



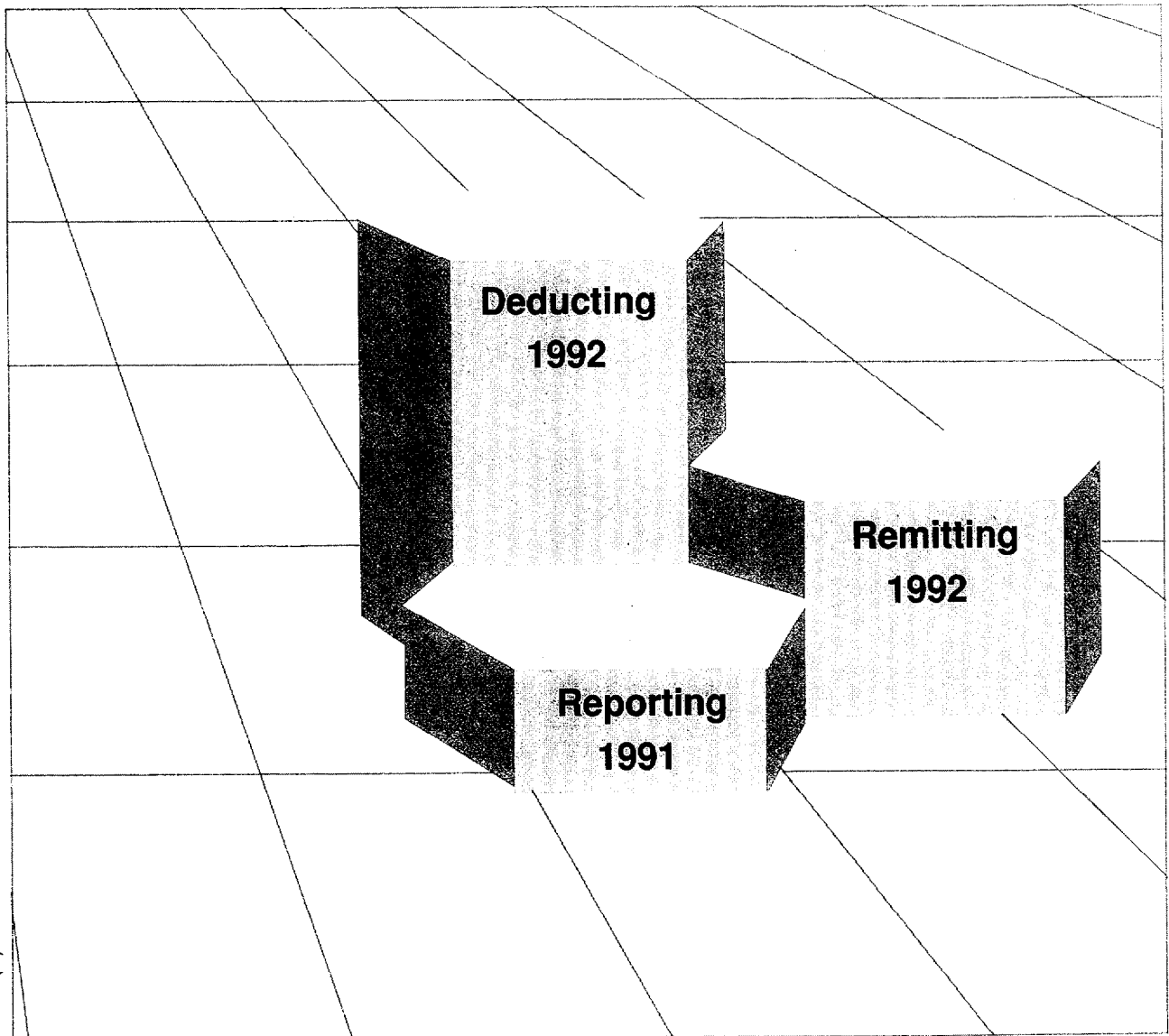
Revenue Canada
Taxation

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Employers' Guide to Payroll Deductions

(including trustees and other payers)



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Cette publication est disponible en français

This guide uses plain language to explain the most common tax situations. If you need more help, please contact your district taxation office.

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What's new?

This section explains any legislative and administrative changes which have taken place since the publication of the 1990 guide. Any major changes will also be shaded in green throughout the text.

Unemployment Insurance (UI) premium rate

On July 1, 1991, the employee's UI premium rate increased from 2.25 per cent to **2.8 per cent** of insurable earnings. Since this new rate was not retroactive, there will be two premium rates in 1991:

- from January 1 to June 30 2.25%
- from July 1 to December 31 2.8%

There is **no change** in the maximum weekly insurable earnings or in the way UI premiums and insurable earnings are reported on the T4 return.

Increase in the disability tax credit amount

The disability amount on line 8 of the 1991 Personal Tax Credit Return (TD1) has increased from \$3,387 to \$4,118. Although we will not be revising the 1991 TD1 form, the new disability amount will appear on the 1992 form. Some of your employees or pensioners may ask you to adjust the amount to reflect the increase. If so, please alter the employee's or pensioner's net claim amount (line 15 on the TD1 form) accordingly.

For the employee or pensioner to receive the full benefit of the \$731 disability amount increase for the remaining pay periods in 1991, make the adjustment by using the following formula:

Increase = \$731 x P ÷ Pr where

P = your number of pay periods in the year

Pr = your number of pay periods remaining in the year

If you adjust the disability amount to reflect the increase, make sure the employee or pensioner completes a new TD1 form to reflect the proper disability amount for 1992.

If you do not make the adjustment, the employee or pensioner will receive the additional tax credit benefit when he or she files a 1991 income tax return.

Disability-related employment benefits

Certain employer benefits provided to handicapped employees will no longer be taxable benefits for 1991 and later taxation years. For more details, see "Disability-related employment benefits" in Chapter 10.

Workers' Compensation benefits

For 1991 and later years, employers no longer have to report Workers' Compensation benefits on employees' T4 Supplementaries. For more details, see "Workers' Compensation payments and advances" in Chapter 7.

Goods and services tax (GST) on taxable benefits

The goods and services tax legislation, which was passed by Parliament, came into effect on January 1, 1991. As a result of this legislation, amendments have been made to the *Income Tax Act*. One such amendment is the GST being included in certain taxable benefits, including automobile benefits, in employment income. You can find more information about this subject in this guide.

If you have any questions about the GST as legislated in the *Excise Tax Act*, other than how it impacts on income tax and related legislation, please contact your nearest Revenue Canada Excise office.

T4A supplementary revised

In box 38 of the 1991 T4A supplementary, marked "footnotes", we have added an area for employers to complete a two-digit footnote "code." These footnote codes will apply to box 28 "Other income" only. For

more information, along with a list of the footnote codes that you have to enter in the footnote code box, see "Completing the T4A Supplementary" section of Chapter 6.

Non-resident tax (Part X111)

There are two changes for the 1991 taxation year. They affect the forms you complete and the amounts you have to deduct and report.

Reporting forms

For 1991, we have replaced reporting Forms NR4-NR4A Summary and NR4, NR4A and NR4A-RCA Supplementaries with two new reporting forms.

The new forms are the NR4B Summary and the NR4B Supplementary. As an interim measure for 1991, we'll allow payers and disbursing agents who cease business in 1991 to file their **final returns** using reporting Forms NR4-NR4A Summary and NR4 and NR4A Supplementaries. **Testamentary trusts** whose 1991 taxation year ends before December 31, 1991 may also file using the old NR4-NR4A Summary, and the NR4, NR4A and NR4A-RCA Supplementaries.

Deducting and reporting limits

Beginning in 1991, you do not have to withhold or report amounts on an NR4B Supplementary when the total of amounts paid or credited to a non-resident during the year is less than \$10. Also, you do not have to withhold or report amounts totalling less than \$10 that you have paid or credited to a non-resident during the year under Part 1 or Part X111 of the *Income Tax Act*.

Pension plans

Union and employer association pension plans

If you contribute to an RPP sponsored by a union or employer association, either directly or indirectly, in accordance with a collective agreement, you must report the PA resulting from your contribution on your employees' T4 slips.

Under the draft regulations released by the Department of Finance on July 31, 1991, the union or association must provide employers with sufficient information to enable them to determine the total contributions made for each employee. The union/employer association must also give employers the registration number of the registered pension plan.

Unregistered pension plans

As outlined in the Department of Finance news release dated May 24, 1991, unregistered pension plans can, in some circumstances, provide tax deferral advantages similar to those available to RPPs. It's for this reason that starting with the 1991 taxation year (1992 taxation year for grandfathered plans — see note), an employer or payer must calculate and report the pension adjustment (PA) to ensure an equitable and fair allocation of RRSP limits under the pension reform legislation.

Calculate and report the PA on the basis of a registered plan under the following circumstances:

- (1) Unregistered pension plans maintained by tax-exempt employers. This will **not** apply if the unregistered plan is an adequately funded retirement compensation arrangement (RCA) that is already subject to the special 50% refundable tax.
- (2) Government-sponsored retirement plans established for individuals who are not employees of a government or other body but who are paid from public funds for services they render.
- (3) Canadian-resident employees who are members of unregistered foreign pension plans. This applies if the employer has elected to exclude the employees from the 50% refundable retirement compensation arrangement tax. If you sponsor this type of plan, and have made contributions to the plan in 1991 that would otherwise be subject to the retirement compensation arrangement tax, you may elect to be exempt from the tax rules which apply to RCAs. The election must be made by January 30, 1992 and addressed to:

Registered Plans Division
Revenue Canada, Taxation
400 Cumberland Street
Ottawa, Ontario
K1A 0L8

Note

The first two types of plans are subject to a grandfathering provision. A grandfathered plan is a plan or arrangement established pursuant to an agreement in writing entered into before May 24, 1991 where

- the plan or arrangement is not substantially modified after that date and before 1992, and
- if the plan or arrangement is registered for the purposes of the *Income Tax Act*, the registration is not revoked effective any time after 1989.

You must then report a pension adjustment (PA) for each Canadian resident for whom the RCA rules would otherwise apply. You may apply to the Registered Plans Division for permission to report the PA in a manner consistent with the PA rules for registered pension plans, or in some other way appropriate in the circumstances. Otherwise, you must determine the PA so that each employee's total PA equals:

- 18% of the employee's compensation from you the employer; or
- \$12,500;

whichever amount is less; minus \$1,000.

We will issue an account number which should appear in box 50 of the T4A Supplementary.

Common questions and answers

1. What are insurable earnings?

Insurable earnings are earnings from which you must deduct Unemployment Insurance (UI) Premiums. To determine the earnings that are subject to UI premiums, refer to the text under the heading "Employment and earnings subject to UI premiums" in Chapter 3 of this guide. The 1992 rates will appear in the *Payroll Deductions Tables* which will be mailed to you in December 1991.

2. I've hired a casual labourer. Are deductions required?

If they are working for your business as an employee you'll have to make deductions. If a casual labourer works for you, but not for your business, you will not have to make deductions. An example would be someone who cuts your grass at home on a casual basis.

3. I am about to pay holiday pay to my employees. They are not going to be taking holidays. What deductions are required?

See the sections "Vacation pay" and "Bonuses and retroactive pay increases" in Chapter 7 of this guide.

4. I have hired several students for the summer. Since they are going back to school do I have to make deductions?

You must consider three separate legislations when doing your payroll. They are listed below:

Canada Pension Plan contributions

Refer to Chapter 2 of this guide for instructions on how to deduct Canada Pension Plan contributions.

Unemployment Insurance premiums

There is no age limit for Unemployment Insurance premiums but there are limits based on the number of hours worked or dollars earned. The 1991 limits appear on page 8, Schedule 2, in the July 1 *Source Deduction Tables*. The 1992 limits will be listed in the tables that we will mail to you in December 1991.

