferred profit-sharing plan, the employer will be required to report a pension adjustment (PA) for this employee on a T4 Supplementary along with all the other T4 data otherwise required to be reported.

TD1 - Personal Tax Credit Return -Non-residents employed in Canada and certain persons considered to be employed in Canada can claim personal tax credits on their TD1 form if 90 per cent or more of their total world income for the year will be included in determining their taxable income earned in Canada. For those non-residents who report less than 90 per cent of their total world income for the year, no personal tax credits are allowed. In this instance, "net claim code" 0 on the TD1 form must be used.

An individual claiming personal tax credits for non-resident dependants will only be permitted to claim these credits for his or her spouse and children.

For further information, see Interpretation Bulletins IT-161R3 (including the special release), IT-168R2, IT-171R, IT-221R2 and IT-420R2.

Tables used for non-residents - To determine the amount of tax to withhold from non-residents, you must first go to the table for your particular pay period. Next determine the remuneration subject to tax withholding by referring to Chapter 4, under the heading, "Determining the amount subject to tax deductions." Find the appropriate net claim code as declared on the employee's TD1 form which will tell you the amount of tax to be deducted for that pay period.

These tables will particularly apply to non-resident individuals engaged in Canadian employment such as commuters, sojourners, etc., workers from abroad following agricultural and other occupations for limited or seasonal periods, and students from abroad who are engaged in intermittent employment, or who receive a taxable amount such as a scholarship, bursary or research grant derived from a Canadian source.

However, for those non-resident individuals such as locally engaged government employees in foreign jurisdictions, teachers formerly resident in Canada who are considered to be employed in Canada, workers engaged in certain overseas employment, offshore oil and gas workers in Canada beyond the limits of any province, and students abroad who receive a taxable amount such as a scholarship, bursary or research grant derived from a Canadian source, the income tax deductions tables contained in the publication, *Source Deductions Tables for In Canada Beyond the Limits of any Province or Outside Canada,* must be used. This publication can be obtained from your district office.

In accordance with the provisions of the federal and provincial Income Tax Acts, when computing the tax withholding at source appropriate to the range of income, only the amount for basic federal tax, the federal surtax, the basic provincial tax and any selective provincial tax reductions or surtaxes, where applicable, have been taken into account.

You should scrutinize the TD1 forms submitted by these categories of employees with particular care.

Remitting deductions - You should remit the deductions for tax, CPP and UI you withhold from non-residents engaged in regular and continuous employment in the same manner as you would for residents. Remit the deductions with remittance Form PD7AR, and report them on a T4 Supplementary and Summary. For further information, refer to the remitting and reporting chapters.

If you fail to deduct tax from a non-resident employee, including one deemed to be a resident only by reason of having lived in Canada for 183 days or more in the year, you will be liable to pay as **tax** the amount that you should have deducted, plus a penalty, plus interest on the penalty, and interest on the amount that should have been deducted, calculated at the prescribed rate per year. You may recover from the above-noted non-resident employee any such **tax** paid on his or her behalf.

Regulations 105: Independent operators (individuals, partnerships or corporations)
Payments for services rendered in Canada by a non-resident in other than regular and continuous employment are subject to a tax deduction of 15 per cent (see Information Circular 75-6R). Remit tax deducted by virtue of this regulation by using Form PD7AR.

A payer who fails to deduct or withhold the required tax under Regulation 105 as noted above is liable to pay as **tax** the amount that should have been deducted, plus a penalty, plus interest on the penalty, and interest on the amount that should have been deducted, calculated at the prescribed rate per year. You may recover from the above-noted non-resident employee any such **tax** paid on his or her behalf.

Use Form T4A-NR Supplementary for reporting payments of fees, commissions or other amounts paid to non-residents of Canada for services rendered in Canada, other than in the course of regular and continuous employment, regardless of the amount of the payment or the amount of tax withheld.

Use the T4A Summary to report the totals of all the amounts reported on the T4A Supplementaries. Use the T4A-NR Summary to report the totals of all the amounts reported on the T4A-NR Supplementaries.

File the appropriate information return with Revenue Canada, Taxation on or before the last day of February following the calendar year in which the remuneration was paid.

For additional information on remitting and reporting procedures, see Chapters 5 and 6.

Director's fees
Director's fees received by a non-resident person for services rendered in Canada are included in "salary or wages." When remuneration in addition to director's fees are received, withholding on a basis similar to residents is required. For administrative purposes, when only director's fees are received, the withholding tax is 15 per cent of the gross. For further information, see Interpretation Bulletins IT-377R and IT-468R, and Information Circular 75-6R as well as the list of references in the back of this Guide.

Overpayments
To receive a refund of any overpayment of tax, a non-resident employee must file a General income tax return and attach the T4 Supplementary issued by the payer.

Independent operators (individuals, partnerships or corporations) not resident in Canada who want to receive a refund of any of the 15 per cent withheld under Regulation 105 must file the appropriate income tax return (T1 or T2) and attach the T4A-NR Supplementary issued by the payer.

Non-resident tax (Part XIII of the Canadian Income Tax Act - Other than services performed in Canada)

If you are a Canadian payer (including a tenant, mortgagee, or debtor), you must withhold tax on certain types of income paid to non-residents. You must withhold tax at the rate of 25 per cent (subject to the provisions of various Tax Conventions and Agreements) from the gross amount you pay or credit. Canadian source income subject to the 25 per cent withholding tax includes:

- rent;
- management or administration fees or charges;
- interest, dividends, and patronage dividends;
- motion picture film and video tape payments;
- superannuation and pension benefits;
- RRSP payments, and annuity payments and retiring allowances;
- deferred profit-sharing plan benefits;
- royalty and similar payments; and
- alimony.

See Information Circular 77-16R3 for a full description of payments paid or credited to a non-resident of Canada that are subject to a withholding tax under Part XIII. For the applicable rate of Part XIII tax on amounts paid or credited to persons in treaty countries, see Information Circular 76-12R4 (including the special release).

No withholding of tax at source is required from the following payments:

- social assistance payments from a registered Canadian charitable organization or from federal or provincial authorities;
- exempt superannuation or pension benefits;
- that portion of a superannuation or pension benefit that may reasonably be regarded as attributable to services rendered at a time when the taxpayer was not living in Canada, and was not employed or was only occasionally employed in Canada.

Canadian resident payers making rental or royalty payments to United States residents for the right to use computer software must withhold a non-resident tax of 10 per cent at source on such amounts in lieu of the regular 25 per cent tax rate otherwise required.

A non-resident of Canada who receives alimony, pension and similar payments may apply for a reduction of the non-resident tax otherwise required to be withheld. The application should be made on Form NR5, Application by a Non-Resident of Canada for a Reduction in the Amount of Non-Resident Tax Required to be Withheld. For more information, see Interpretation Bulletin IT-163R2.

If part of the pension income relates to employment outside Canada, it may be exempt from Canadian tax. For particulars on the "exempt portion of a pension when an employee was a non-resident," see Interpretation Bulletin IT-76R2.

Non-residents who receive rental income from real property in Canada may file Form NR6, Undertaking to File an Income Tax Return by a Non-Resident Receiving Rent From Real Property or Receiving a Timber Royalty, so that the payer or the non-resident's agent may withhold and remit tax at the applicable rate on the net amounts available in lieu of the otherwise required 25 per cent of the gross amounts. Form NR6 should be filed on or before January 1 of the taxation year to which the undertaking applies, or on or before the date the first rental payment is due, as applicable. Any NR6 forms filed after these dates will be accepted, however, the effective date for withholding purposes on the net amount available will be the first of the month in which the NR6 is received. Therefore, any gross rental income paid or credited to a non-resident before this effective date will be subject to the 25 per cent withholding rate.

Remitting deductions

The form you use to remit tax withheld under Part XIII of the act is the PD7AR-NR remittance form. The deductions you make during a month on income from Canada of non-residents taxable under Part XIII must be received by the 15th day of the following month.

For reporting purposes, all payments over $10 made to non-resident persons subject to Part XIII tax and the amount of non-resident tax withheld at the source are to be reported on either Form NR4, and/or NR4A Supplementary (depending on the type of income) along with Form NR4-NR4A Summary. Once they are completed, they should be mailed to Revenue Canada, Taxation not later than the last day of March of each year for the preceding calendar year, or within 90 days from the end of the taxation year of an estate or trust in respect of that taxation year. See instructions on the back of the above forms before completing them.

Application for refund of non-resident tax

To obtain a refund of excess or incorrectly withheld Part XIII tax, Form NR7-R should be completed by the non-resident or payer or disbursing agent within two years from the end of the calendar year in which the tax was remitted to Revenue Canada, Taxation.

Non-resident reporting for 1990

There are three categories of payments to non-residents of Canada that require three different reporting treatments.

- The T4 Supplementary should be used to report salary, wages, bonuses and other remuneration paid to a non-resident in the ordinary course of an office (including that of a non-resident director) or employment during the year. The instructions in Chapter 6 under "Completing the T4 Supplementary" apply whether the recipient of the income is a resident or non-resident of Canada.
- The T4A-NR Supplementary should be used to report all amounts paid to non-resident individuals and corporations for services performed in Canada, when the services are not performed in the ordinary course of an office or employment. Refer in Chapter 6 to "Completing the T4A-NR Supplementary" for instructions on how to report these amounts.
- The NR4 and NR4A Supplementaries should be used to report alimony, pensions, annuities, or investment income, including interest, dividends, rents, royalties, estate or trust income, when such amounts are paid to individuals and corporations who are non-residents of Canada. As a guide, any amounts paid to non-residents of Canada that are amounts described under Boxes C, D, F, G, I, and items (1), (2), (3), (4), (7), (11) and (12) of Box 28 of the T4A Supplementary are to be reported on a NR4A Supplementary. In this regard, please refer to the section in Chapter 6 entitled "Completing the T4A Supplementary." Additionally, any amount paid out of a registered retirement savings plan to a non-resident of Canada is to be reported on a NR4A Supplementary. As well, payments to a non-resident by the custodian of a retirement compensation arrangement are to be reported on the NR4A-RCA Supplementary in Box A, B, C, D or E.