Tax deductions

If an employee's income will not be more than the net claim amount on the TD1 form, and the employee enters an E on line 17, you will not have to deduct tax at source. Otherwise, you will have to make deductions by using the tables that we provide.

5. I have not received my form for remitting my tax, CPP and UI. What should I do?

Refer to the "Remittance forms" section in Chapter 5 of this guide.

6. If my employees want to have additional tax withheld, what should I do?

Have the employee complete item 18 on the TD1 form which authorizes you to deduct the additional tax.

Chapter 1 — Introduction

This annual guide provides most of the information you'll need to deduct, remit and report payroll deductions. As well, it also gives a brief description of the various forms to use to correctly withhold, remit and report income tax, Canada Pension Plan (CPP) contributions, and Unemployment Insurance (UI) premiums for your employees. It's intended to help you avoid errors, and should answer most of the common questions dealing with "payroll deductions."

This guide will give information for reporting tax, CPP, and UI for 1991 and for deducting and remitting these amounts for 1992.

Note

The rates used in the examples in this publication are for illustrative purposes only. Please see the *Payroll Deductions Tables* (formerly called *Source Deductions Tables*) for the current rates. These tables are issued in January and July.

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 *Canada Pension Plan — Information for the Self-Employed* publication.

Province or territory of employment

The province or territory of employment depends 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 your business is located. To withhold payroll deductions, use the tax table which corresponds to the province or territory of employment.

Example

You are located in the province of Ontario but you require your employee to report at your place of business in Manitoba. In this case, use the Manitoba tax tables.

- If you do not require the employee 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 you pay your employee's salary.

Example

The employee does not have to report to any of your particular business establishments, but you pay the employee out of your establishment located in the province of Québec. In this case, use the Québec tax tables.

Employers in the province of Québec

Since the province of Québec 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 Québec. For more information on the Québec Pension Plan, please contact **Revenu Québec, 3800 Marly Street, Sainte-Foy, Québec, G1X 4A5.**

Note

Premiums for Unemployment Insurance may be required.

Small Business Employers' Kit

This kit contains a guide and tables. If you answer "No" to all of the following questions, 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).
- 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?

To allow us to code your account so that you'll receive the new guide and tables, please contact your district taxation 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'll 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. You may also want to consider filing your information return on tape or diskette.

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.

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, you must keep these amounts separate 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 or remit Canada Pension Plan contributions and Unemployment Insurance premiums that should have been deducted as follows:

Month	Failed to deduct	
	CPP	UI
January	\$ 3.40	\$ 8.50
February	3.40	8.50
March	4.10	8.50
April	<u>4.70</u>	<u>8.50</u>
Total	<u>\$15.60</u>	<u>\$34.00</u>

From an audit of the records, we issue an assessment 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			<u>\$112.80⁽²⁾</u>

⁽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.)
Total			<u>\$15.60</u>	<u>\$34.00</u>	

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%** penalty for the first occurrence. This penalty will increase to **20%** 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, we can levy penalties 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

Employers are required to file an information return by the end of February of the following year. 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 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 need 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*.

Since Canada Pension Plan records are maintained under an account identified by the employee's social insurance number, it's 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, T4A and T4F Supplementaries.

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's also important that the social insurance number 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 more details regarding the joint and several liability of directors, you may wish to refer to Information Circular 89-2, available 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 Act*, 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 Act*.

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 our policy to make available to your employees any details pertaining to them personally without them having to make formal requests for access under the *Privacy Act*.

Determining an employer-employee relationship

Before you can make deductions for Canada Pension Plan contributions and Unemployment Insurance premiums, 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. Forms CPT-1 for employers and CPT-2 for workers are available for this purpose.

Need help?

If the information contained in this guide does not answer your specific questions about how to deduct, remitt or report payroll (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 payroll deductions.

In addition to the *Income Tax Act*, we are responsible for administering regulations and provisions that deal with coverage, contributions and collections under the Canada Pension Plan and *Unemployment Insurance Acts*. Direct your enquiries about these acts to your local Canada Pension Plan offices of Health and Welfare Canada, or to Canada Employment Centres. We also administer provincial or territorial *Income Tax Acts* for all provinces and territories except Québec.

Employment and Immigration Canada is responsible for the legislative provisions of the *Unemployment Insurance Act*, while we are responsible for the Unemployment Insurance (Collection of Premiums) Regulations. 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 disposing of them;
- 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 you have to pay your next remittance payment. 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 us 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 employer has deducted either Canada Pension Plan contributions or Unemployment Insurance premiums or both from employees' salary, wages or other remuneration paid, or for any taxable benefits provided to employees 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. We 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. We will file a separate claim 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 us.

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 contributions

Coverage

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

- the employee is 18 years old and has not reached 70 years of age;
- the employee is employed in pensionable employment during the year; and
- the employee is not receiving a Canada or a Québec 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, complete box 28 "Exempt" 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, other than as an entertainer, of a person in connection with 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.
- (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 an employee dies, 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 amount which is equivalent to a Workers' Compensation Board award amount, 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 is not 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 paid by the Workers' Compensation Board;
 - over the equivalent maximum dollar amount paid 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 and can be applied for regardless of whether or not there is a social security agreement between Canada and the country in which the employer is located.

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.

For information about the *Canada-United States Social Security Agreement* see Information Circular 84-6.

As of January 1, 1991, Canada has negotiated agreements with 21 countries as follows:

Country	Date into force	Coverage (months)	CPT form
Australia	September 1, 1989	none	none
Austria	November 1, 1987	24	112
Barbados	January 1, 1986	24	none
Belgium	January 1, 1987	24	121
Denmark	January 1, 1986	24	none
Dominica	January 1, 1989	24	none
Finland	February 1, 1988	24	128
France	March 1, 1981	36	52
Germany	April 1, 1988	60	130
Greece	May 1, 1983	24	54
Iceland	October 1, 1989	24	none
Italy	January 1, 1979	24	51
Jamaica	January 1, 1984	24	none
Luxembourg	April 1, 1990	24	none
Netherlands	October 1, 1990	24	none
Norway	January 1, 1987	36	127
Portugal	May 1, 1981	24	55
Saint Lucia	January 1, 1988	24	none
Spain	January 1, 1988	24	125
Sweden	January 1, 1986	24	129
United States	August 1, 1984	60	56

Canada is negotiating with Brazil, Cyprus, Ireland, Switzerland, Trinidad and Tobago, Yugoslavia, Jersey/Guernsey, Malta, Morocco and New Zealand.

The above noted application forms for coverage or extension of coverage under the Canada Pension Plan must be obtained from the **Coverage Policy and Legislation Section, Source Deductions Division, 875 Heron Road, Ottawa, Ontario, K1A 0L8.**

Note

If you have questions concerning coverage under the Québec Pension Plan in other countries, contact the Secrétariat de l'administration des ententes de sécurité sociale, 360, rue McGill, 3^e étage, Montréal, Québec H2Y 2E8.

Contributions

Employees' contributions

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

Note

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

For 1991, for example, the maximum amount any employer may deduct from an employee is \$632.50. To obtain the employee's current yearly maximum contribution, see the *Payroll Deductions Tables* publication.

In cases listed below, however, the maximum contribution is 1/12 of \$632.50 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 Québec 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 Québec Pension Plan, use the number of months the employee did not receive a disability pension.

You may have places of business in both the province of Québec and in another province of Canada and you may transfer an employee from Québec to that other province. In this case, you may take into account contributions deducted previously in the year under the Québec Pension Plan so 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 however 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 that is 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 *Payroll Deductions Tables*, 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 *Payroll Deductions Tables* which includes the tax, CPP and UI deductions for the weekly, bi-weekly, semi-monthly and monthly pay periods, or the *Supplementary Payroll Deductions Tables* for 10, 13 and 22 Pay Periods.

Manual 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 the *Payroll Deductions Tables* 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	\$500.00
Taxable benefit	<u>50.00</u>
Total	<u>\$550.00</u>

- Amount subject to contribution is \$550.00 minus the basic weekly exemption of \$57.69, which leaves \$492.31.
- Amount of contribution to withhold is \$492.31 x 2.3%, which is \$11.32.
- The amount to remit is:
Employee's contribution \$11.32
Employer's contribution 11.32
Total **\$22.64**

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:

- Prorate the basic annual exemption
 $\frac{73}{365} \times \$3,000.00 = \600.00
- Amount of contribution to withhold is \$2.30 [2.3% x (\$700.00 - \$600.00)].
- The amount to remit is:
Employee's contribution \$2.30
Employer's contribution 2.30
Total **\$4.60**

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 \$300 per week. Since the employee is earning income under the maximum pensionable earnings of \$30,500 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 \$500 per week or \$26,000 annually.

- Maximum contribution for the year:
2/12 (\$30,500 – \$3,000) x 2.3% \$105.42
- Contributions required as per weekly table:
January – October Nil
November (\$10.17 x 4 weeks) \$ 40.68
December 1 10.17
December 8 10.17
December 15 10.17
December 22 10.17
December 29 10.17
Total \$ 91.53
- The maximum contribution for the year cannot be more than **\$91.53**.

Example 3

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

- Maximum contribution for the year:
2/12 (\$30,500 – \$3,000) x 2.3% \$105.42
- Contributions required as per weekly table:
January (\$17.12 x 4 weeks) \$ 68.48
February 3 17.12
February 10 17.12
February 17 2.70
February 24 nil
Total \$105.42
- The maximum contribution for the year cannot be more than **\$105.42**.

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, you'll have to manually make a contribution adjustment to each of the 53 or 27 pay periods. In putting together the tables, we have prorated the year's basic exemption of \$3,000 for 1991 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).....	\$57.69	\$115.38
Year's basic exemption (53 and 27 pay periods).....	<u>56.60</u>	<u>111.11</u>
Difference subject to 2.3% additional.....	\$ 1.09	\$ 4.27
Contribution to be added to the regular contribution for each of the 53 and 27 pay periods	<u>2.3%</u> \$.03	<u>2.3%</u> \$.10

Chapter 3 — Deducting Unemployment Insurance premiums

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.

If you have any doubts that someone is an employee, you can obtain a ruling from your district office, Source

Deductions section. Forms CPT-1 for employers and CPT-2 for workers are available for this purpose.

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 more 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 completing the T4 Supplementary, fill in box 28 "Exempt" 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% 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 where the employer and the employee are not dealing with each other at arm's length. This question will be determined in accordance with the *Income Tax Act*. For purposes of the *Income Tax Act*, related persons are deemed never to deal with each other at arm's length. However, a person related to an employer will be deemed to be dealing at arm's length, if considering the circumstances of the terms of employment, conditions, nature, importance and remuneration, it's reasonable to assume that a similar contract would have been negotiated with any other person dealing at arm's length.
- (4) Employment by a corporation of a person who controls more than 40% 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 is insurable from the first day.

- (7) Employment of a person in a rescue operation, if that person is not regularly employed by that employer. If the provincial government is the employer, the employee must meet the following conditions:
 - (a) appointed and remunerated under the *Public Service Act* or *Civil Service Act* of a province; or

- (b) be employed by a corporation, commission or other body that is for all purposes an agent of the province.

- (8) Employment, other than as an entertainer, of a person in connection with 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 is 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 is insurable from the first day.

- (10) Employment in Canada under an exchange program, if the employee is not paid by an employer residing in Canada.
- (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.

You can obtain information about these types of amounts 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) Allocate all remuneration paid for a pay period 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) Allocate the following earnings, subject to item 3, 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, allocate any remuneration not paid for a pay period 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, allocate the earnings mentioned in item 2 **to the last pay period for which regular salary, wages or commissions have been paid, providing that period was already insurable**.

For more information, please contact the Source Deductions section of 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, see the *Payroll Deductions Tables*.

Employer's premium

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

Send the completed form and required documents 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 x 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.

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 has to work in each pay week and satisfy one of the minimum requirements as shown in the *Payroll Deductions Tables*. 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 have to earn at least 20% 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. We have outlined these rules 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% 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 *Payroll Deductions Tables*. 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% 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 and the employee has worked in each week, the entire pay period is insurable up to the appropriate maximum.

Example

The minimum bi-weekly insurable earnings in 1991 is \$272. If a person earns only \$100 in the first pay week of a bi-weekly period and \$200 in the second week for a total of \$300, those earnings are insurable up to a bi-weekly maximum of \$1,360.

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, we do not allow you to average the earnings over the bi-weekly pay period. In this case, you have to 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 in the *Payroll Deductions Tables*. 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, you have to pay additional premiums to cover the extra pay periods. You must show the additional premiums and insurable earnings over the maximum on the T4 Supplementary slip in boxes 18 and 24 respectively.

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

Pay period ending	Pay week in pay period	hours	Weekly remuneration	Gross remuneration	Insurable earnings	Insured weeks	Deductions at 2.8%	Insurable weeks on Record of employment
14 Oct.	1	14	70.00	140.00	Nil	Nil	Nil	Nil
	2	14	70.00					
28 Oct.	1	15	75.00	150.00	150.00	2	4.20	2
	2	15	75.00					
11 Nov.	1	14	70.00	272.00	272.00	2	7.62	2
	2	14	202.00 ⁽¹⁾					
25 Nov.	1	14	70.00	206.00	136.00	1	3.81	1
	2	14	136.00 ⁽²⁾					
9 Dec.	1	12	60.00	135.00	75.00	1	2.10	1
	2	15	75.00					
23 Dec.	1	—	Nil	700.00	680.00	1	19.04	1
	2	40	700.00 ⁽³⁾					

The amount represents regular pay plus a bonus payment of ⁽¹⁾ \$132, ⁽²⁾ \$66, 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.

Once the employee meets these conditions, 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, we do not allow you to average the earnings over the pay period. In this case, you have to 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 in the *Payroll Deductions Tables*, 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 2.8%	Insurable weeks to be shown in item 16 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	5.60	3*
Ex. 2. 3 Dec.	—	—	—				
10 Dec.	25	130.00	130.00		1	3.64	
15 Dec.	30	150.00	150.00		1	4.20	
Total	55	280.00	280.00	Two weeks	2	7.84	2
Ex. 3. 3 Dec.	6	30.00	—		—	—	
10 Dec.	12	60.00	—		—	—	
15 Dec.	12	144.00 ^(b)	144.00		1	4.03	
Total	30	234.00	144.00	One week	1	4.03	1
Ex. 4. 3 Dec.	—	—	—		—	—	
10 Dec.	20	100.00	100.00		1	2.8	
15 Dec.	10	50.00	—		—	—	
Total	30	150.00	100.00	One week	1	2.8	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 2.8%	Insurable weeks to be shown in item 16 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	9.94	5*
Ex. 2. 3 Dec.	—	—	—		—	—	
10 Dec.	25	130.00	130.00		1	3.64	
17 Dec.	24	120.00	120.00		1	3.36	
24 Dec.	5	25.00	—		—	—	
31 Dec.	12	60.00	—		—	—	
Total	66	335.00	250.00	Two weeks	2	7.00	2
Ex. 3. 3 Dec.	—	—	—		—	—	
10 Dec.	14	168.00 ⁽¹⁾	168.00		1	4.70	
17 Dec.	—	—	—		—	—	
24 Dec.	—	—	—		—	—	
31 Dec.	14	168.00 ⁽¹⁾	168.00		1	4.70	
Total	28	336.00	336.00	Two weeks	2	9.40	2

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

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

- For one pay period, the number of weeks in the "Insurable weeks" column is rounded up, as in Example 1.
- 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 — \$ 589.33
 Maximum: monthly earnings — \$2,946.66
 Minimum: monthly hours — 65

semi-monthly earnings — \$ 294.66
 semi-monthly earnings — \$1,473.33
 semi-monthly hours — 33

Other pay periods and special cases

The following types of remuneration, when paid on a regular basis (e.g., weekly, bi-weekly), are treated the same way as other earnings when those earnings can be identified with the pay period for which they are paid:

- commissions, when a drawing account is not involved;
- drawings, when no periodic settlement of account is made;
- piecework; and
- 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 that cannot be identified with the pay period for which they are paid 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; and
- 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 you reach the maximum, stop deducting premiums.

To calculate premiums under the yearly system when employment begins after January 1, you have to 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:

$9/12 \times$ 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. You should then refund the overdeduction to the employee, and reduce the next remittance for that year accordingly. Be sure to allow for the adjusted employer premium.

If for any reason you cannot make the refund to the employee, report the full deduction and the adjusted insurable earnings on the employee's T4 Supplementary. If

you cannot recover your share of the premium from any future remittance for that year, apply to us for a refund.

You can get information on the refund application procedure and application Form PD24 from your district office.

When an employee whose earnings are considered on a yearly basis is absent because of illness, injury or pregnancy, for one calendar week or more, and not receiving earnings for that period, 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 and professional athletes. 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 help employers of taxi and passenger vehicle drivers, and barbers and hairdressers not employed under a contract of service. When records for these workers are inadequate to determine earnings but are sufficient to determine the days worked in each week, establish the insurable earnings 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 $1/5 \times 2/3$ of the regular maximum insurable earnings equal to $2/15$ of \$680. By extension, the fraction representing two, three or four days is calculated at $4/15$, $6/15$, and $8/15$ of \$680. However, the amount can never be more than $2/3$ of the maximum insurable earnings.

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 or chair rented during Week	Method of calculation	Weekly earnings ⁽¹⁾	Insurable earnings	Premium ⁽²⁾
1	$2/15 \times 680$	91	Nil*	Nil*
2	$4/15 \times 680$	181	181	5.07
3	$6/15 \times 680$	272	272	7.62
4	$8/15 \times 680$	363	363	10.16
5 (or over)	$2/3 \times 680$	453	453	12.68

⁽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, see the UI Premium Deductions Table.

* When earnings are less than \$136, 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 to make sure 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 have to 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 should you issue a Record of Employment?

By law, you have to 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.

You have to issue the Record of Employment within five days of becoming aware that there has been an interruption of earnings. You can get blank Record of Employment forms and a guide entitled *How to Complete the Record of Employment* 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 has 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% 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 have to see “Appendix 1, Manually calculating tax deductions when the tables cannot be used” found in the *Payroll Deductions Tables*.

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 can elect to have additional tax deducted from their earnings or other remuneration they receive in a year. To do this, they have to file a new TD1 form that indicates, on line 18 how much additional tax they want deducted. The amount must be a multiple of \$5 (e.g., 5, 10, 15, 20) 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%** of net income for the year; or
- (ii) a **\$7.50** basic residency amount for each day in the period the person lived in the “prescribed area”;

plus

an additional residency amount of **\$7.50** for each day, 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 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; and
- 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*

Employees who are totally or partially paid on a commission basis should complete this form. They can 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 can only use their current-year estimated figures.

The employee should complete and give you the TD1X form:

- on or before January 31 or, where applicable;
- within one month of starting 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 can elect to have tax deductions withheld from the proceeds of the sale. The withholding rate is 20%, and the fisherman can 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" has to comply with the withholding, remitting and reporting requirements. You should file one copy of the election at the appropriate district office.

Reducing tax deductions at source — Undue hardship

Under certain circumstances, individuals can ask 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 by Revenue Canada, Taxation officers on request.

Calculating tax deductions at source

This section outlines the procedures you should 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, you will need to manually calculate the tax (see "Appendix 1" in the *Payroll Deductions Tables*).

Determining the amount subject to tax deductions

You have to 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 you should prorate to your pay period.

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

- the employees' contributions to a registered pension plan;
- union dues;
- deduction for living in a prescribed area from the TD1 form — you have to prorate this amount 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, (e.g., RRSP contributions, alimony, maintenance payments see "Reducing tax deductions at source-undue hardship" in this chapter).

Note

While you still have 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	<u>50.00</u>
Gross remuneration	\$ 550.00
Minus deductions for:	
● RPP contributions	\$ 25.00
● union dues	5.50
● living in a prescribed area (\$7.50 per day x 7 days)	52.50
● RRSP contributions (estimate)	<u>25.00</u> <u>108.00</u>
Remuneration subject to tax withholding at source	\$ <u><u>442.00</u></u>

Registered pension plan contributions

- (i) Beginning in 1991, all employee contributions to a money purchase RPP or defined benefit RPP (whether on account of current service or past service after 1989), to the extent they are made according to the provisions of the plan as registered, are deductible by the employee. You should report these contributions on the T4 slips.

Note

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

- (ii) For contributions for past service rendered in a year before 1990 during which the employee was:
- (a) not a contributor to the plan in the case of a contribution made before March 28, 1988, or was obliged to make under the terms of a written agreement entered into before that date; or

- (b) not a contributor to any plan in any other case.

The *Income Tax Act* also says that an employee can deduct up to an additional \$3,500 for such contributions.

For more information, see Interpretation Bulletin IT-167R5.

Calculating tax deductions based on tables

We have only included the most commonly used tax deduction tables in the *Payroll Deductions Tables*. They are for weekly, bi-weekly, semi-monthly and monthly pay periods and for commission earnings. If you have different pay periods (i.e., daily, 10 monthly, 13 pay periods or 22 pay periods), see the *Supplementary Payroll Deductions Tables*, which you can get from your district office.

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," 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 you have to deduct.

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 more information.
- **Employees earning commissions with expenses:**
Employees who incur expenses while earning commission income have to complete a TD1X form.

Using the total remuneration amount (commissions and salary) and the total revised expense amount as determined on the TD1X form, see the "Tax Deductions from Commission Remuneration Table" found in the *Payroll Deductions Tables* 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."

Calculating tax deductions when you cannot use the tables

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 that is more than \$59,000;
- when an individual's gross annual income amount is more than \$183,612;
- when an individual's gross annual commission amount is more than \$567,000;
- when a non-resident's income for the pay period is less than the minimum or more than the maximum amount in the tables.

In the above cases, you have to determine the amount to be withheld by manually calculating it. See the "Step-by-step calculation of tax deductions" in the *Payroll Deductions Tables* 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 you paid the remuneration.

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.

Note

Please remember that all amounts you have to deduct or withhold for 1991 must be received by January 15, 1992. Payments for 1991 that are made after January 15, 1992 may be subject to a late-remitting penalty. We consider payments made when filing the T4 Summary after January 15 to be late.

An NSF cheque is considered a failure to remit situation which will automatically result in a penalty assessment.

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 had to remit in 1990 and divide it by the total number of payments you had 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	We have to receive the remittance by
1st — 15th of the month	25th of the same month
16th — end of the month	10th of the following month

Example

If the payday occurs on Friday, January 24, 1992, we have to receive the remittance on or before Monday, February 10, 1992.

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

Payday occurs during	We have to receive the remittance
1st — 7th of the month	Within three days from the
8th — 14th of the month	last day in each period.
15th — 21st of the month	Saturdays, Sundays and
22nd — end of the month	holidays are not counted.

This accelerated remittance procedure also applies to all associated corporations if their deductions average \$50,000 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 3, 1992, we must receive the remittance on or before Friday, January 10, 1992, which is the third day after January 7, 1992.

Specially designed remittance booklets (PD7A-RB) are available for those employers who have to remit two or

more times a month. We will mail these booklets 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 you pay them.

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 to your taxation centre or district office made payable to the Receiver General for the total amount of deductions. In addition, please include a letter indicating:

- that you are a new remitter;
- the period covered by the remittance;
- your full name and address (employer's legal name);
- 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 remittance form each month in the mail. If you do not receive a form 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

Properly completing the form you send with your payment will ensure that the remittance is correctly directed to your account. Please see the instructions below to determine what type of remitter you are.

Regular remitters: Form PD7A-R

The due date is the 15th of the month following the month in which the pay was received.

1. Make sure that your account number is correct.
2. Indicate only the month and year you are remitting for.
3. Enter the total amount being remitted (employer and employee portion).