Do not include Forms NR4 and NR4A as part of a T4 or T4A return. Further information regarding NR4 and NR4A Supplementaries is contained in Information Circular 77-16R3.

Other special non-resident reporting situations

Payments to or withdrawals by non-residents from a registered home ownership savings plan made after December 31, 1985 must be reported on two separate forms.

Amounts that accrued to the plan on or before December 31, 1985 will be reported in Box M on the NR4A Supplementary. Amounts that accrued to the plan after December 31, 1985 will be considered interest, dividends or trust income, depending on the terms of the agreement, and these amounts must be reported in Box A, C or J respectively on a separate NR4 Supplementary.

Return of income received from sources within the United States on behalf of non-residents of Canada – Form NR1

Every person who received income from sources within the United States for the benefit of, or credit of, a non-resident of Canada from which a tax was deducted at source should complete Form NR1. The form is self-explanatory and is available at your local district office.

REFERENCES

The Department issues a number of forms, guides and other publications for use by the public. A complete list of these publications is contained in Information Circular 90-1.

Listed below are publications which may be of assistance to you. Complete the order form located on the back cover of this Guide. You may order by phone, mail or in person at your district office.

List of Interpretation Bulletins

Number	Title
CPP-1	Canada Pension Plan: Tips and Gratuities
UI-2R	Unemployment Insurance Act, Vow of Perpetual Poverty
IT-54	Wage-Loss Replacement Plans: Changes to Pre-June 19, 1971 Plans
IT-63R3	Benefits, Including Standby Charge for an Automobile, from the Personal Use of a Motor Vehicle Supplied by an Employer
IT-75R2	Scholarships, Fellowships, Bursaries, Prizes and Research Grants
IT-76R2	Exempt Portion of Pension When Employee Has Been a Non-Resident
IT-82R3	Tuition Fees
IT-85R2	Health and Welfare Trusts for Employees
IT-91R3	Employment at Special or Remote Work Sites
IT-103R	Dues Paid to a Union or to a Party or Advisory Committee
IT-113R3	Benefits to Employee's Stock Options
IT-131R2	Convention Expenses
IT-161R3	Non-Residents Exemption from Tax Deductions at Source on Employment Income
IT-163R2	Election by Non-Resident Individuals on Certain Canadian Source Income
IT-167R5	Registered Pension Funds or Plans - Employee's Contribution
IT-168R2	Employees of Football, Hockey and Similar Clubs
IT-171R	Non-Resident Individuals - Taxable Income Earned in Canada Special Release
IT-178R2	Special Release - Moving Expenses
IT-196R2	Payments by Employer to Employee
IT-221R2	Determination of an Individual's Residence Status
IT-225R	Medical Expenses
IT-227R	Group Term Life Insurance Premium
IT-247	Employer's Contribution to Pensioners' Premiums Under Provincial Medical and Hospital Services Plans
IT-254R2	Fishermen - Employees and Seafarers - Value of Rations and Quarters
IT-272R	Automobile and Other Travelling Expenses - Employees
IT-292	Taxation of Elected Officers of Incorporated Municipalities, School Boards, Municipal Commissions and similar bodies
IT-301	Death Benefits - Qualifying Payments
IT-337R2	Retiring Allowances
IT-339R2	Meaning of Private Health Services Plan
IT-362	Patronage Dividends
IT-363R	Deferred Profit-Sharing Plans - Deductibility of Contributions & Taxation of Amounts Received or Allocated
IT-365R2	Damages, Settlements and Similar Receipts
IT-377R	Director's, Executors and Juror's Fees
IT-379	Employees' Profit-Sharing Plans - Allocations to Beneficiaries
IT-389R	Vacation Pay Trusts Established Under Collective Agreements
IT-401R2	Pension Income Deduction
IT-420R2	Non-Residents - Income Earned in Canada
IT-421R	Benefits to Individuals, Corporations and Shareholders from loans or Debt
IT-428	Wage Loss Replacement Plans
IT-429	Spouse's Income in Year of Change of Marital Status
IT-468R	Management or Administration Fees Paid to Non- Residents
IT-470R	Revised Employees' Fringe Benefits
IT-493	Agency Cooperative Corporations
IT-497R	Overseas Employment Tax Credit
IT-499	Superannuation or Pension Benefits
IT-502	Employee Benefit Plans and Employee Trusts
IT-508	Death Benefits - Calculation
IT-509	Medical Expenses - After 1985
IT-519	Medical Expense and Disability Tax Credits
IT-522	Vehicle and other travelling expenses - employees

List of Information Circulars

Number	Title
72-13R8	Employees' Pension Plans
72-22R7	Registered Retirement Savings Plans
74-21R	Payments out of Pension and Deferred Profit-Sharing Plans - ITAR 40
75-6R	Required Withholding from Amounts Paid to Non- Resident Persons Performing Services in Canada
75-23	Tuition Fees & Charitable Donations Paid to Privately Supported Secular & Religious Schools
76-12R4	Applicable Rate of Part XIII Tax on Amounts Paid or Credited to Persons in Treaty Countries and Special Release
77-1R3	Profit-Sharing Plans
77-16R3	Non-Resident Income Tax
78-10R2	Books and Records Retention/Destruction

Number	Title
79-8R2	Forms to be Used for Direct Transfer of Funds to or Between Plans or for the Purchase of an Annuity
82-2R	Social Insurance Number Legislation as it Relates to the Preparation of Information Slips
89-2	Directors' Liability - Section 227.1 of the Income Tax Act

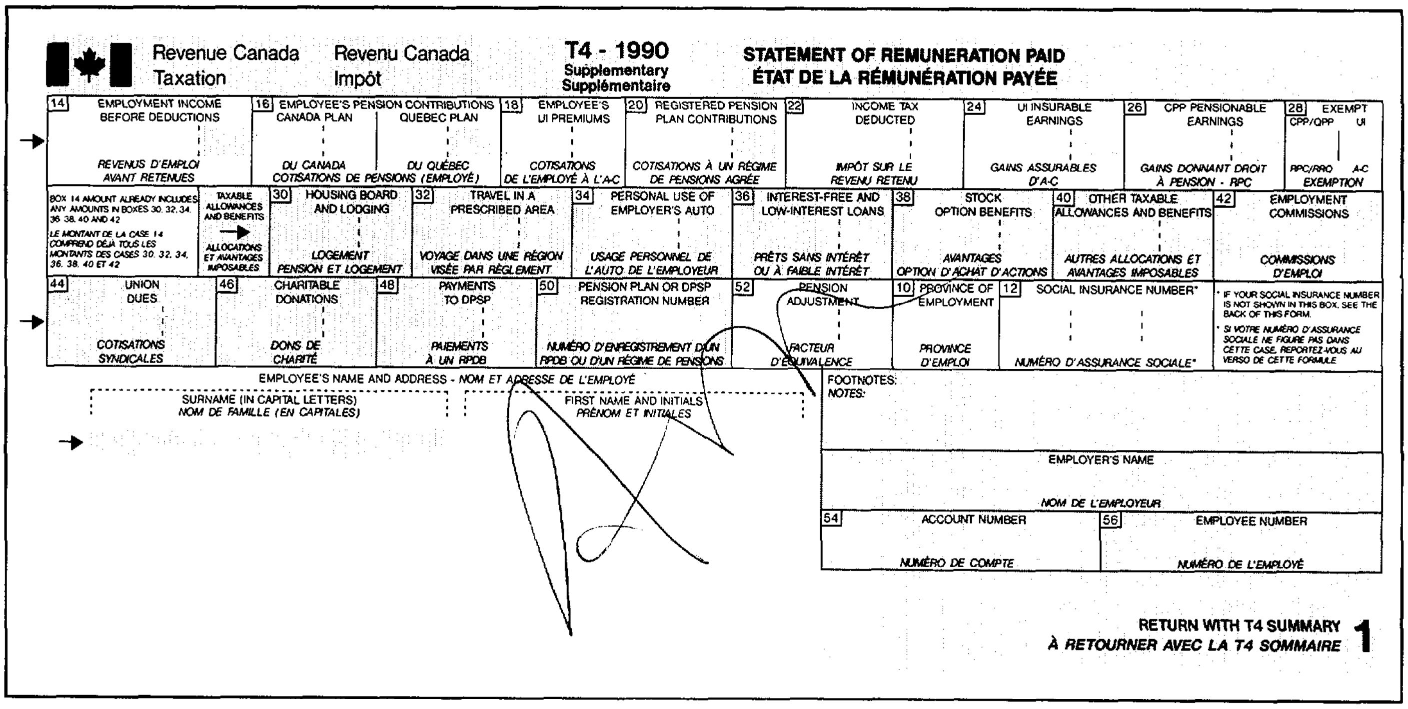
Guides and other publications

- Employers Guide to Automobile Benefits
- Employers Guide to Housing and Travel Assistance Benefits in Prescribed Areas
- Fishermen and Unemployment Insurance
- Information for Barbers and Hairdressers
- Machine Computation of Income Tax Deductions, Canada Pension Plan Contributions and Unemployment Insurance Premiums (MC Tables)
- Northern Residents Deductions Tax Guide
- Source Deductions Tables
- Source Deductions for Small Business Employers
- Source Deduction Tables for Small Business Employers
- Source Deduction Tables for Small Business Employers (Located in the Province of Quebec)
- Taxi and Passenger Vehicle Operators