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Accelerated remitters: Form PD7A-RB or PD7A-TM

1. Make sure that your account number is correct.
2. Enter the total amount being remitted (employer/employee portions).
3. Indicate the date (YY MM DD) you paid the remuneration to the recipient(s). If two paydays occurred within the same period, indicate the later of the two days.

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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, giving your employer number and either the month for which deductions were withheld, or the payday date.

Please do not send cash in the mail.

Note

If you are remitting deductions for more than one employer account, you should break down on a separate record any amounts intended for each account

to ensure that we credit the proper amounts to the right account.

Statement (remittance form)

The statement is divided into four parts.

You have to complete **Part 1**, 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). You must always send Part 1 of the form with your payment.

Keep **Part 2** as a record of your payment, if you pay at your 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 is a statement of account from Revenue Canada, Taxation. It details payments we received for your deductions, as well as unpaid assessments of deductions and 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.

You should complete **Part 4**, which is identified as PD7A, 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. Use the PD7AR, PD7A-RB and PD7A (TM) for normal remittances of tax, CPP and UI.

You also have to notify your taxation centre by the remittance due date 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 can remit in a lump-sum amount the amounts they withhold for all their clients. However, the amounts remitted must show each client's "employer number" and include the same information as requested above.

Note

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 your deductions and remits them to Revenue Canada, Taxation on time.

If your business ends

If you cease to carry on business, you have to remit all amounts you 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 for 1991

Every employer or payer has 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 get 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 (PA) amount for those employees whose employers contribute to a RPP or DPSP
T4A Supplementary	For reporting other amounts (e.g., pensions, annuities) — this form is also used for reporting PA by employers or pension plan administrators under certain circumstances
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

T4 Summary	withheld (please report all amounts in Canadian dollars and cents) 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
NR4B Supplementary	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 more information, see "Non-resident reporting" in Chapter 11)
NR4B Summary	For reporting the totals of all amounts recorded on the NR4B Supplementaries
T4F Supplementary	For people regarded under the <i>Unemployment Insurance Act</i> 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 — also 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. You can get any taxation forms and publications not listed on the order card 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 has to be accompanied by the related supplementaries.

How, where and when to file returns

Please mail your completed information returns to the appropriate taxation centre. You will find the address of the taxation centre serving your area at the back of this guide. Distribute the copies as directed on each form.

Note

To speed up the processing of your information return, do not separate supplementaries one by one. Instead, keep the Department's copies three to a page when you send them to us.

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

You have to split any return containing more than 300 supplementaries into segments of 300 or fewer slips, and you have to provide appropriate sub-totals on each segment. You can get instructions on how to complete them from your district office.

Employers who file information returns on magnetic tape or diskette

Whenever possible, we encourage employers to file their T4, T4A and T4A-NR Supplementaries on magnetic tape or diskette.

If you file your returns on magnetic media, you do not have to send the Department's copies of the supplementaries that relate to the information filed on the magnetic media.

Please see the guide called *Computer Specifications for Data Filed on Magnetic Media* for more information. You

can get this publication from your local district office or by calling (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

People who have to file an information return have to do so by the last day of February each year.

Ceasing business

If you cease to carry on business, you have to send all amounts deducted for income tax, Canada Pension Plan contributions, and Unemployment Insurance premiums to the appropriate taxation centre within seven days of the day your business ends. You have to file the information return with the **district office** within 30 days of ceasing business. Employers who have contributed to an RPP or DPSP for employees during the year must calculate the applicable PA and report it on the early-filed information slips. 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, NR4B or T4F Supplementary form and you notice the error **after** you have already filed the required summaries and supplementaries. Therefore, you will need 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 you filed for cross-reference purposes. When amending a supplementary, please ensure that you also show the original information in the boxes that is not being changed on the amended slip. Distribute and file the amended supplementaries in the way we explain in this guide. Errors that you make and correct when you are preparing the supplementaries and **before** you file them with the Department do not need cross-references. You can simply delete any incorrect copies from the return and prepare a new slip. If you do not prepare a new supplementary, you have to initial any change you make.

If the amended supplementaries require changes to financial data, you will have to prepare and file an amended summary showing the revised totals. You should clearly mark amended summaries as "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. You should clearly mark an amended T4F Summary as such.

If you amend the pension adjustment (PA) to correct or report re-determined PA, you have to repeat all other data on the original information slip on the amended slip. You should tell employees that the amended T4 is for their

information only, and that we will automatically make any required adjustments to their RRSP contribution limit.

A re-determined pension adjustment may be needed if an employee returns from a period of leave of absence or from a period of reduced services, and you are or will be crediting past service under the RPP to the employee. Please see the *Employer's Pension Adjustment Calculation Guide* for details. If a re-determined PA applies, you have to file an amended T4/T4A within 60 days of the date the decision is made by the employee to purchase the past service.

You may have to issue supplementaries to replace copies that have been inadvertently lost or destroyed by employees. Do not send these copies to us. Clearly identify them as "duplicate" copies.

What happens to a completed information return?

When the taxation centre receives your information return, we initially check it to determine if all essential items are present and have been correctly prepared. If items are missing or incorrect, we will contact you and ask you to provide the proper information. After this preliminary check, we will prepare the return 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 so we can correct them.

Additional processing information

In addition to this reconciliation program, T4 information is used by several other Government departments. Most importantly, Health and Welfare Canada uses this information to update individuals' "Record of Earnings" files. Information on Canada Pension Plan contributions that we send to Health and Welfare forms the basis of the Canada Pension Plan benefits that employees will receive.

Importance of proper SIN reporting

It is essential that you correctly report your employees' social insurance numbers on the T4 and T4A Supplementaries. Incorrect social insurance numbers may adversely affect Canada Pension Plan benefits that are eventually paid to these employees, since 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 have to get a SIN from every employee, and you should be able to prove that you made a reasonable effort to do so. In addition, if you give an incorrect SIN on a T4 containing a pension adjustment amount, the employee will either not receive an annual RRSP Contribution Limit Statement, or will receive an inaccurate one.

A non-compliance penalty of \$100 for each failure applies to both parties.

Note

If you cannot obtain a SIN, do not delay filing your information returns later than the last day of February,

since it could result in your receiving a penalty for late filing.

Pensionable and Insurable Earnings Review (PIER)

How PIER works

Each year the T4 Supplementary forms (T4's) that you submit with your T4 Return are reviewed to check your calculations. We review these calculations to ensure that proper pensionable and insurable earnings and respective deductions are reported.

The calculations are checked by matching the pensionable and insurable earnings that you reported with the contribution or premium required for these earnings per the *Payroll Deduction Tables*. We then compare these required amounts with the contributions and premiums actually reported on the T4 Supplementary.

Whenever there is a difference between the contributions and/or premiums required and those reported, we print the figures on a PIER listing.

For each of these situations, the name of the employee affected and the figures used in the calculations, are shown on the listing.

Why is this important?

We verify these calculations so that your employees will receive proper,

- UI benefits when unemployed, and
- CPP benefits upon retirement, disability, or death.

Note

Any shortage could cause a reduction in a person's benefits.

CPP/UI deficiency calculations

CPP deficiencies are calculated as follows:

$$\left(\begin{array}{l} \text{CPP} \\ \text{pensionable} \\ \text{earnings} \end{array} - \begin{array}{l} \text{CPP basic} \\ \text{exemption} \\ \text{for the year} \end{array} \right) \times 2.3\% = \text{CPP deduction}$$

If pensionable earnings are not reported in box 26 then the calculation is based upon box 14 "total earnings" up to the maximum allowable amount.

UI deficiencies are calculated as follows:

UI insurable earnings x applicable UI rate = UI premiums

If the insurable earnings are not reported in box 24 then the calculation is based upon box 14 "total earnings" up to the maximum allowable amount.

Note

If an "X" is shown in box 28 indicating CPP or UI Exempt and an amount is reported in boxes 16 and 26 for CPP and/or boxes 18 and 24 for UI, the "X" is ignored by the system which performs the deficiency check.

Common reporting errors

The most common reason for deficiencies is the incorrect reporting of amounts in box 24 "UI insurable earnings",

box 26 "CPP pensionable earnings" and box 28 "Exempt" of the T4 Supplementary.

The following steps might help you avoid making reporting errors.

Canada Pension Plan

Step 1

Was the employee exempt for the entire reporting period?

If **yes** enter an "X" in box 28 and provide an explanation.

If **no**, proceed.

Note

Boxes 16 and 26 should be blank.

Step 2

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

If **yes**, ensure that the contributions and pensionable earnings are calculated starting the month after the employee turns 18 or stopped the month following the employee's 70th birthday.

If **no**, proceed.

Step 3

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

If **yes**, ensure that the contributions and pensionable earnings are calculated based on the number of months before the pension became payable.

If **no**, box 26 "CPP Pensionable Earnings" should be blank.

Step 4

Were contributions deducted for employee's vacation pay, bonuses, director's fees and other taxable benefits?

If **yes**, using the correct table recalculate the required contributions.

If **no**, ensure that contributions are deducted for each type of remuneration subject to CPP.

Unemployment Insurance

Step 1

Was the employee exempt for the **entire** reporting period?

If **yes**, enter an "X" in box 28 (Exempt) and provide an explanation.

If **no**, proceed.

Note

Boxes 18 and 24 should be blank.

Step 2

Was the employee's income either **under** the minimum limit or **over** the maximum limit in any pay period?

If **yes**, ensure that the amounts under the minimum earnings are not included in the insurable earnings (box 24) and that any amounts over the allowable maximum are not included in the calculation of insurable earnings for the year.

If **no**, check for transposition or addition errors.

Note

To avoid an error such as this, maintain separate records for UI insurable earnings and enter the total at the end of the year in box 24.

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

Before you begin, please note the following instructions:

- Complete the supplementaries legibly and 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.
- Do not reflect negative dollar amounts on supplementaries. You have to make all previous-year adjustments by sending us an amended supplementary for the year(s) in question.
- Do not change the headings of any of the boxes.
- If employees are issued multiple supplementaries, because they are employed either in more than one province or on different payrolls, you must apportion the pension adjustment on the basis of pensionable service or earnings reported on each supplementary.

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:

- you had to deduct income tax, Canada Pension Plan contributions, or Unemployment Insurance premiums from the remuneration; or
- the remuneration was **\$500** or more.

Note

You should not issue a T4 Supplementary to a partner or proprietor in an unincorporated business.

Employee

In the shaded area next to the arrow, print or type the employee's surname in capital letters, followed by their 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 we issue each month.

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

Box 56 — Employee number

Enter information such as employee number, department, unit or payroll number here.

Box 10 — Province of employment

Enter the province or territory in which the employee is considered to be employed.

You can use the following abbreviations:

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

The province of employment will depend on whether or not the employee has 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 Ontario, but has to report at the employer's place of business in Manitoba. In this case, enter MB as the province of employment.

- If the employee does not have to report to work at your place of business, the employee's province of employment is the province where your business is located, and from which you pay your employee's salary.

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 Québec. In this case, enter PQ as the province of employment.

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

Note

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

Box 12 — Social insurance number

The social insurance number you enter must be the same as the number shown on the employee's social insurance number card.

Note

For more information on SIN reporting, see the "Importance of proper SIN reporting" section at the beginning of this chapter.

Box 14 — Employment income before deductions

In box 14, report 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 (including any taxable GST component on such taxable benefits), and any other payments for services during the year. You should include all these in box 14, even though they may appear separately in other boxes.

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

Box 16 — Employee's pension contribution

In the appropriate area, enter the amount you deducted as the employee's contribution to the Canada or Québec Pension Plans. Your entry will be under "Canada Plan" or "Québec Plan," depending on the province of employment. Enter "nil" in both areas if the employee did not contribute 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 you report on the T4 Supplementary. We will refund the employee the excess contributions on the General income tax return. You can apply for a refund of the overpayment of the employer's part 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 you deducted as the employee's premium for Unemployment Insurance. Enter "nil" if you did not withhold any premium. **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 you report on the T4 Supplementary. We will refund the employee the excess premiums on the General income tax return. You can apply for a refund of the overpayment of the employer's part 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 the employee did not contribute to the plan.

If the total amount you are reporting is a combination of contributions for current and past services, you should identify the amount relating to past services 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 not been included with the amount you have to report in box 20. Effective January 1, 1989, you have to include this interest in box 20. Instalment interest includes interest levied as a finance charge for the buy back of the pension credits, or life insurance charges on a financed buy back.
- Do not use box 20 to report lump-sum amounts transferred under section 147.3 of the *Income Tax Act* directly from a registered pension plan to another registered plan. However, lump-sum transfers which fall under subsection 147.3(10) are exceptions. You must report these transfers in box 20.

Box 22 — Income tax deducted

Enter the amount of federal and provincial (except for Québec) income tax you deducted during the year. Enter "nil" if you did not deduct any tax.

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 you have to calculate the Unemployment Insurance premiums. Enter "nil" if there are no insurable earnings.

There are maximum insurable earnings for various pay periods. Since these amounts change each year, see the *Payroll Deductions Tables*.

Special application

1. You have to report 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), on the T4A Supplementary form.

These payments are considered as insurable earnings for Unemployment Insurance purposes. You must take them into consideration when you determine 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 needed. You have to report the payment 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, you have to use part of this payment to increase insurable earnings so that this pay period is insured to the maximum. In this situation, the reporting requirements are as follows:
 - you should include the part of the payment that constitutes insurable earnings in box 24, and any premium payable has to be included in box 18 on the T4 Supplementary form;
 - you have to report the gross payment on the T4A Supplementary form;
 - even though part of this payment is insurable income, **you should not include it in box 14 on the T4 Supplementary form.**

2. An amount for the use of a residence by a clergyman that you 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 you should leave this box blank. If you incorrectly complete this box, we will ask you to file an amended T4 Supplementary. If you have any doubts, please contact your local district office.

Do not complete this box if Québec Pension Plan contributions are payable. This box should be used for Canada Pension Plan purposes only.

Complete this box **only** if any of the following forms of remuneration are included in the "Employment income before deductions" amount you 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 Québec Pension Plan;
- (b) remuneration paid to the employee while the employee is engaged in exempted employment;
- (c) remuneration paid to the employee after a retirement pension becomes payable under either the Canada or Québec Pension Plans;
- (d) an amount for the use of a residence by a clergyman that you deducted to determine the clergyman's earnings for Canada Pension Plan contributions purposes; and

- (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, you must prorate the pensionable earnings for the period. 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 you should enter in each box. Since the calculations for some of these benefits are fairly lengthy, we have provided detailed explanations in Chapter 10. We refer to this section when it applies. The amount of taxable benefits you report 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, see 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 see the section entitled "Housing, board and lodging" and/or "Subsidized meals" in Chapter 10 for more details.

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

Note

The amount you report in this box should include any taxable GST component on the benefit.

Box 32 — Travel in a prescribed area

Medical travel in a prescribed area — In boxes 32 and 14, enter 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 — In boxes 32 and 14, enter the amount of other travel assistance provided to employees living in a "prescribed area."

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

Note

The amount you report in this box should include any taxable GST component on the benefit.

Box 34 — Personal use of employer's auto

In boxes 14 and 34, enter the benefit from an employer-provided automobile which you calculate in two parts:

- the part 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 see Chapter 10, "Benefits," for an explanation of standby charges and operating costs.

Note

The amount you report in this box should include the taxable GST component on the benefit.

Box 36 — Interest-free and low-interest loans

Enter an amount in boxes 14 and 36 if a person receives this type of loan because of an office or employment (or intended employment). For more information, see Chapter 10, "Benefits." You will find details on how to calculate this benefit in Interpretation Bulletin IT-421R.

Note

There is no taxable GST component on this benefit.

Box 38 — Stock option

In box 14 and 38, enter the benefit received by an employee under an agreement by a corporation to issue its shares to the employee.

As illustrated in the following examples, enter in the footnotes area 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 see Chapter 10, "Benefits," for more information about this benefit and how to calculate it for T4 reporting purposes.

Note

There is no taxable GST component on this benefit.

Box 40 — Other taxable allowances and benefits

In boxes 14 and 40, enter the amount of all taxable benefits paid or conferred upon an employee, and not included elsewhere on the T4 Supplementary. Please see Chapter 10, "Benefits," for details on how to calculate specific taxable benefits.

Note

The amount you report in this box should include any taxable GST component on the related benefits.

Box 42 — Employment commissions

In boxes 14 and 42, enter the amount of the employee's commissions if the employee was employed to sell property or negotiate contracts on your behalf. See Interpretation Bulletin IT-522 for more 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 you follow this restriction.**

Do not include strike pay paid to union members in this box.

Only use this box if both you and the union have agreed that the union will not issue 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 you 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 calculating income from an office or employment. For more information, see Interpretation Bulletin IT-103R.

Box 46 — Charitable donations (completed at employer's option)

Enter the amount you deducted from employees for donations made on their behalf to registered charities in Canada. You have to enter **all** registration numbers obtained from the Department for the employee's charity trust in the space marked "footnotes."

Box 48 — Payments to a deferred profit-sharing plan

Enter the amount of payments or the word **yes**, if you made payments to a DPSP on behalf of the employee or if forfeited amounts were reallocated to the employee by the DPSP trustee.

Note

Employees are not allowed to make contributions to a DPSP.

Box 50 — Pension plan or deferred profit-sharing plan registration number

Enter the seven-digit registration number we issued 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 no contributions were made to the plan by you or the employee. If contributions on behalf of the employee were made to more than one plan, you should only insert the number of the plan under which the employee accrued the largest PA. You should enter any additional plan registration numbers (not more than three) on the T4 Summary form.

If you have to make contributions to union pension funds, you **must** include the union's plan number, which has to be supplied to you by the union.

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. A reduced PA amount may be needed on the information slips of individuals who have left or who are leaving a particular

employer. You should refer to the *Employers Pension Adjustment Calculation Guide* to determine the proper PA, if it applies.

If the individual participated in the RPP or DPSP, but no PA is reportable, you should enter "nil" in this box (e.g., the employee died during the year). Also, if the calculation of the PA results in a negative amount, you should enter "nil" in the box.

If you need more help to **calculate the pension adjustment**, see either your pension plan administrator or 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:

(613) 954-5102 (English)

(613) 954-5104 (French)

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

In capital letters, enter the surname of the person to whom you made the payment, 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 is blanked out on both copies of the employee's T4A slip.

Box 14 — Pension or recipient's number

Using the pension or recipient's number is optional.

Box 12 — Social insurance number

Enter the social insurance number (SIN) of the person to whom you made the payment. 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, see the section called "Importance of proper SIN reporting" at the beginning of this chapter.

Box 16 — Pension or superannuation

Enter the taxable part of annuity payments you paid to an employee or former employee out of or under a superannuation or pension fund or plan.

Spousal transfers

For the years 1989 to 1994, periodic payments of retirement income from a registered pension plan or DPSP may be transferred by a married taxpayer to a spousal RRSP, to a maximum of \$6,000. In this situation, write the following in the space marked "footnotes", (box 38): "Box 16, Transfer of funds, paragraph 60(j.2) \$ _____".

You must identify pension benefits and lump-sums paid from a pension fund or plan that are not registered by typing in the space marked "footnotes", (box 38) 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 you have included the lump-sum payments accrued to December 31, 1971, identify in the space marked "footnotes" (box 38) the following: "Box 18, Accrued to December 31, 1971" \$ _____".

Direct qualified lump-sum inter-plan transfers from registered pension plans, deferred profit-sharing, and similar plans to registered retirement savings plans do not have to be reported on Form T4A. In addition, the receiving carrier does not have to issue receipts. However, the transferring carrier must continue to maintain the necessary documents to support the transfer.

For more information, see Chapter 7, "Deducting and reporting on special payments." You will find a more detailed explanation 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 Québec) and territorial income tax you 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 you did not deduct any tax.

Box 24 — Annuities

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

If you have included IAAC payments in this box, identify the amount in the area marked "footnotes" (box 38) as follows: "Box 24, IAAC \$ _____".

You have to report some annuity payments resulting from certain other sources elsewhere on the T4A Supplementary, as follows:

- You have to report annuity payments derived from a superannuation or pension fund or plan, other than a life annuity, 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 for more details.

Annuity payments for accrued income that you have to include when you calculate 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. You should report annuity payments to a non-resident on an NR4B 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" (box 38) the following: "Box 26, Non-eligible \$ _____". For more information, see Chapter 7, "Deducting and reporting on special payments."

Box 28 — Other income

Enter amounts such as the following, and indicate the type of payment in the area marked "footnotes" (box 38) and utilize the appropriate footnote code. The following is an example of how this should be completed: Box 28, "Payment under a Supplementary Unemployment Benefit Plan" and indicate in the footnote code box, code 07.

1. Payments under a supplementary unemployment benefit plan
2. The taxable part 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 you have completed Form TD2, name the type of payments and also enter in the space marked "footnotes" (box 38) the following: Box 28, "Transfer of funds, paragraph 60(j)" and indicate in the footnote code box, code 02.

Note

After 1989, the annuitant can no longer deduct transfers of periodic payments to the annuitant's RRSP under paragraph 60(j).

However, transfers of periodic payments out of or under a registered pension plan by a married taxpayer to a spousal RRSP under paragraph 60(j.2) of up to \$6,000 will still be permitted as a deduction until 1994 inclusive.

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, see 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 can 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 can be transferred to a spousal RRSP, to a maximum of \$6,000. In this situation, write in the space marked "footnotes" (box 38) the following: "Box 16, Transfer of funds, paragraph 60(j.2)" \$_____".

- (b) Payments under a revoked deferred profit-sharing plan

If you report the amounts described in items (a) or (b) above, enter in the "footnotes" area (box 38) the following: "Box 28, Annuity or instalment payments" \$_____ or "Box 28, Payment from a revoked plan" (footnote codes not required).

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 (you should also report any other amount from which you have deducted income tax and which does not have to be reported elsewhere on a T4A or other information return 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" (box 38) and use the applicable footnote code i.e. 04 = research grant, and 05 = scholarship, bursary or fellowship). The following is an example of how you should report this: Box 28, "Bursary" and indicate in the footnote code box, code 05.
- You will find more information in Interpretation Bulletin IT-75R2.
9. You do not need to report certain payments made under an insured wage-loss replacement plan, even though you have made a contribution to the plan. However, these situations are very specifically defined, and you should see 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" (box 38) as follows: "Box 28, Death benefit" and indicate in the footnote code box, code 06).
13. Payments out of an employee benefit plan, except for:
- the portion that is a death benefit, or would be a death benefit except 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 throughout which the person was not resident in Canada.
- You should report this type of benefit in box 16 or box 18, and it can be transferred under paragraph 60(j). You should include a footnote to say as follows: Box 16 (or 18) Benefits for services rendered while not a resident and transferred under paragraph 60(j) and indicate in the footnote code box, code 02. For more information, see Interpretation Bulletin IT-502.
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, see 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 or remote work location. See Interpretation Bulletin IT-91R3 for more information on this subject.

Note

Be sure to include the amount of any taxable GST component on the related benefits.

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 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 and/or DPSP during the period of the year for which you have to report in your capacity as either the employer or the plan administrator.

Box 36 — Pension plan registration number

Enter the registration number we issued for the registered plan or deferred profit sharing plan in which the employee participates, and which gave rise to the pension adjustment you are reporting. You have to report the registration number whether or not contributions were made to the plan by you or by the employee.

Box 38 — Footnotes and footnote codes

Use this area on the T4A Supplementary to record any footnotes that should be noted when reporting certain kinds of income or identifying transfers of funds under certain sections of the Act.