Forms

Number	Title
CPT 1	Request for a Ruling as to the Status of a Worker under the Canada Pension Plan or Unemployment Insurance Act
CPT 13	Application for Coverage of Employment in Canada under the Canada Pension Plan by an Employer Resident outside Canada.
CPT 100	Application for Determination of a Question or Appeal under the Canada Pension Plan or Unemployment Insurance Acts
PD24	Statement of Overpayment and Application for Refund of Employer's Contributions under the Canada Pension Plan and/or Premiums under the Unemployment Insurance Act
TD1	Personal Tax Credit Return
TD1X	Statement of Remuneration and Expenses (For use by Commission Remunerated Employees)
TD2	Tax Deduction Waiver in Respect of Funds to be Transferred
TD3F	Fishermen's Election for Tax Deductions at Source
T2033	Notice of Direct Transfer of Funds

T4 - 1990
Supplementary



Revenue Canada Taxation
Revenu Canada Impôt

T4 - 1990
Supplementary
Supplémentaire

STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE

14 EMPLOYMENT INCOME BEFORE DEDUCTIONS *REVENUS D'EMPLOI AVANT RETENUES*	16 EMPLOYEE'S PENSION CONTRIBUTIONS CANADA PLAN *DU CANADA*	QUEBEC PLAN *DU QUÉBEC* *COTISATIONS DE PENSIONS (EMPLOYÉ)*	18 EMPLOYEE'S UI PREMIUMS *COTISATIONS DE L'EMPLOYÉ À L'A-C*	20 REGISTERED PENSION PLAN CONTRIBUTIONS *COTISATIONS À UN RÉGIME DE PENSIONS AGRÉE*	22 INCOME TAX DEDUCTED *IMPÔT SUR LE REVENU RETENU*	24 UI INSURABLE EARNINGS *GAINS ASSURABLES D'A-C*	26 CPP PENSIONABLE EARNINGS *GAINS DONNANT DROIT À PENSION - RPC*	28 EXEMPT CPP/QPP UI *RPC/RRO A-C EXEMPTION*

BOX 14 AMOUNT ALREADY INCLUDES ANY AMOUNTS IN BOXES 30, 32, 34, 36, 38, 40 AND 42 *LE MONTANT DE LA CASE 14 COMPREND DÉJÀ TOUS LES MONTANTS DES CASES 30, 32, 34, 36, 38, 40 ET 42*	TAXABLE ALLOWANCES AND BENEFITS → *ALLOCATIONS ET AVANTAGES IMPOSABLES*	30 HOUSING BOARD AND LODGING *LOGEMENT PENSION ET LOGEMENT*	32 TRAVEL IN A PRESCRIBED AREA *VOYAGE DANS UNE RÉGION VISÉE PAR RÈGLEMENT*	34 PERSONAL USE OF EMPLOYER'S AUTO *USAGE PERSONNEL DE L'AUTO DE L'EMPLOYEUR*	36 INTEREST-FREE AND LOW-INTEREST LOANS *PRÊTS SANS INTÉRÊT OU À FAIBLE INTÉRÊT*	38 STOCK OPTION BENEFITS *AVANTAGES OPTION D'ACHAT D'ACTIONS*	40 OTHER TAXABLE ALLOWANCES AND BENEFITS *AUTRES ALLOCATIONS ET AVANTAGES IMPOSABLES*	42 EMPLOYMENT COMMISSIONS *COMMISSIONS D'EMPLOI*

44 UNION DUES *COTISATIONS SYNDICALES*	46 CHARITABLE DONATIONS *DONS DE CHARITÉ*	48 PAYMENTS TO DPSP *PAIEMENTS À UN RPDB*	50 PENSION PLAN OR DPSP REGISTRATION NUMBER *NUMÉRO D'ENREGISTREMENT D'UN RPDB OU D'UN RÉGIME DE PENSIONS*	52 PENSION ADJUSTMENT *FACTEUR D'ÉQUIVALENCE*	10 PROVINCE OF EMPLOYMENT *PROVINCE D'EMPLOI*	12 SOCIAL INSURANCE NUMBER* *NUMÉRO D'ASSURANCE SOCIALE**	* IF YOUR SOCIAL INSURANCE NUMBER IS NOT SHOWN IN THIS BOX, SEE THE BACK OF THIS FORM. * *SI VOTRE NUMÉRO D'ASSURANCE SOCIALE NE FIGURE PAS DANS CETTE CASE, REPORTEZ-VOUS AU VERSO DE CETTE FORMULE*

EMPLOYEE'S NAME AND ADDRESS - *NOM ET ADRESSE DE L'EMPLOYÉ*

SURNAME (IN CAPITAL LETTERS) *NOM DE FAMILLE (EN CAPITALES)*

FIRST NAME AND INITIALS *PRÉNOM ET INITIALES*

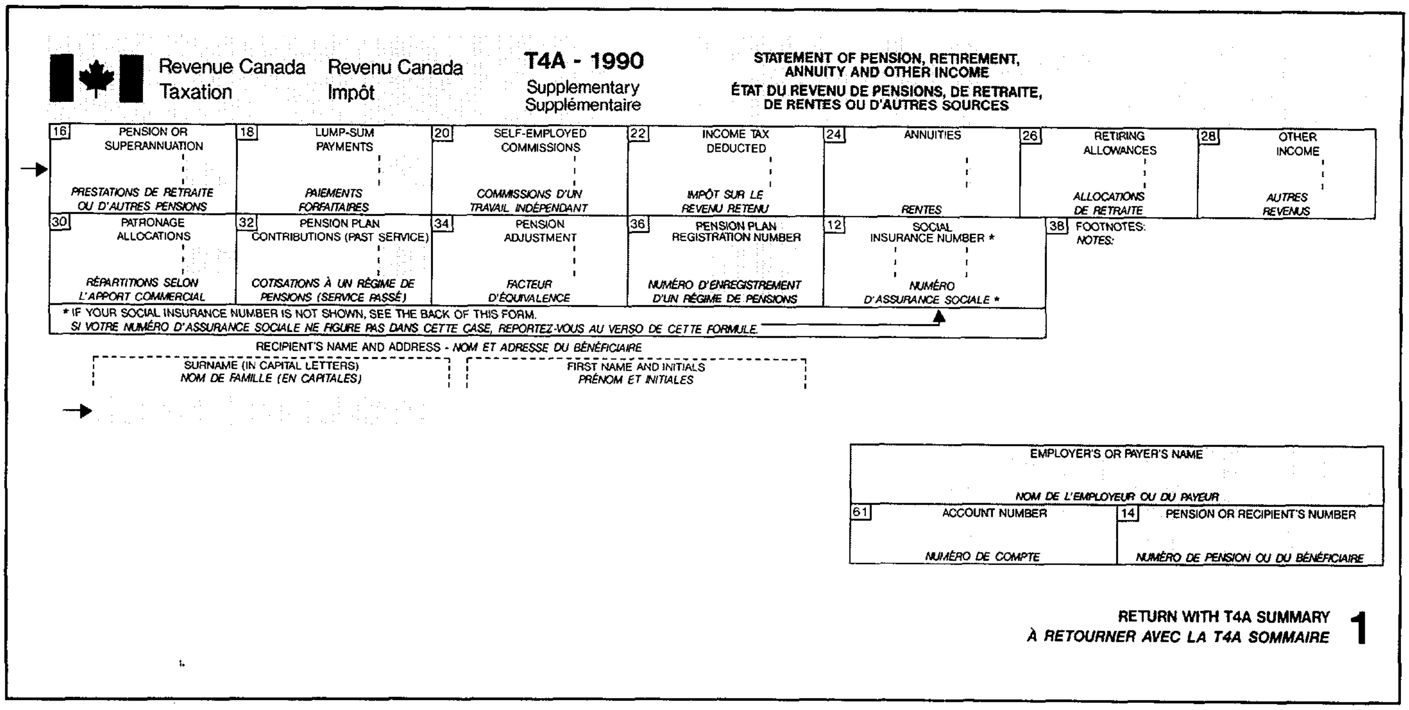
FOOTNOTES: *NOTES:*

EMPLOYER'S NAME *NOM DE L'EMPLOYEUR*

54 ACCOUNT NUMBER *NUMÉRO DE COMPTE*	56 EMPLOYEE NUMBER *NUMÉRO DE L'EMPLOYÉ*

RETURN WITH T4 SUMMARY
À RETOURNER AVEC LA T4 SOMMAIRE **1**

T4A - 1990
Supplementary



Revenue Canada Taxation
Revenu Canada Impôt

T4A - 1990
Supplementary
Supplémentaire

STATEMENT OF PENSION, RETIREMENT, ANNUITY AND OTHER INCOME
ÉTAT DU REVENU DE PENSIONS, DE RETRAITE, DE RENTES OU D'AUTRES SOURCES

16 PENSION OR SUPERANNUATION *PRESTATIONS DE RETRAITE OU D'AUTRES PENSIONS*	18 LUMP-SUM PAYMENTS *PAIEMENTS FORFAITAIRES*	20 SELF-EMPLOYED COMMISSIONS *COMMISSIONS D'UN TRAVAIL INDÉPENDANT*	22 INCOME TAX DEDUCTED *IMPÔT SUR LE REVENU RETENU*	24 ANNUITIES *RENTES*	26 RETIRING ALLOWANCES *ALLOCATIONS DE RETRAITE*	28 OTHER INCOME *AUTRES REVENUS*
30 PATRONAGE ALLOCATIONS *RÉPARTITIONS SELON L'APPORT COMMERCIAL*	32 PENSION PLAN CONTRIBUTIONS (PAST SERVICE) *COTISATIONS À UN RÉGIME DE PENSIONS (SERVICE PASSÉ)*	34 PENSION ADJUSTMENT *FACTEUR D'ÉQUIVALENCE*	36 PENSION PLAN REGISTRATION NUMBER *NUMÉRO D'ENREGISTREMENT D'UN RÉGIME DE PENSIONS*	12 SOCIAL INSURANCE NUMBER * *NUMÉRO D'ASSURANCE SOCIALE **	38 FOOTNOTES: *NOTES:*	

* IF YOUR SOCIAL INSURANCE NUMBER IS NOT SHOWN, SEE THE BACK OF THIS FORM.
SI VOTRE NUMÉRO D'ASSURANCE SOCIALE NE FIGURE PAS DANS CETTE CASE, REPORTEZ-VOUS AU VERSO DE CETTE FORMULE.