Listed below are the footnote codes that you must enter in the footnote code box (box 38). These codes are to be used in addition to the following explanations for certain situations and types of income which are reported in box 28 "Other income". Leave the footnote code box blank, if an amount is reported in box 28 which is not covered by one of these codes.

Code	Explanation
00	Footnote not required
01	No transfer of funds
02	Transfer of funds, paragraph 60(j)
03	DPSP — Transfer of funds, paragraph 60(k), 1989 and prior only
04	Research grant
05	Scholarship, bursary or fellowship
06	Death benefit
07	Wage loss replacement plan — not fully funded by employee premiums

Completing the T4A-NR Supplementary

Complete T4A-NR Supplementaries for every non-resident person (including corporations) to record the payments you 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. Report such amounts 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 you made the payment. 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 we issue 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 it applies)

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 you made the payment.

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. You will find more details about the withholding from payments made to non-resident persons for services rendered in Canada (other than in the course of regular and continuous employment) in Information Circular 75-6R, which is available at your district office.

Note

This amount should not include amounts you reported in box 20.

Box 20 — Travel expenses

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

Note

Amounts you included in box 20 should not be included in box 18, "Gross income." You should include all other expenses paid on behalf of or reimbursed to the non-resident payee in the amount you report in box 18.

Box 22 — Income tax deducted

Enter the amount of income tax you 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., 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 later years, you have to use a separate summary 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, get a blank one from your local district office and insert your employer number, name and address.
- If you need a T4A Summary or a T4A-NR Summary when you are filing these type of supplementaries, you have to get one from your local district office and insert your employer account number, and your name and address as shown on your PD7A remittance form.
- On all summaries, report the amounts in Canadian dollars and cents.
- If you are filing a summary for a taxation year other than the one printed on the form, cross through the year that appears in the upper-left corner and write in the correct year directly below it.
- You have to complete a separate summary for each one of your employer account numbers. Attach each summary to the front of the associated T4, T4A and T4A-NR Supplementaries.
- The totals you report on your summaries must agree with the totals you report 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
On line 88, enter the total number of all T4 Supplementaries included with this T4 Summary.

T4 slips with U.S. addresses

In the space to the right of line 88, enter the number of T4 Supplementaries filed with this return that list employees with addresses in the United States. You should file these slips 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 Québec Pension Plan contributions in the above total.

Employer's Canada Pension Plan contributions

On line 17, enter 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

On line 19, enter the total amount of your Unemployment Insurance premiums (i.e., total employee premiums multiplied by the employer's premium rate 1.40 or the reduced rate approved by the Employment and Immigration Commission).

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 you 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 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 would like this overpayment to be transferred or refunded, you have to include a written request explaining

how the overpayment originated and the action you would like us to take.

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 the 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% penalty and interest at the prescribed rate for late remitting.

Revenue Canada, Taxation issued registration number(s) for RPP and DPSP

Complete lines 71, 72 and 73 as applicable, with the seven digit registration numbers assigned to you by Revenue Canada, Taxation.

Canadian-controlled private corporation or unincorporated employers

On lines 74 and 75, enter 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

On line 88, enter 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. You should file these slips 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 you remitted to this account for tax withheld for the 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 you 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 would like this overpayment to be transferred or refunded, you have to include a written request explaining exactly how the overpayment originated, and the action you would like us to take.

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 and DPSP

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

On lines 74 and 75, enter 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

On line 88, enter 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 you 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 you 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 would like this overpayment to be transferred or refunded, you have to include a written request explaining exactly how the overpayment originated, and the action you would like us to take.

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

On lines 74 and 75, enter 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, has to file an annual T4F return. This return should report the gross earnings and, where it applies, the insurable earnings, the applicable Unemployment Insurance premiums, and any income tax deducted. Do not use this form 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 pamphlet called *Fishermen and Unemployment Insurance*.

Completing the T4F Supplementary

You should read this section in conjunction with the *Fishermen and Unemployment Insurance* pamphlet. Changes or omissions could result in our returning T4F Supplementaries to be completed properly.

Before you begin, please note the following general instructions:

- Ensure that you have the correct social insurance number for the fisherman for whom you are issuing the supplementary.

- Complete the T4F Supplementaries legibly and 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. You should show detailed or additional information 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.
- Do not reflect negative dollar amounts on the T4F Supplementaries. You can make all previous-year adjustments 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 their 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 for whom you are issuing the supplementary.

Note

For more information on SIN reporting, see the section called "Importance of proper SIN reporting" at the beginning of this chapter.

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**. You can determine this amount by using information 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. We give detailed instructions on how to calculate insurable earnings 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 you deducted from the fisherman's earnings. Enter "nil" if you did not deduct any premiums.

Box 20 — UI exempt

Do not complete this box if you have completed box 18 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, see 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 you have 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 you prepare the T4F Supplementaries in alphabetical order. If you do not prepare the T4F Supplementaries 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

On line 88, enter 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

On line 26, enter 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 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 you 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 would like this overpayment to be transferred or refunded, you have to include a written request explaining how the overpayment originated and the action you would like us to take.

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 a cheque or money order made payable to the Receiver General for the balance owing to this T4F return. 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**

Although these payments are subject to contributions, no basic exemption is allowed. No contributions are required if you have already deducted the total yearly maximum contribution from the income of the employee. 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 \$632.50
- Contributions to date for the year 115.20
- Difference** \$517.30
- Multiply retroactive pay increase of \$450 by CPP rate of 2.3% which is **\$10.35.**

The amount of contribution to deduct from the retroactive pay increase of \$450 is the lesser of \$517.30 and \$10.35.

Deducting UI

Bonuses and retroactive pay increases are usually considered earnings from insurable employment. Therefore, you have to deduct UI premiums. You should allocate these earnings to the pay period in which you actually pay them.

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 it applies; and
- any undue hardship amounts authorized by the district office, such as RRSP and alimony and maintenance payments.

If the resulting income is \$5,000 or less, withhold 15% tax on the bonus or retroactive pay increase (10% in Québec). 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. 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 \div 52 = \5.77).
- (2) Add the \$5.77 to the current rate of pay of \$400. In this way, the assumed rate of pay for the year is \$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;
 - **minus** 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 get 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 ($\$780 \div 52 = \15).
- (2) Add the \$15 to the current \$400 rate of pay. Divide all previous bonuses paid in the year by 52 weeks ($\$300 \div 52 = \5.77). Add all three amounts to get 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;
- **minus** 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 get 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 that results from the increased rate of pay:
 - tax deduction on \$460 per week;
 - **minus** 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 do not have to withhold tax from the part of a lump-sum payment which qualifies as a deduction 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 have to 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, we do allow the basic exemption of \$3,000. However, you have to prorate the basic exemption over 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 \$1,050 each quarter. Calculate the required contributions as follows:

- Amount subject to contribution is \$300 (\$1,050 minus \$750, the quarterly basic exemption)
- The amount to remit is:

Director's contribution ($\$300 \times 2.3\%$)...	\$ 6.90
Employer's contribution	6.90
Total	\$ 13.80

Deducting UI

When a director's fee is being paid to a corporation director who is not engaged under a contract of service, 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 tax you have to withhold.

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 do not have 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 you have 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. We have a publication entitled *Employer's Guide to Housing and Travel Assistance Benefits in Prescribed Areas*. If you are affected by these provisions, you should get this publication.

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

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

- (1) medical travel assistance — Boxes 32 and 14. You have to show this amount 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 you segregate "medical travel" assistance as required. If you fail to do so, the employee will not be able to claim the deduction for such travel. In such cases, we will view all reported travel assistance 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.

Note

Be sure to include any taxable GST component on the related benefits.

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 have to withhold tax from this income at the following federal and provincial composite rates (except for Québec):

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

Note

Since the above composite tax rates are only estimates, when you use them, a possible tax liability could result when the employee files a General 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 (see the "Step-by-step calculation of tax deductions" in the *Payroll Deduction Tables*);
- calculate the annual tax to be deducted on the employee's yearly remuneration, not including the lump-sum payment; and
- subtract the two amounts.

The result is the amount you should withhold on the lump-sum payment.

Other lump-sum payments that you have to 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 (remember that the pension income credit does not apply on such payments);
- you made during the lifetime of the original 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*. If a lump-sum payment (e.g., a refund of premiums) is paid to the deceased annuitant's spouse because the original annuitant has died, you have to withhold income tax.

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

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

You should report the following amounts in box 18 of the T4A Supplementary:

- (1) The taxable part 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 of, amendment to, or modification of the plan.
- (2) The taxable part 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 you did not make the payment in (2) because the spouse had died, state either of the following in the space marked "footnotes": "Box 18, DPSP — Payment not upon death," or "Box 18, 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.

Note

If box 18 contains amounts accrued before December 31, 1971, you have to identify the following in the footnote area, box 38: "Box 18, Accrued to December 31, 1971" \$ _____.

You will find more information in Information Circular 74-21R.

Transfer of funds

An employee may want to transfer a lump-sum payment out of a registered pension plan or deferred profit sharing plan to another registered pension plan, or to a registered retirement savings plan (or between deferred profit sharing plans, as permitted by the legislation). If the full amount of funds received are **transferred directly** to another registered pension plan or to a registered retirement savings plan without being at any time paid to the employee, no withholding of tax at source is needed. You do not have to complete a TD2 form for such transfers, and you do not have to report the transferred amount on a T4A information slip. In addition, the receiving carrier does not have to issue receipts. However, the transferring carrier has to continue to

maintain the necessary documents 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 part of the fund is directly transferred, you must withhold tax on the amount not directly transferred. In addition, you must report the amount on a T4A information slip, under box 18, lump sum payments and the funds will not be eligible for transfer to another registered pension plan or a registered retirement savings plan.

Transfers of qualifying portions of retiring allowances to registered pension plans or RRSPs, as well as periodic pension or DPSP payments to spousal RRSPs (to a maximum of \$6,000), will continue to be reported on T4A forms, and the RRSP issuer has to issue appropriate receipts. Such transfers can be made without payroll deductions being withheld, as long as the individual completes a TD2 form.

An annuitant of a registered retirement savings plan can request the transfer of funds before the plan matures 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 can 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 details on these transfers, see Information Circulars 72-22R8 and 79-8R2.

For more information about the transfer of funds between plans, see the *Pension and RRSP Tax Guide*, which is available from your district office.

Use box 18 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, you have to report the payment amount. Make a notation in the space marked "footnotes", box 38 as follows: "DPSP — not eligible for transfer."

You must identify pension benefits (box 16) and lump-sums (box 18) paid after February 15, 1984 from a pension fund or plan that is **not** registered in accordance with the *Income Tax Act* by typing "unregistered" in the space marked "footnotes." These benefits cannot be transferred to a registered plan.

Deferred profit-sharing plans (DPSP)

You have to report all payments made to a beneficiary under a DPSP on the T4A Supplementary in box 28 called "other income."

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

Employees' profit-sharing plans (EPSP)

For information on EPSPs, see "Payments or allocations under an employees' profit-sharing plan" below and also 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 way as bonuses and retroactive pay increases. For information on how to determine the deductions, see the section in this chapter entitled "Bonuses and retroactive pay increases."

Deducting tax

For tax deduction purposes, you have to add overtime pay to the regular pay for the period in which you are paying the overtime pay, 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% on payments of more than \$100. The payer should remit the amount withheld to the Receiver General using Form PD7AR. For reporting purposes, you have to report all allocations of more than \$100 on Form T4A, box 30, along with the tax withheld in box 22.

Example

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

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

Payments or allocations under an employees' profit-sharing plan

You should report these payments on a T4PS return and not on a T4 Supplementary. See Information Circular 77-1R3.