RECIPIENT'S NAME AND ADDRESS - *NOM ET ADRESSE DU BÉNÉFICIAIRE*

SURNAME (IN CAPITAL LETTERS) *NOM DE FAMILLE (EN CAPITALES)*

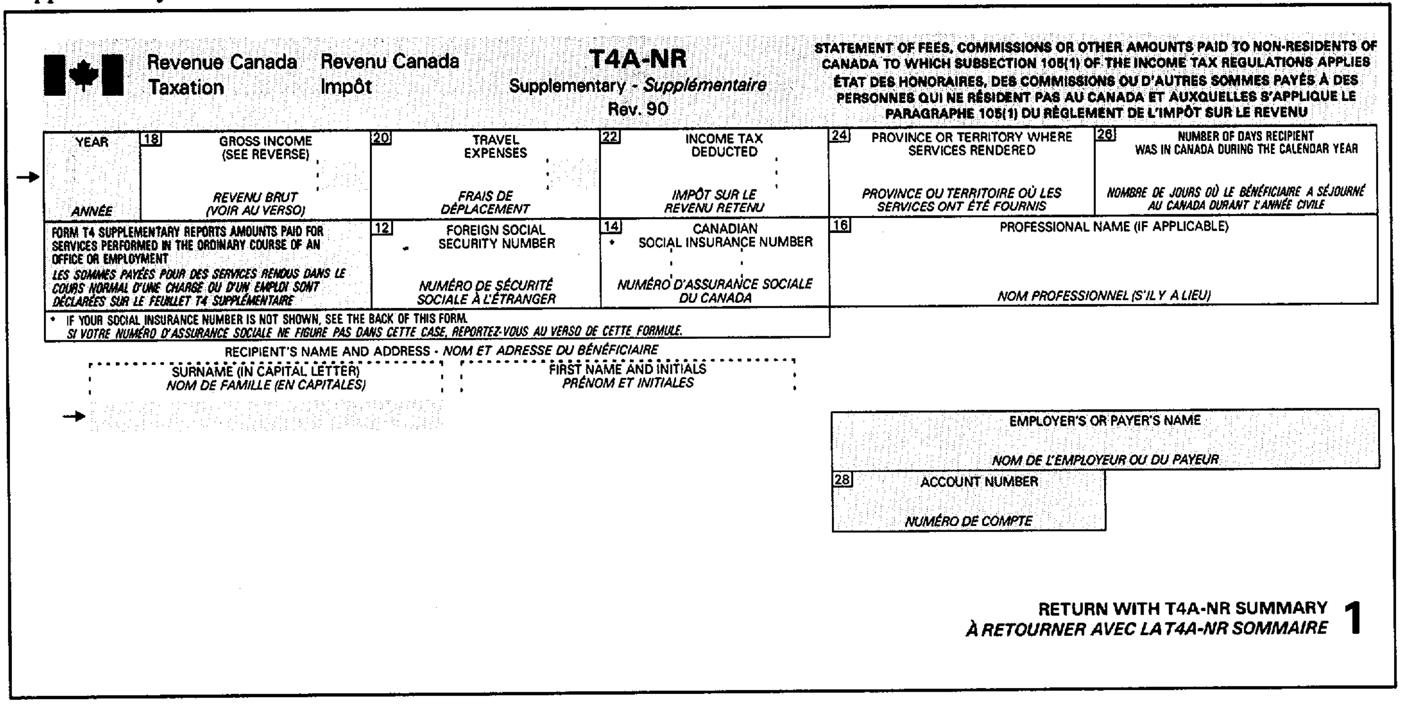
FIRST NAME AND INITIALS *PRÉNOM ET INITIALES*

EMPLOYER'S OR PAYER'S NAME *NOM DE L'EMPLOYEUR OU DU PAYEUR*

61 ACCOUNT NUMBER *NUMÉRO DE COMPTE*	14 PENSION OR RECIPIENT'S NUMBER *NUMÉRO DE PENSION OU DU BÉNÉFICIAIRE*

RETURN WITH T4A SUMMARY
À RETOURNER AVEC LA T4A SOMMAIRE **1**

T4A-NR - 1990
Supplementary



Revenue Canada Taxation
Revenu Canada Impôt

T4A-NR
Supplementary - *Supplémentaire*
Rev. 90

STATEMENT OF FEES, COMMISSIONS OR OTHER AMOUNTS PAID TO NON-RESIDENTS OF CANADA TO WHICH SUBSECTION 105(1) OF THE INCOME TAX REGULATIONS APPLIES
ÉTAT DES HONORAIRES, DES COMMISSIONS OU D'AUTRES SOMMES PAYÉS À DES PERSONNES QUI NE RÉSIDENT PAS AU CANADA ET AUXQUELLES S'APPLIQUE LE PARAGRAPHE 105(1) DU RÈGLEMENT DE L'IMPÔT SUR LE REVENU

YEAR *ANNÉE*	18 GROSS INCOME (SEE REVERSE) *REVENU BRUT (VOIR AU VERSO)*	20 TRAVEL EXPENSES *FRAIS DE DÉPLACEMENT*	22 INCOME TAX DEDUCTED *IMPÔT SUR LE REVENU RETENU*	24 PROVINCE OR TERRITORY WHERE SERVICES RENDERED *PROVINCE OU TERRITOIRE OÙ LES SERVICES ONT ÉTÉ FOURNIS*	26 NUMBER OF DAYS RECIPIENT WAS IN CANADA DURING THE CALENDAR YEAR *NOMBRE DE JOURS OÙ LE BÉNÉFICIAIRE A SÉJOURNÉ AU CANADA DURANT L'ANNÉE CIVILE*
FORM T4 SUPPLEMENTARY REPORTS AMOUNTS PAID FOR SERVICES PERFORMED IN THE ORDINARY COURSE OF AN OFFICE OR EMPLOYMENT *LES SOMMES PAYÉES POUR DES SERVICES RENDUS DANS LE COURS NORMAL D'UNE CHARGE OU D'UN EMPLOI SONT DÉCLARÉES SUR LE FEUILLET T4 SUPPLÉMENTAIRE*		12 FOREIGN SOCIAL SECURITY NUMBER *NUMÉRO DE SÉCURITÉ SOCIALE À L'ÉTRANGER*	14 * CANADIAN SOCIAL INSURANCE NUMBER *NUMÉRO D'ASSURANCE SOCIALE DU CANADA*	16 PROFESSIONAL NAME (IF APPLICABLE) *NOM PROFESSIONNEL (S'IL Y A LIEU)*	

* IF YOUR SOCIAL INSURANCE NUMBER IS NOT SHOWN, SEE THE BACK OF THIS FORM.
SI VOTRE NUMÉRO D'ASSURANCE SOCIALE NE FIGURE PAS DANS CETTE CASE, REPORTEZ-VOUS AU VERSO DE CETTE FORMULE.

RECIPIENT'S NAME AND ADDRESS - *NOM ET ADRESSE DU BÉNÉFICIAIRE*

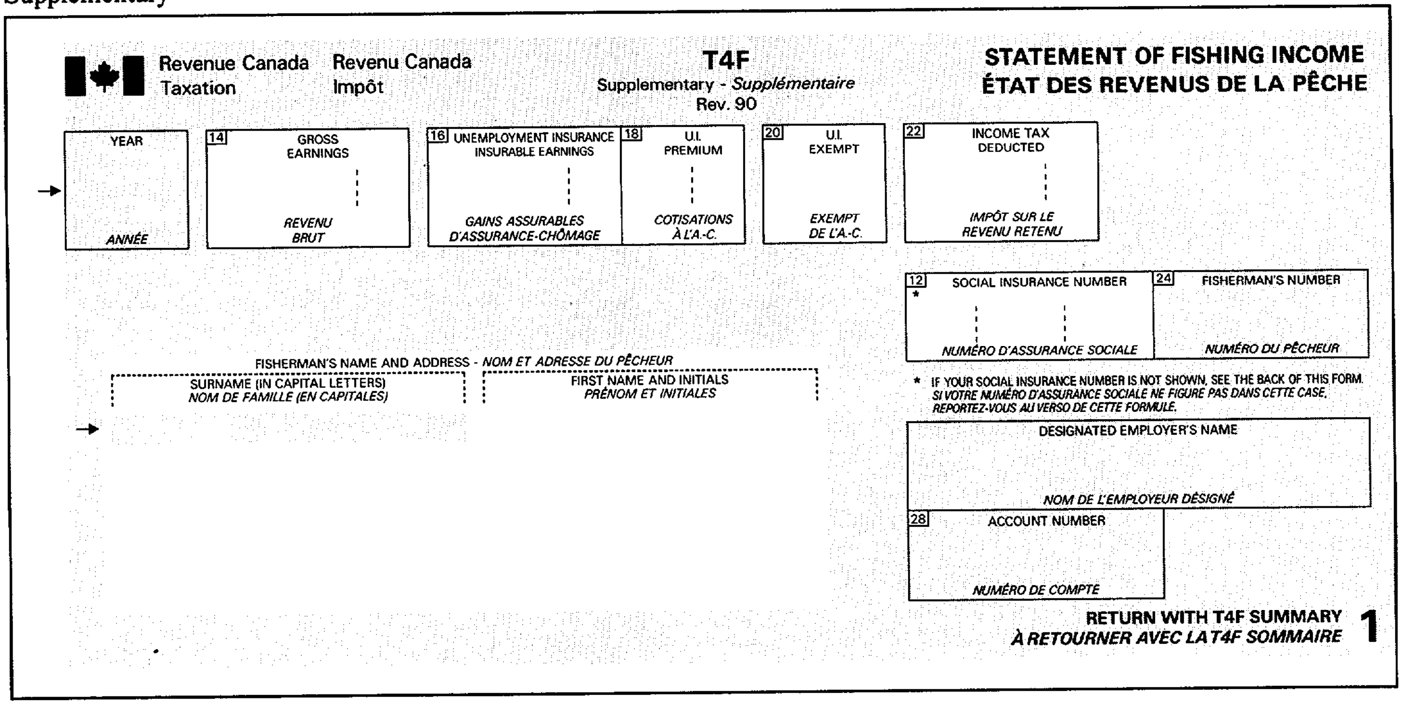
SURNAME (IN CAPITAL LETTER) - *NOM DE FAMILLE (EN CAPITALES)*
FIRST NAME AND INITIALS - *PRÉNOM ET INITIALES*