Retiring allowance

A retiring allowance, also called severance pay, is an amount (other than a superannuation or pension benefit) paid to an officer or employee on 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

You have to allocate a retiring allowance you paid on termination to the pay period in which it is paid, and you have to withhold UI premiums accordingly. A retiring allowance paid after termination, but in the calendar week of the termination, is considered to be part of the employee's earnings for the week in which you pay it.

You must allocate a retiring allowance paid after the calendar week of the termination to the last pay period for which the employee received regular wages or salary, as long as that period was already insurable.

You can pay a retiring allowance in a series of payments after the 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 has to withhold tax at the lump-sum tax deduction rates on any part 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 normally has to withhold 25% of the retiring allowance, and has 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 can 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. The number of years can be fractional.

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% 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% of seven, or $7 - [7 \times .6]$).

If the employee wants 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 has to complete Form TD2. For instructions on how to use the form, and comments about the responsibilities of persons involved in the transfers, see Information Circular 79-8R2. You can get 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 part 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 38) as the following "Box 26, Ineligible RA \$_____". (See instructions above for calculating the eligible part of a retiring allowance for transfer, so you can determine the part 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", in Chapter 6.

You will find more information on this subject 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 more information on a plan of this type, see the *Retirement Compensation Arrangement Guide*.

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

Salary deferral arrangements

When a taxpayer postpones receiving salary and wages to a later 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. You should report it on the employee's T4 Supplementary for that year.

Certain salary deferral arrangements that meet prescribed requirements (referred to as prescribed plans or arrangements) 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 see the *Pension Adjustment Calculation guide*, which is available at the district office.

For prescribed plans, CPP contributions should be based on the participant's net salary (i.e., salary, less the deferred amounts) during the period of deferral, and on the deferred amounts when paid to the participant during the leave period.

UI premiums should be based on the participant's gross salary (i.e., salary including deferred amounts) during the period of deferral, and no premiums should be withheld from the deferred amounts when paid to the participant during the leave period.

For more information on prescribed plans or arrangements, see ATR-39 "Deferred Salary Leave Plan," or contact the Source Deductions section at 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, the part-time employment duties must be performed 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 you have to withhold 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."

For UI purposes, you have to allocate all remuneration paid for a pay period to the pay period for which it is paid. This includes employee-paid leaves such as vacation and statutory holidays.

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 for details.

Workers' Compensation payments and advances

Deducting CPP, UI and tax

There is no tax, Canada Pension Plan (CPP) contributions, or Unemployment Insurance (UI) premiums payable on amounts awarded to an employee by a provincial Workers' Compensation Board (WCB).

Tax and CPP contributions are also not payable on amounts paid to an employee by a self-insured employer as a result of a provincial Workers' Compensation Board award. However, for Unemployment Insurance purposes, these payments are insurable earnings, and UI premiums must be withheld on the total remuneration paid by the self-insured employer.

In all cases, if an employer pays an employee an amount over and above the amount awarded by a Workers' Compensation Board, sometimes referred to as a "top-up amount," the additional amount paid by the employer is subject to deductions for CPP, UI and tax.

You do not need to withhold amounts for CPP, UI and tax on Workers' Compensation benefits advanced by an employer while a WCB claim is in process and an award is pending.

Note

If a WCB award is later denied, all amounts for tax, CPP and UI which you would normally have had to deduct must be received by Revenue Canada, Taxation on or before your next remittance due dates. In cases where the denial of the award relates to a previous year, you have to identify such remittances as "payment for previous year 19___," you must issue an amended T4 Supplementary, and you have to forward copies to the employee and to Revenue Canada, Taxation. This T4 Supplementary must reflect the corrected total deductions for CPP, UI and tax, as well as adjusted pensionable and insurable earnings, if they apply. You must mark it "amended," and you should instruct the employee to file this amendment with Revenue Canada, Taxation.

Reporting

For 1991 and later years, all provincial Workers' Compensation Boards will report Workers' Compensation benefits on Form T5007, *Statement of Benefits*, including those paid by self-insured employers. Employers no longer have to report Workers' Compensation benefits on

employees' T4 Supplementaries for 1991 and later years. However, a letter should be given by the employer to the employee stating the estimated amount of WCB advanced to the employee. The employee will be advised to report the amount as income on Schedule 7 and on the T1GSTC.

Self-insured employers who have received an award letter from a Workers' Compensation Board are reminded that they should only deduct UI premiums from the Workers' Compensation benefits which they pay to their employees. These benefits have to be included in the calculation of insurable earnings for Unemployment Insurance reporting purposes. **The employee's T4 Supplementary should include regular employment earnings only in box 14.** You should report total tax deductions, CPP contributions, and UI premiums paid on both regular earnings and on the Workers' Compensation benefits in boxes 16, 18 and 22 respectively. UI insurable earnings box 24 should include the total of regular insurable earnings, plus the insurable earnings from Workers' Compensation benefits.

As noted above, if an employer pays an employee an amount over and above the amount awarded by the Workers' Compensation Board, sometimes referred to as a "top-up" amount, the additional amount paid by the employer is subject to deductions for CPP, UI and tax in all cases. This amount must also be reported on the employee's T4 Supplementary, which the employer prepares.

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

Tax deductions, Canada Pension Plan contributions, and Unemployment Insurance premiums are required for these types of workers if they are engaged under a contract of service as employees.

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 more details. You are not required to withhold tax and Canada Pension Plan contributions for these workers when they are included in insurable employment by regulations.

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.

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 you calculated the Unemployment Insurance premium.

Enter "nil" in all remaining boxes.

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

Use the standard T4 Supplementary instructions 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. In these circumstances the person paying

the remuneration has 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 does not have to be withheld from the workers remuneration. Enter the notation, "Placement agency — S.E." 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, we do not require payroll deductions for CPP, UI or tax. In addition, the client does not have 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 do not have 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 Québec, 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*, which is available at all district offices. Although this is voluntary, once the employer has chosen to do this, we cannot revoke the election and the employer must cover all employees.

Coverage under the Canada Pension Plan starts as of the day on which the application is signed by the employer, or at a future date as specified by the employer. Coverage cannot be retroactive to a date before the request is signed.

(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 we 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 the *Canada Pension Plan Regulations*, to cover all Status Indian employees. 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. You should complete all T4 reporting boxes in the normal way, 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), you should prepare the T4 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) \$ _____

Indian Remission Order — Amendment

Remission is granted to a taxpayer who is a Status Indian for income tax payable on the following payments:

- the part of each periodic and lump-sum payment received on account 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 part of a retiring allowance, to the extent that the payments arise from employment income which was itself exempt from taxation or for which the income tax was remitted under the Indian Remission Order; and

- training allowances received by an Indian resident on a reserve from a government, municipality or other public authority.

For reporting purposes, enter a footnote on the T4A Supplementary stating either box 18, box 26 or box 28 \$ _____ 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."

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 as long as you satisfy certain conditions. 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 as long as 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, which 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 you can exclude the benefit or allowance from income. As long as you complete Form TD4, you should not report the amounts 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 you do not complete Form TD4, or if all the conditions described are not met, you have 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 in remote locations may also be exempt from withholding. These allowances are of two types. To qualify for an exemption, you must meet the following conditions:

- For board and lodging allowances to be exempt, the location must be one which, because 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 had to be at the remote location for a period of not less than 36 hours.
- 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 had to be away from his or her principal place of residence; or
 - the employee had 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 or any GST component 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 help 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.

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. You can also get this information at your district office from a CPP/UI rulings officer.

You cannot use Form CPT-8 in instances where Canada has negotiated a social security agreement with the country in which the employment will take place.

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 about 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);

you can deduct from the tax otherwise payable (the tax otherwise payable means the amount of tax to be deducted by using the *Payroll Deductions Tables 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% 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). You determine the tax credit that applies against the tax otherwise payable (TOP = \$12,986.04) as follows:

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

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

$$\text{Tax credit} = \text{TOP} \times \frac{\text{Lesser of (i) or (ii) above}}{\text{Total remuneration}}$$

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

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

The tax credit that applies against the tax otherwise payable is \$10,388.83.

An employee must make a request for a reduced amount of tax to be deducted at source through the district office. As the employer, you will be informed by letter of the tax reduction, 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: _____".

You will find more information on this subject in Interpretation Bulletin IT-497R2.

Employment of a spouse

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

- You should include remuneration received as an employee of a spouse who is a sole proprietor in the

employee's income. It is subject to withholding of tax deductions, as appropriate.

- Any 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 if 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 more information, contact the Source Deductions section of your district office.

Chapter 10 — Benefits

Taxable benefits

This section gives more details on the amounts of taxable benefits you have to report 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.

The implementation of the GST legislation, which became effective on January 1, 1991, resulted in an additional employee taxable benefit. This separate taxable benefit represents the GST component on other taxable benefits that have to be included in employment income for income tax purpose, such as the use of an employer's automobile and incentive awards (other than cash incentives). However, there is no GST benefit on cash remuneration such as salary or wages and allowances. In addition, there is no GST benefit on a taxable benefit which is an "exempt supply" or a "zero-rated supply," as those terms are defined in the *Excise Tax Act*. Generally, the GST benefit is calculated as 7% of the amount of the benefit (net of provincial sales tax) that has to be included in employment income if the benefit is GST taxable at 7% under the *Excise Tax Act*. The information that follows includes details about the GST consequences of the related benefits.

Automobile allowances

If you pay an employee more than a reasonable allowance for the use of an employee-owned automobile, then you must include this allowance in the employee's income, and report it 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, if the rate per kilometre is reasonable, and if you have not reimbursed the employee for expenses related to the same use. You will find more information and details on calculating and reporting this benefit in the *Employers Guide to Automobile Benefits*, which is available from any district office.

Note

There is no taxable GST component on such allowances.

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 have to include in income. Similarly, you have to include a benefit in your officer's or employee's income if you make an automobile available to a relative of your officer or employee.

Note

To make payroll deductions easier, you can estimate the yearly value of the automobile benefit based on the formula and examples provided below. You can then prorate the estimated benefit to your pay period, and add the resulting amount 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 have to recalculate the automobile benefit based on actual operating costs and kilometres driven for the taxation year. You should report that amount on the individual's T4 Supplementary for the taxation year.

For more information, see Interpretation Bulletin IT-63R3.

Calculate the benefit from an employer-provided automobile in three parts:

- (1) Calculate 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," which means more than 50% 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) Calculate a **standby charge** with the following formula:

$$\frac{A}{B} \times [2\% \times (C \times D) + 2/3 \times (E - F)]$$

When factors A, B, C, D, E and F are as follow:

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% 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.

$$B = 1000 \times \frac{\text{Total days the automobile was available}}{30}$$

When dividing the total days available by 30, the result should be rounded off to the nearest whole number.

Example

Available 130 days \div 30 = 4.33 (rounded to 4)
 Available 135 days \div 30 = 4.5 (rounded to 4)
 Available 140 days \div 30 = 4.67 (rounded to 5)

If the total days available is less than 30, you should divide the number of days 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 (for this purpose, "cost" includes provincial sales tax but does not include GST)

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.

$$D = \frac{120 \text{ days owned}}{30} = 4$$

E = the total amounts paid by you to lease the automobile (including provincial sales tax but not including GST) 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

- (3) Calculate the taxable benefit on the GST component as 7% of the total for the above two amounts net of any provincial sales tax (PST). It is likely that the GST will already be included in the figures available to you for the operating expense benefit, such as in the examples given below. If this is the case, you do not need to make any additional calculation for the taxable GST component on this benefit.

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.

You can calculate the standby charge, at your option, by using the rate of 1 1/2% instead of 2%, and you can calculate the cost of the automobile to you 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) plus the related taxable GST component is included in the income of either the partner or the employee.

Basic assumptions

The assumptions shown below provide the basic data for all the examples. We provide data specific to each example 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, you would deduct it from the total benefit you calculated.