EMPLOYER'S OR PAYER'S NAME
NOM DE L'EMPLOYEUR OU DU PAYEUR

28 ACCOUNT NUMBER
NUMÉRO DE COMPTE

RETURN WITH T4A-NR SUMMARY
À RETOURNER AVEC LA T4A-NR SOMMAIRE **1**

T4F - 1990
Supplementary



Revenue Canada Taxation
Revenu Canada Impôt

T4F
Supplementary - *Supplémentaire*
Rev. 90

STATEMENT OF FISHING INCOME
ÉTAT DES REVENUS DE LA PÊCHE

YEAR *ANNÉE*	14 GROSS EARNINGS *REVENU BRUT*	16 UNEMPLOYMENT INSURANCE INSURABLE EARNINGS *GAINS ASSURABLES D'ASSURANCE-CHÔMAGE*	18 U.I. PREMIUM *COTISATIONS À L'A.-C.*	20 U.I. EXEMPT *EXEMPT DE L'A.-C.*	22 INCOME TAX DEDUCTED *IMPÔT SUR LE REVENU RETENU*

12 * SOCIAL INSURANCE NUMBER *NUMÉRO D'ASSURANCE SOCIALE*	24 FISHERMAN'S NUMBER *NUMÉRO DU PÊCHEUR*

* IF YOUR SOCIAL INSURANCE NUMBER IS NOT SHOWN, SEE THE BACK OF THIS FORM.
SI VOTRE NUMÉRO D'ASSURANCE SOCIALE NE FIGURE PAS DANS CETTE CASE, REPORTEZ-VOUS AU VERSO DE CETTE FORMULE.

FISHERMAN'S NAME AND ADDRESS - *NOM ET ADRESSE DU PÊCHEUR*

SURNAME (IN CAPITAL LETTERS) - *NOM DE FAMILLE (EN CAPITALES)*
FIRST NAME AND INITIALS - *PRÉNOM ET INITIALES*

DESIGNATED EMPLOYER'S NAME
NOM DE L'EMPLOYEUR DÉSIGNÉ

28 ACCOUNT NUMBER
NUMÉRO DE COMPTE

RETURN WITH T4F SUMMARY
À RETOURNER AVEC LA T4F SOMMAIRE **1**

Revenue Canada Taxation | Revenu Canada Impôt

SUMMARY OF REMUNERATION PAID
(For the year ending December 31, 1990)
SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1990)

T4
SUMMARY
SOMMAIRE

1990 **Complete this return using the instructions in the "Employers Guide to Source Deductions" or the "Source Deductions for Small Business Employers Guide."**

Cette déclaration doit être remplie selon les instructions du «Guide de l'employeur sur les retenues à la source» ou du «Guide des employeurs qui exploitent une petite entreprise».

Copy 1
***Copie* 1**

○ If you file your T4 return on tape or diskette, tick (✓) inside the circle at left. For shipping instructions, see Box "B" on the back of this form.

Si vous produisez votre déclaration T4 sur disquette ou sur bande, cochez (✓) le symbole qui figure sur la gauche. Faites parvenir le tout selon les instructions fournies à la case «B» au verso de cette formule.

IMPORTANT

EMPLOYER'S NAME AND NUMBER MUST BE THE SAME AS THAT SHOWN ON YOUR FORM PD7A, TAX DEDUCTION, CANADA PENSION PLAN, UNEMPLOYMENT INSURANCE REMITTANCE RETURN.

LE NOM ET LE NUMÉRO DE L'EMPLOYEUR DOIVENT ÊTRE LES MÊMES QUE CEUX QUI FIGURENT SUR LA FORMULE PD7A, DÉCLARATION DE VERSEMENTS (RETENUES D'IMPÔT, RÉGIME DE PENSIONS DU CANADA, ASSURANCE-CHÔMAGE).

Employer account number (see form PD7A) / *N° de compte de l'employeur (selon la formule PD7A)*

Name and address of employer / *Nom et adresse de l'employeur*

Taxation centre / *Centre fiscal*

DO code / *Code du BD*

T4 SUPPLEMENTARY SLIPS TOTALS

For returns with over 300 T4 slips, please see instructions in the "Employers Guide to Source Deductions" about the breakdown of large returns.

TOTAUX DES FEUILLETS T4 SUPPLÉMENTAIRE

Pour les déclarations renfermant plus de 300 feuillets T4, consultez le «Guide de l'employeur sur les retenues à la source» pour la répartition des déclarations volumineuses.

Total number of T4 slips filed	*Nombre total de feuillets T4 produits*	88		△
Employment income before deductions	*Revenus d'emploi avant retenues*	14		△
Registered Pension Plan contributions	*Cotisations à un régime de pensions agréé*	20		△
Pension adjustment	*Facteur d'équivalence*	52		△
Unemployment Insurance Insurable earnings	*Gains assurables d'assurance-chômage*	24		
Employees' Canada Pension Plan contributions	*Cotisations de l'employé au Régime de pension du Canada*	16		△
Employer's Canada Pension Plan contributions	*Cotisations de l'employeur au Régime de pension du Canada*	17		△
Employees' Unemployment Insurance premiums	*Cotisations de l'employé à l'assurance-chômage*	18		△
Employer's Unemployment Insurance premiums	*Cotisations de l'employeur à l'assurance-chômage*	19		△
Income tax deducted	*Impôt sur le revenu retenu*	22		△

◀ Number of T4 slips included in the total at left, where the employee's address is in the U.S.A.
Nombre de feuillets T4 inclus dans le «Total» indiqué à gauche pour lesquels l'adresse de l'employé est aux É.-U..

DEPARTMENTAL USE ONLY

RÉSERVÉ AU MINISTÈRE

Total deductions reported (16 + 17 + 18 + 19 + 22) *Total des retenues déclarées (16 + 17 + 18 + 19 + 22)*	80		△
Remittances for the Year - *Versements pour l'année*	82		
Difference - *Différence*			▶

We do not charge or refund a difference of less than $1.00.
Une différence inférieure à 1 $ ne sera ni exigée ni remboursée par le Ministère.

Overpayment / *Paiement en trop* 84

* Balance due / *Solde à payer* 86

* If you have not paid the total deductions reported, include the balance with this completed return. You may be subject to a penalty for late payment if you have any balance owing.
Si vous n'avez pas payé le montant total des retenues déclarées, veuillez joindre le solde à payer, à la présente déclaration. Tout solde à payer est assujetti à une pénalité pour paiement tardif.

Revenue Canada, Taxation issued registration number(s) for RPP or DPSP - *Numéro(s) d'enregistrement émis par Revenu Canada, Impôt pour RPA ou RPDB*

71 | 72 | 73

Canadian controlled private corporations or unincorporated employers: enter the social insurance number of the proprietor(s)
Corporations privées dont le contrôle est canadien ou employeurs non constitués : Inscrivez le numéro d'assurance sociale du (des) propriétaire(s)

74 | 75

Person to contact about this return - *Personne avec qui communiquer au sujet de cette déclaration*

76 First name - *Prénom* | Surname - *Nom de famille*

Telephone number - *Numéro de téléphone*

78 Area code - *Indicatif régional* –

CERTIFICATION - *ATTESTATION*

I HEREBY CERTIFY that the information given in this T4 return; T4 Summary form and related T4 Supplementary forms, is true, correct and complete in every respect.
J'ATTESTE PAR LA PRÉSENTE que les renseignements fournis dans la déclaration T4, la formule T4 Sommaire et les formules connexes T4 Supplémentaire, sont vrais, exacts et complets sous tous les rapports.

Date | Signature of authorized person - *Signature de la personne autorisée* | Position or office - *Titre du poste*

FOR DEPARTMENTAL USE ONLY: PLEASE DO NOT WRITE IN THIS AREA - *RÉSERVÉ AU MINISTÈRE : NE RIEN ÉCRIRE ICI*

Transfer / *Transfert* 90
1 Last to current / *Précédente à courante*
2 No action / *Aucune mesure*
3 Other / *Autre*

Proforma 91
1 No / *Non*
2 Yes / *Oui*

93 Date

94 A

B

Memo - *Note*

Late filing penalty / *Pénalité pour production tardive*

1 T4 balance / *Solde T4*
1 Override / *Sauter*
3 Delete / *Supprimer*

Reject number - *Numéro de rejet*

Prepared by - *Établi par* | Date

	Code 2	Correspond.	Inc	TPC - CCT	Dressed - *MAP*	Rev. - *Rév.*	No Accounts - *Aucun n°*
Initials - *Initiales*							
Date							

- **KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS.**
- **IF YOU DO NOT FILE BY MAGNETIC MEDIA, SEND COPIES 1 AND 2 OF THIS SUMMARY AND COPY 1 OF RELATED FORM T4 SUPPLEMENTARY TO THE APPROPRIATE TAXATION CENTRE ADDRESS IN BOX "A" ON THE BACK OF THIS FORM.**

Canadian Human Rights Act Federal Information Bank Number: 15615.
Form authorized and prescribed by order of the Minister of National Revenue.

- ***CONSERVEZ LE BROUILLON DE LA FORMULE SOMMAIRE POUR VOS DOSSIERS.***
- ***SI VOUS NE PRODUISEZ PAS DE DÉCLARATION SUR SUPPORT MAGNÉTIQUE, ENVOYEZ LES COPIES 1 ET 2 DE LA FORMULE SOMMAIRE AINSI QUE LA COPIE 1 DU T4 SUPPLÉMENTAIRE CONNEXE AU CENTRE FISCAL APPROPRIÉ, DONT L'ADRESSE FIGURE À LA CASE «A» AU VERSO DE CETTE FORMULE.***

Loi canadienne sur les droits de la personne : Numéro de la banque fédérale de données : 15615.
Formule autorisée et prescrite par ordre du ministre du Revenu national.

Revenue Canada Taxation | Revenu Canada Impôt

SUMMARY OF REMUNERATION PAID
(For the year ending December 31, 1990)

SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1990)

T4A
SUMMARY
SOMMAIRE

1990 **Complete this return using the instructions in the "Employers Guide to Source Deductions" or the "Source Deductions for Small Business Employers Guide."**

Cette déclaration doit être remplie selon les instructions du «Guide de l'employeur sur les retenues à la source» ou du «Guide des employeurs qui exploitent une petite entreprise».

Copy Copie 1

○ If you file your T4A return on tape or diskette, tick (✓) inside the circle at left. For shipping instructions, see Box "B" on the back of this form.

Si vous produisez votre déclaration T4A sur disquette ou sur bande, cochez (✓) le symbole qui figure sur la gauche. Faites parvenir le tout selon les instructions fournies à la case «B», au verso de cette formule.

IMPORTANT

EMPLOYER'S NAME AND NUMBER MUST BE THE SAME AS THAT SHOWN ON YOUR FORM PD7A, TAX DEDUCTION, CANADA PENSION PLAN, UNEMPLOYMENT INSURANCE REMITTANCE RETURN.

LE NOM ET LE NUMÉRO DE L'EMPLOYEUR DOIVENT ÊTRE LES MÊMES QUE CEUX QUI FIGURENT SUR LA FORMULE PD7A, DÉCLARATION DE VERSEMENTS (RETENUES D'IMPÔT, RÉGIME DE PENSIONS DU CANADA, ASSURANCE-CHÔMAGE).

Employer account number (see form PD7A) - *N° de compte de l'employeur (selon la formule PD7A)*

Name and address of employer - *Nom et adresse de l'employeur*

Taxation centre - *Centre fiscal*

DO code - *Code du BD*

T4A SUPPLEMENTARY SLIPS TOTALS

For returns with over 300 T4A slips, please see instructions in the "Employers Guide to Source Deductions" about the breakdown of large returns.

TOTAUX DES FEUILLETS T4A SUPPLÉMENTAIRE

Pour les déclarations renfermant plus de 300 feuillets T4A, consultez le «Guide de l'employeur sur les retenues à la source» pour la répartition des déclarations volumineuses.

Total number of T4A Slips filed *Nombre de T4A Suplémentaire produits*	88		△
Pension or superannuation *Prestations de retraite ou d'autres pensions*	16		△
Lump-sum payments *Paiements forfaitaires*	18		△
Self-employed commissions *Commissions d'un travail indépendant*	20		△
Annuities *Rentes*	24		△
Retiring allowances *Allocations de retraite*	26		△
Other income *Autres revenus*	28		△
Patronage allocations *Répartitions selon l'apport commercial*	30		△
Pension Plan contributions (past service) *Cotisations à un régime de pensions (service passé)*	32		△
Pension adjustment *Facteur d'équivalence*	34		△

◀ Number of T4A slips included in the total at left, where the recipients address is in the U.S.A.. *Nombre de feuillets T4A inclus dans le «Total» indiqué à gauche pour lesquels l'adresse du bénéficiaire est aux É.-U..*

DEPARTMENTAL USE ONLY

RÉSERVÉ AU MINISTÈRE

Total tax deductions reported (see T4A Supplementaries) *Total des retenues d'impôt déclarées (selon les T4A Supplémentaire)* 22 △

Minus: Remittances - *Moins : Versements* 82

Difference - *Différence* ▶ We do not charge or refund a difference of less than $1.00. *Une différence inférieure à 1 $ ne sera ni exigée ni remboursée par le Ministère.*

Overpayment *Paiement en trop* 84

* Balance due *Solde à payer* 86

* If you have not paid the total deductions reported, include the balance with this completed return. You may be subject to a penalty for late payment if you have any balance owing.

Si vous n'avez pas payé le montant total des retenues déclarées, veuillez joindre le solde à payer, à la présente déclaration. Tout solde à payer est assujetti à une pénalité pour paiement tardif.

Revenue Canada, Taxation issued registration number(s) for RPP - *Numéro(s) d'enregistrement émis par Revenu Canada, Impôt pour RPA*

71 | 72 | 73

Canadian controlled private corporations or unincorporated employers; enter the social insurance number of the proprietor(s). *Corporations privées dont le contrôle est canadien ou employeurs non constitués : inscrivez le numéro d'assurance sociale du (des) propriétaire(s).*

74 | 75

Person to contact about this return - *Personne avec qui communiquer au sujet de cette déclaration*

76 First name - *Prénom* Surname - *Nom de famille*

Telephone number - *Numéro de téléphone*

78 Area code - *Indicatif régional* –

CERTIFICATION - *ATTESTATION*

I HEREBY CERTIFY that the information given in this T4A return; T4A Summary form and related T4A Supplementary forms is true, correct and complete in every respect.

J'ATTESTE PAR LA PRÉSENTE que les renseignements fournis dans la déclaration T4A, la formule T4A Sommaire et les formules connexes T4A Supplémentaire, sont vrais, exacts et complets sous tous les rapports.

Date | Signature of authorized person - *Signature de la personne autorisée* | Position or office - *Titre du poste*

FOR DEPARTMENTAL USE ONLY: PLEASE DO NOT WRITE IN THIS AREA - *RÉSERVÉ AU MINISTÈRE : NE RIEN ÉCRIRE ICI*

Transfer *Transfert*

90 1 Last to current *Précédente à courante*

2 No action *Aucune mesure*

3 Other *Autre*

Proforma

91 1 No *Non*

2 Yes *Oui*

92 3 0 1 Type *Genre*

93 Date

94 A

B

Memo - *Note*

Prepared by - *Établi par* | Date

	Code 2	Correspond.	Inc.	TPC - *CCT*	Dressed - *MAP*	Rev. - *Rév.*	No Accounts - *Aucun n°*
Initials - *Initiales*							
Date							

- KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS.
- IF YOU DO NOT FILE BY MAGNETIC MEDIA, SEND COPIES 1 AND 2 OF THIS SUMMARY AND COPY 1 OF RELATED FORM T4A SUPPLEMENTARY TO THE APPROPRIATE TAXATION CENTRE ADDRESS IN BOX "A" ON THE BACK OF THIS FORM.

Canadian Human Rights Act Federal Information Bank Number: 15615.
Form authorized and prescribed by order of the Minister of National Revenue.

- *CONSERVEZ LE BROUILLON DE LA FORMULE SOMMAIRE POUR VOS DOSSIERS.*
- *SI VOUS NE PRODUISEZ PAS DE DÉCLARATION SUR SUPPORT MAGNÉTIQUE, ENVOYEZ LES COPIES 1 ET 2 DE LA FORMULE SOMMAIRE AINSI QUE LA COPIE 1 DU T4A SUPPLÉMENTAIRE CONNEXE AU CENTRE FISCAL APPROPRIÉ, DONT L'ADRESSE FIGURE À LA CASE «A» AU VERSO DE CETTE FORMULE.*

Loi canadienne sur les droits de la personne : Numéro de la banque fédérale de données : 15615.
Formule autorisée et prescrite par ordre du ministre du Revenu national.

Revenue Canada Taxation
Revenu Canada Impôt

SUMMARY OF REMUNERATION PAID
(For the year ending December 31, 1990)
SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1990)

T4A-NR

SUMMARY - SOMMAIRE

1990 **Complete this return using the instructions in the "Employers Guide to Source Deductions" or the "Source Deductions for Small Business Employers Guide."**

Cette déclaration doit être remplie selon les instructions du «Guide de l'employeur sur les retenues à la source» ou du «Guide des employeurs qui exploitent une petite entreprise».

Copy / Copie **1**

○ If you file your T4A-NR return on tape or diskette, tick (✓) inside the circle at left. For shipping instructions, see Box "B" on the back of this form.

Si vous produisez votre déclaration T4A-NR sur disquette ou sur bande, cochez (✓) le symbole qui figure sur la gauche. Faites parvenir le tout selon les instructions fournies à la case «B», au verso de cette formule.

IMPORTANT
EMPLOYER'S NAME AND NUMBER MUST BE THE SAME AS THAT SHOWN ON YOUR FORM PD7A, TAX DEDUCTION, CANADA PENSION PLAN, UNEMPLOYMENT INSURANCE REMITTANCE RETURN.

LE NOM ET LE NUMÉRO DE L'EMPLOYEUR DOIVENT ÊTRE LES MÊMES QUE CEUX QUI FIGURENT SUR LA FORMULE PD7A, DÉCLARATION DE VERSEMENTS (RETENUES D'IMPÔT, RÉGIME DE PENSIONS DU CANADA, ASSURANCE-CHÔMAGE).

Employer account number (see form PD7A) / *N° de compte de l'employeur (selon la formule PD7A)*

Name and address of employer / *Nom et adresse de l'employeur*

Taxation centre / *Centre fiscal*

DO code / *Code du BD*

T4A-NR SUPPLEMENTARY SLIPS TOTALS
For returns with over 300 T4A-NR slips, please see instructions in the "Employers Guide to Source Deductions" about the breakdown of large returns.

TOTAUX DES FEUILLETS T4A-NR SUPPLÉMENTAIRE
Pour les déclarations renfermant plus de 300 feuillets T4A-NR, consultez le «Guide de l'employeur sur les retenues à la source» pour la répartition des déclarations volumineuses.

Total number of T4A-NR slips filed / *Nombre total de feuilles T4A-NR produits* 88 △

Gross income / *Revenu brut* 18 △

Travel expenses / *Frais de déplacement* 20 △

DEPARTMENTAL USE ONLY

RÉSERVÉ AU MINISTÈRE

Total tax deductions reported (see T4A-NR Supplementaries) / *Total des retenues d'impôt déclarées (selon les T4A-NR Supplémentaire)* 22 △

Minus: Remittances - *Moins : Versements* 82

Difference - *Différence*

We do not charge or refund a difference of less than $1.00.
Une différence inférieure à 1 $ ne sera ni exigée ni remboursée par le Ministère.

Overpayment / *Paiement en trop* 84

* Balance due / *Solde à payer* 86

* If you have not paid the total deductions reported, include the balance with this completed return. You may be subject to a penalty for late payment if you have any balance owing.
Si vous n'avez pas payé le montant total des retenues déclarées, veuillez joindre le solde à payer à la présente déclaration. Tout solde à payer est assujetti à une pénalité pour paiement tardif.

Canadian-controlled private corporations or unincorporated employers: enter the social insurance number of the proprietor(s).
Corporations privées dont le contrôle est canadien ou employeurs non constitués: Inscrivez le numéro d'assurance sociale du (des) propriétaire(s).

74

75

Person to contact about this return - *Personne avec qui communiquer au sujet de cette déclaration*

76 First name - *Prénom* Surname - *Nom de famille*

Telephone number - *Numéro de téléphone*

78 Area code - *Indicatif régional*

CERTIFICATION - *ATTESTATION*

I HEREBY CERTIFY that the information given in this T4A-NR Return; T4A-NR Summary form and related T4A-NR Supplementary forms, is true, correct and complete in every respect.
J'ATTESTE PAR LA PRÉSENTE que les renseignements fournis dans la déclaration, cette formule Sommaire et les formules connexes T4A-NR Supplémentaire, sont vrais, exacts et complets sous tous les rapports.

Date

Signature of authorized person - *Signature de la personne autorisée*

Position or office - *Titre du poste*

FOR DEPARTMENTAL USE ONLY: PLEASE DO NOT WRITE IN THIS AREA - *RÉSERVÉ AU MINISTÈRE : NE RIEN ÉCRIRE ICI*

Transfer / *Transfert*
90 1 Last to current / *Précédente à courante*
2 No action / *Aucune mesure*
3 Other / *Autre*

Proforma
91 1 No / *Non*
2 Yes / *Oui*

92 3 1 1 Type / *Genre*

93 Date

94 A

B

Memo - *Note*

Prepared by - *Établi par*

Date

	Code 2	Correspond.	Inc.	TPC - *CCT*	Dressed - *MAP*	Rev. - *Rév.*	No Accounts - *Aucun n°*
Initials - *Initiales*							
Date							

- **KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS.**
- **IF YOU DO NOT FILE BY MAGNETIC MEDIA, SEND COPIES 1 AND 2 OF THIS SUMMARY AND COPIES 1 AND 2 OF RELATED T4A-NR SUPPLEMENTARY FORMS TO THE APPROPRIATE TAXATION CENTRE ADDRESS IN BOX "A" ON THE BACK OF THIS FORM.**

- ***CONSERVEZ LE BROUILLON DE LA FORMULE SOMMAIRE POUR VOS DOSSIERS.***
- ***SI VOUS NE PRODUISEZ PAS DE DÉCLARATION SUR SUPPORT MAGNÉTIQUE, ENVOYEZ LES COPIES 1 ET 2 DE LA FORMULE SOMMAIRE AINSI QUE LES COPIES 1 ET 2 DU T4A-NR SUPPLÉMENTAIRE CONNEXE AU CENTRE FISCAL APPROPRIÉ, DONT L'ADRESSE FIGURE À LA CASE «A» AU VERSO DE CETTE FORMULE.***

Canadian Human Rights Act Federal Information Bank Number: 15615.
Form authorized and prescribed by order of the Minister of National Revenue.

Loi canadienne sur les droits de la personne : Numéro de la banque fédérale de données : 15615.
Formule autorisée et prescrite par ordre du ministre du Revenu national.

Revenue Canada Taxation | Revenu Canada Impôt

SUMMARY OF REMUNERATION PAID
(For the year ending December 31, 1990)

SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1990)

T4F
SUMMARY
SOMMAIRE

Copy *Copie* 1

1990

Complete this return using the instructions in the "Employers Guide to Source Deductions" or the "Source Deductions for Small Business Employers Guide."

Cette déclaration doit être remplie selon les instructions du «Guide de l'employeur sur les retenues à la source» ou du «Guide des employeurs qui exploitent une petite entreprise».

IMPORTANT
EMPLOYER'S NAME AND NUMBER MUST BE THE SAME AS THAT SHOWN ON YOUR FORM PD7A, TAX DEDUCTION, CANADA PENSION PLAN, UNEMPLOYMENT INSURANCE REMITTANCE RETURN.

LE NOM ET LA NUMÉRO DE L'EMPLOYEUR DOIVENT ÊTRE LES MÊMES QUE CEUX QUI FIGURENT SUR LA FORMULE PD7A, DÉCLARATION DE VERSEMENTS (RETENUES D'IMPÔT, RÉGIME DE PENSIONS DU CANADA, ASSURANCE-CHÔMAGE).

Employer account number (see form PD7A) / *N° de compte de l'employeur (selon la formule PD7A)*

Name and address of employer / *Nom et adresse de l'employeur*

Taxation centre / *Centre fiscal*

DO code / *Code du BD*

Number of T4F Supplementaries filed	*Nombre de T4F Supplémentaire produits*	88	△
Gross earnings	*Revenu brut*	14	△
Unemployment Insurance insurable earnings	*Gains assurables d'assurance-chômage*	16	△
Unemployment Insurance premiums - Fishermen's	*Cotisations des pêcheurs à l'assurance-chômage*	18	△
Unemployment Insurance premiums - Designated employer	*Cotisations de l'employeur désigné à l'assurance-chômage*	26	△
Income tax deducted	*Impôt sur le revenu retenu*	22	△

DEPARTMENTAL USE ONLY

RÉSERVÉ AU MINISTÈRE

Total deductions reported ((18 + 26 + 22) / *Total des retenues déclarées (18 + 26 + 22)* 80 △

Minus: Remittances - *Moins : Versements* 82

Difference - *Différence*

We do not charge or refund a difference of less than $1.00.
Une différence inférieure à 1 $ ne sera ni exigée ni remboursée par le Ministère.

Overpayment / *Paiement en trop* 84

* Balance due / *Solde à payer* 86

* If you have not paid the total deductions reported, include the balance with this completed return. You may be subject to a penalty for late payment if you have any balance owing.
Si vous n'avez pas payé le montant total des retenues déclarées, veuillez joindre le solde à payer à la présente déclaration. Tout solde à payer est assujetti à une pénalité pour paiement tardif.

Person to contact about this return - *Personne avec qui communiquer au sujet de cette déclaration* 76
First name - *Prénom* Surname - *Nom de famille*

Telephone number - *Numéro de téléphone* 78
Area code - *Indicatif régional*

CERTIFICATION - *ATTESTATION*

I HEREBY CERTIFY that the information given in this T4F return: T4F Summary form and related T4F Supplementary forms, is true, correct and complete in every respect.
J'ATTESTE PAR LA PRÉSENTE que les renseignements fournis dans la déclaration T4F, la formule T4F Sommaire et les formules connexes T4F Supplémentaire, sont vrais, exacts et complets sous tous les rapports.

Date | Signature of authorized person - *Signature de la personne autorisée* | Position or office - *Titre du poste*

FOR DEPARTMENTAL USE ONLY: PLEASE DO NOT WRITE IN THIS AREA - *RÉSERVÉ AU MINISTÈRE : NE RIEN ÉCRIRE ICI*

Transfer / *Transfert* 90
- 1 Last to current / *Précédente à courante*
- 2 No action / *Aucune mesure*
- 3 Other / *Autre*

Proforma 91
- 1 No / *Non*
- 2 Yes / *Oui*

92 3 6 1 Type / *Genre*

93 Date

94 A

B

Memo - *Note*

Prepared by - *Établi par* Date

	Code 2	Correspond.	Inc.	TPC - *CCT*	Dressed - *MAP*	Rev. - *Rév.*	No Accounts - *Aucun n°*
Initials - *Initiales*							
Date							

- **KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS.**
- **SEND COPIES 1 AND 2 OF THIS SUMMARY AND COPIES 1, 2 AND 3 OF RELATED FORM T4F SUPPLEMENTARY TO THE APPROPRIATE TAXATION CENTRE ADDRESS LISTED ON THE BACK OF THIS FORM.**

Canadian Human Rights Act Federal Information Bank Number: 15615.
Form authorized and prescribed by order of the Minister of National Revenue.

- ***CONSERVEZ LE BROUILLON DE CE SOMMAIRE POUR VOS DOSSIERS.***
- ***ENVOYEZ LES COPIES 1 ET 2 DE LA FORMULE SOMMAIRE AINSI QUE LES COPIES 1, 2 ET 3 DU T4F SUPPLÉMENTAIRE CONNEXE AU CENTRE FISCAL APPROPRIÉ, DONT L'ADRESSE FIGURE AU VERSO DE CETTE FORMULE.***

Loi canadienne sur les droits de la personne : Numéro de la banque fédérale de données : 15615.
Formule autorisée et prescrite par ordre du ministre du Revenu national.

SAMPLE WAGE RECORD

YEAR 19

SURNAME

INITIALS

DATE OF BIRTH

SOCIAL INSURANCE NUMBER

ADDRESS

FIRST DAY WORKED

NET CLAIM CODE PER TD1

LAST DAY WORKED

EMPLOYEE NUMBER

EMPLOYEE'S OCCUPATION

PROVINCE OF EMPLOYMENT

	HOURS OR DAYS WORKED									REMUNERATION							DEDUCTIONS														
																						C.P.P.		U.I.C.							
PAY PERIOD ENDING	S	M	T	W	T	F	S	Tot	RATE OF PAY	Regular Wages	Commissions	Overtime	Paid Leave	Benefits and Allowances	Other	Total Remuneration	R.P.P.	Union Dues	Other Deductions authorized by D.O.	Amount Subject to Tax (10-11-12-13)	Income Tax	Deductions	Cumulative	Deductions	Insurable Earnings	wks	Other Deductions	Total Deductions	NET PAY (10-22)	DATE PAID	CASH OR CHEQUE NUMBER
(1)	(2)								(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)

SAMPLE PAYROLL

WEEK ENDING 19

NAME OF EMPLOYEE	ITEMS 2 TO 25 CONTAINED IN THE SAMPLE WAGE RECORD CAN BE REPEATED HERE.

COMMENTS:

(7) PAID LEAVE: i.e. vacation pay, statutory holiday, sick leave etc.

(8) BENEFITS AND ALLOWANCES: i.e. board and lodging, rent free and low rent housing, personal use of employer's auto, interest free and low interest loans must be reported separately on form T4 Statement of Remuneration Paid.

(9) OTHER REMUNERATION: i.e. bonus, retroactive pay, training allowances, controlled tips and gratuities, etc.

(14) AMOUNT SUBJECT TO TAX: is total remuneration less RPP deductions, union dues and any other deductions authorized by the District Taxation Office such as alimony, maintenance payments, RRSP contributions etc.

(19) UI INSURABLE EARNINGS: for T4 reporting purposes the maximum insurable earnings could exceed the yearly maximum as indicated at page 1, if employee is being paid for 53 weekly pay periods or 27 bi-weekly pay periods in the year.

NOTES

TAXATION CENTRES

Employers located in the following provinces, territories or cities -

Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland	Taxation Centre St. John's Newfoundland A1B 3Z3
Sherbrooke, Québec, Rouyn-Noranda, Chicoutimi, Rimouski and Trois-Rivières	Taxation Centre Jonquière Quebec G7S 5J3
Montréal, Saint-Hubert and Laval	Taxation Centre Shawinigan-Sud Quebec G9N 7W2
Ottawa, Toronto, Mississauga, North York and Scarborough	Taxation Centre Ottawa Ontario K1A 1B1
Kingston, Belleville, Hamilton, Kitchener, St. Catharines, London, Windsor, Sudbury and Thunder Bay	Taxation Centre Sudbury Ontario P3A 5C3
Alberta, Saskatchewan, Manitoba and Northwest Territories	Taxation Centre Winnipeg Manitoba R3C 3P8
British Columbia and Yukon Territory	Taxation Centre Surrey British Columbia V3T 5E5

DISTRICT TAXATION OFFICES	PAYROLL AND NON-RESIDENT ENQUIRIES		FORMS REQUEST LOCAL
	ENGLISH SERVICES		
	LOCAL	LONG DISTANCE	
NEWFOUNDLAND			
St. John's – 215 Water Street, A1C 6C9	772-2639	1-800-563-2639	772-5088
PRINCE EDWARD ISLAND			
Charlottetown – 90 Richmond Street, C1A 8L3	566-7244	1-566-7200	566-7250
NOVA SCOTIA			
Halifax – 1256 Barrington Street, B3J 2T5	426-3296	1-426-3296	426-2151
Sydney – 136 Charlotte Street, B1P 6K3	564-7099	1-564-7099	564-7120
NEW BRUNSWICK			
Bathurst – 120 Harbourview Blvd., 4th Floor, E2A 4L8		1-800-222-8472	548-7100
Saint John – 65 Canterbury Avenue, E2L 4H9	636-4462	1-800-222-8472	636-4618
QUEBEC			
Chicoutimi – 100 Lafontaine Street, Office 211, G7H 6X2	545-8026	1-800-463-1825	545-8026
Laval – 3131 St. Martin Boulevard West, H7T 2A7	956-9120	1-800-363-2219	956-9115
Montréal – 305 René-Lévesque Blvd. West, H2Z 1A6	283-5585	1-800-363-9700	283-5623
Québec – 165 Pointe-aux-Lièvres Street South, G1K 7L3	648-5809	1-800-463-1825	648-4083
Rimouski – 320 St-Germain E., 4th Floor, G5L 1C2	722-3111	1-800-463-1825	722-3111
Rouyn-Noranda – 11 Terminus Street East, J9X 3B5	764-3474	1-800-567-6487	797-4299
Sherbrooke – 50 Place de la Cité, J1H 5L8	373-2723	1-800-567-3582	821-8565
St. Hubert – 5245, Cousineau Boulevard, Suite 200, J3Y 7Z7	283-5585	1-800-363-9700	445-5264
Trois-Rivières – 25 des Forges Street, suite 411, G9A 2G4	1-800-567-3582	1-800-567-3582	373-2723
ONTARIO			
Belleville – 11 Station Street, K8N 2S3	962-8616	1-800-267-8038	969-3707
Hamilton – 150 Main Street West, L8N 3E1	572-2026		572-2609
Calls from area code 416		1-800-263-8562	
Calls from area code 519		1-800-263-9297	
Kingston – 385 Princess Street, K7L 1C1	545-8665	1-800-267-7817	1-800-267-8043
Kitchener – 166 Frederick Street, N2G 4N1	579-0490	1-800-265-6373	579-8951
London – 451 Talbot Street, N6A 5E5	645-4223	1-800-265-4498	645-4244
Mississauga – 77 City Centre Dr., L5A 4E9	566-6702		566-6005
Calls from area code 416		1-800-387-0800	
Calls from area code 519		1-800-387-0810	
North York – 36 Adelaide St. E., Toronto, M5C 2V4	973-2062		865-9469
Calls from area code 416		1-800-387-0800	
Calls from area codes 519, 705		1-800-387-0810	
Ottawa – 360 Lisgar Street, K1A 0L9	957-8109		957-8088
Calls from area code 613		1-800-267-6550	
Calls from area code 819		1-800-267-3323	
St-Catharines – 32 Church Street, L2R 3B9	688-3523	1-800-263-5421	688-4000
Scarborough – 200 Town Centre Court, M1P 4Y3	973-7700		296-0104
Calls from area code 416		1-800-387-5228	
Calls from area code 705		1-800-387-5183	
Sudbury – 19 Lisgar Street South, P3E 3L5	671-0530	1-800-461-3518	671-0596
Thunder Bay – 201 North May Street, P7C 3P5	623-3039	1-800-465-6842	623-2751
Toronto – 36 Adelaide Street East, M5C 1J7	367-9990		865-9469
Calls from area code 416		1-800-387-0800	
Calls from area codes 519, 705		1-800-387-0810	
Windsor – 185 Ouellette Avenue, N9A 5S8	252-6518		252-3611
Calls from Essex County		1-800-265-5826	
MANITOBA			
Winnipeg – 391 York Avenue, R3C 0P5	983-3918	1-800-542-3441	983-3942
SASKATCHEWAN			
Regina – 1955 Smith Street, S4P 2N9	780-6999	1-800-667-7157	780-6079
Saskatoon – 201-21st Street East, S7K 0A8	975-5692	1-800-667-6844	975-4577
ALBERTA			
Calgary – 220-4th Avenue South East, T2G 0L1	292-6477		292-4225
Calls from Southern Alberta		1-800-332-1003	
Edmonton – 9700 Jasper Avenue, T5J 4C8	495-6570		495-3544
Calls from Northern Alberta		1-800-232-1966	
Calls from NorthWest Territories and North Eastern British Columbia		1-800-661-6451	
BRITISH COLUMBIA			
Penticton – 277 Winnipeg Street, V2A 1N6	492-9470	1-800-663-5062	492-9470
Vancouver – 1166 West Pender Street, V6E 3H8	666-7509	1-800-663-5650	666-0337
Calls from Yukon Territory and North Western British Columbia		1-800-663-0710	
Victoria – 1415 Vancouver Street, V8V 3W4	388-3373	1-800-663-2598	388-3291

HEARING DISABILITY

If you are deaf or have a hearing disability and have access to a telephone device for the Deaf, telephone 1-800-665-0354*.

REGULAR HOURS OF TELEPHONE AND COUNTER SERVICE

Monday to Friday – 8:15 a.m. to 5:00 p.m. (holidays excepted)

Long Distance Calls: No charge to caller. Dial direct, per instructions.

NOTES

CUT-ALONG LINE

Revenue Canada Taxation
Revenu Canada Impôt

ORDER FORM

Please list the titles or numbers of the publications required in the boxes below. Print your name and address in the area provided and submit your completed form to your district office.

NAMES OF REQUESTED GUIDES OR OTHER PUBLICATIONS									
NUMBERS OF REQUESTED FORMS, CIRCULARS OR BULLETINS									
NAME									
ADDRESS									
CITY									
PROVINCE						POSTAL CODE			