Purchase price of automobile	\$10,000
PST at 10%	<u>1,000</u>
Cost for purpose of standby charge calculation (except for automobile salespersons and leasing agents)	<u>\$11,000</u>
GST at 7%	\$ 700
Total operating costs (including PST and GST) ..	\$ 3,000
Monthly leasing cost (not including GST)	\$ 375
PST included in each monthly lease payment	\$ 34
Monthly insurance included in lease	\$ 75
Days available to employee or shareholder	365
Total kilometres driven during the period	24,000

Example 1

Employer-owned automobile that is used less than 90% in the course of an office or employment

Additional facts:

The employee has 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% 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 = \$11,000

$$D = \frac{365}{30} = 12 \text{ (rounded to the nearest whole number)}$$

E and F are equal to 0.

Therefore, the standby charge is equal to:

$$\frac{12,000}{12,000} \times [2\% \times (\$11,000 \times 12)] = 2,640$$

$$\text{Operating cost benefit} = \frac{3,000}{24,000} \times \$3,000 = 375$$

Taxable GST component on:

Standby charge
 $[2\% \times (\$11,000 - \$1,000) \times 12] \times 7\% = 168$

Operating cost benefit (since the GST is already included, no further calculation is required for the GST component on the operating expense benefit)

Total benefit = \$3,183

In this case, the optional method of calculating operating costs is not beneficial to the taxpayer.

Example 2

Employer-owned automobile that is used 90% or more in the course of an office or employment

Additional facts:

The employee has 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% 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 = \$11,000

$$D = \frac{365}{30} = 12$$

E and F are equal to 0.

$$\begin{aligned} \text{Standby charge} &= \frac{A}{B} [2\% \times (C \times D) + 2/3 \times (E - F)] \\ &= \frac{2,000}{12,000} \times [2\% \times (\$11,000 \times 12)] = \$440 \end{aligned}$$

$$\begin{aligned} \text{Operating cost benefit} &= \frac{2,000}{24,000} \times \$3,000 = 250 \end{aligned}$$

Taxable GST component on:

Standby charge = $\frac{2,000}{12,000} \times [2\% \times (\$11,000 - \$1,000) \times 12] \times 7\% = 28$

Operating cost benefit (since the GST is already included, no further calculation is required for the GST component on the operating expense benefit)

Total benefit = \$718

Calculating the total benefit using the optional calculation of operating cost benefit:

Standby charge	\$440
1/2 of standby charge	220
Taxable GST component on the standby charge	28
Taxable GST component on the operating cost benefit (220 x 7%)	<u>15</u>
Total benefit	<u>\$703</u>

Note that, because the automobile was used primarily (i.e., more than 50%) in the course of an office or employment, the taxpayer can use the optional calculation.

**Example 3
Employer-leased automobile that is used less than 90% in the course of an office or employment**

Additional facts:

You leased the automobile that the employee has 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% in the course of an office or employment (21,000 ÷ 24,000 = 87%). The total PST on the lease payments is \$408 (34 x 12).

$$\text{Standby charge} = \frac{A}{B} [2\% \times (C \times D) + 2/3 \times (E - F)]$$

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.

$$E = \$4,500 (\$375 \times 12)$$

$$F = \$900 (\$75 \times 12)$$

$$\begin{aligned} \text{Standby charge} &= \frac{12,000}{12,000} [2\% \times (C \times D) + 2/3 \times (E - F)] \\ &= 2/3 (\$4,500 - \$900) = \$2,400 \end{aligned}$$

$$\begin{aligned} \text{Operating cost benefit} &= \frac{3,000}{24,000} \times \$3,000 = 375 \end{aligned}$$

Taxable GST component on:

$$\text{Standby charge} = 2/3 \times [(\$4,500 - \$408) - 900] \times 7\% = 149$$

Operating cost benefit (since the GST is already included, no further calculation is required for the GST component on the operating expense benefit)

$$\text{Total benefit} = \underline{\underline{\$2,924}}$$

In this case, the optional method of calculating operating costs is not beneficial to the taxpayer.

**Example 4
Employer-leased automobile that is used 90% or more in the course of an office or employment**

Additional facts:

You leased the automobile that the employee has 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% in the course of an office or employment (22,000 ÷ 24,000 = 92%). The total PST on the lease payments is \$408 (34 x 12).

$$\text{Standby charge} = \frac{A}{B} [2\% \times (C \times D) + 2/3 \times (E - F)]$$

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

$$E = \$375 \times 12 = \$4,500$$

$$F = \$75 \times 12 = \$900$$

$$\begin{aligned} \text{Standby charge} &= \frac{2,000}{12,000} [2\% \times (C \times D) + 2/3 \times (E - F)] \\ &= \frac{2,000}{12,000} [2/3 \times (\$4,500 - \$900)] \\ &= .1667 [2/3 \times \$3,600] \\ &= .1667 [\$2,400] = \$400 \end{aligned}$$

$$\begin{aligned} \text{Operating cost benefit} &= \frac{2,000}{24,000} \times \$3,000 = \$250 \end{aligned}$$

Taxable GST component on:

Standby charge = $\frac{2,000 \times [2/3 \times (\$4,500 - \$408) - \$900]}{12,000} \times 7\% = 25$

Operating cost benefit (since the GST is already included, no further calculation is required for the GST component on the operating expense benefit)

Total benefit =	\$675
Standby charge	\$400
Operating cost benefit	250
Taxable GST component	<u>25</u>
Total benefit	<u>\$675</u>

Calculate the total benefit using the optional method of calculating operating costs:

Standby charge	\$400
Operating cost (50% x \$400)	200
Taxable GST component on the standby charge	25
Taxable GST component on the operating cost benefit (200 x 7%)	<u>14</u>
Total benefit =	<u>\$639</u>

Note that, because the automobile was used primarily (i.e., more than 50%) in the course of an office or employment, the taxpayer can use the optional calculation.

Example 5

Automobile sales people and leasing agents — used less than 90% 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 has 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% in the course of an office or employment ($21,000 \div 24,000 = 87\%$). The employer did not incur a PST liability when acquiring the automobiles.

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	<u>1,480,000</u>	<u>10,000</u>
150 automobiles acquired	<u>\$1,510,000</u>	<u>\$10,067</u>

Standby charge (using optional reduced rate of 1.5%):

$$\frac{A [1.5\% \times (C \times D) + 2/3 \times (E - F)]}{B}$$

A = B (because 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.

$$\begin{aligned} \text{Standby charge} &= \frac{12,000 [1.5\% \times (C \times D) - 2/3 \times (E - F)]}{12,000} \\ &= 1.5\% \times (\$15,000 \times 12) = \$2,700 \end{aligned}$$

$$\begin{aligned} \text{Operating cost benefit} &= \frac{3,000 \times \$3,000}{24,000} = 375 \end{aligned}$$

Taxable GST component on:

$$\text{Standby charge} = 1.5\% \times (\$15,000 \times 12) \times 7\% = 189$$

Operating cost benefit (since the GST is already included, no further calculation is required for the GST component on the operating expense benefit)

$$\text{Total benefit} = \underline{\underline{\$3,264}}$$

The optional method of calculating operating costs is not beneficial, because operating costs are less than 50% of the standby charge.

Example 6

Employer-owned automobile, sales person or leasing agent — used 90% or more in the course of an office or employment, and no new automobiles acquired during the year

Additional facts:

The employee is principally engaged in selling or leasing automobiles, and has 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% in the course of an office or employment ($22,000 \div 24,000 = 92\%$). 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). The employer did not incur a PST liability on acquiring the automobiles.

$$\text{Standby charge} = \frac{A}{B} [(1.5\% \times (C \times D) + 2/3 (E - F))]$$

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 \$11,000

$$D = \frac{365}{30} = 12$$

E and F are equal to 0.

$$\begin{aligned} \text{Standby charge} &= \frac{2,000}{12,000} [1.5\% (\$10,000 \times 12) + 2/3 \times (E - F)] \\ &= .1667 [1.5\% \times \$120,000] \\ &= .1667 \times \$1,800 = \quad \quad \quad \$300 \end{aligned}$$

$$\begin{aligned} \text{Operating cost benefit} &= \frac{2,000}{24,000} \times \$3,000 = \quad \quad \quad 250 \end{aligned}$$

Taxable GST component on:

$$\text{Standby charge} = \frac{2,000}{12,000} \times [1.5\% \times (\$10,000 \times 12)] \times 7\% = 21$$

Operating cost benefit (since the GST is already included, no further calculation is required for the GST component on the operating expense benefit) _____

$$\text{Total benefit} = \quad \quad \quad \underline{\underline{\$571}}$$

Total benefit calculation using the optional operating cost benefit:

Standby charge	\$300
Operating cost (50% x \$300)	150
Taxable GST component on the standby charge	21
Taxable GST component on the operating cost benefit (150 x 7%)	<u>11</u>
Total benefit	<u><u>\$482</u></u>

Note that, because the automobile was used primarily (i.e., more than 50%) in the course of an office or employment, the taxpayer can use the optional calculation.

Educational allowances

You must include amounts you pay to an employee as an educational allowance in the employee's income for the taxation year. However, when an employee has 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.

Note

If any part of the educational services provided are subject to GST at 7%, the taxable GST component is calculated as 7% of that part (net of provincial sales tax, if any).

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.

Note

The taxable GST component on such a taxable benefit is calculated as 7% of the amounts included in the benefit that are subject to GST at 7% (net of provincial sales tax, if any).

However, certain employee counselling services are exempt, as described below:

Any benefit derived by an employee from counselling services for:

- 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 does not have 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 as long as one of them commemorates the wedding.

Note

If the gift is all cash, there is no taxable GST component. If any part of the gift is in kind, the taxable GST component on the taxable benefit is calculated as 7% of the amounts included in the benefit that are subject to GST at 7% (net of provincial sales tax, if any).

Group term life insurance over \$25,000 — Employer-paid premiums

The part 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 more information, see Interpretation Bulletin IT-227R.

Note

There is no taxable GST component on this benefit.

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 that applies 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 does not have to report these on an information slip. When the dealer then passes this cash award or prize, whether in cash or in 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 the manufacturer must report in box 28, "Other income" on a T4A Supplementary.

You will find more information in Interpretation Bulletin IT-470R.

Note

There is no taxable GST component on that part of a prize or award that is given in cash. However, if any part of the prize or award is in kind, the taxable GST component on the taxable benefit is calculated as 7% of the amounts included in the benefit (net of provincial sales tax, if any) that are subject to GST at 7%.

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. You have to value the benefit at its fair market value, include it in the employee's income, and report it 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. Report the benefits 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, under the heading "Special employment."

Note

Generally, the supply of a house, apartment or lodging or similar accommodation to an individual is not subject to GST under the *Excise Tax Act* if the

accommodation is occupied by the individual for at least one month. If you have any doubt whether the particular accommodation you provide to your employee(s) is considered a GST taxable supply, contact your nearest Revenue Canada Excise office for help. If GST does apply to the accommodation, calculate the taxable GST component for income tax purposes as 7% of the amount of the benefit (net of provincial sales tax, if any) that has to be included in income.

The taxable GST component on subsidized board (meals) is calculated as 7% of the amounts included in the benefit (net of provincial sales tax, if any) that are subject to GST at 7%.

Interest-free and low-interest loans

You must include in income benefits enjoyed as a result of interest-free or low-interest loans received because of employment or shareholdings. 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 and 36 on the T4 Supplementary or in box 28, "Other income" on the T4A Supplementary as calculated below.

Note

There is no taxable GST component on these benefits.

Loans received because of employment

A taxable benefit to an employee can result if a loan is received because of his or her employment or intended employment. For this purpose, the loan can be received by any party, including the employee and the employee's spouse. Also, a loan includes any other indebtedness (e.g., 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 calculated 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);

is more than

- (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 employer to you the employer referred to in (2).

Note

See the current version of Interpretation Bulletin IT-421R for similar taxable benefits resulting from loans received because of services performed by a corporation carrying on a personal services business.

Example

The following example illustrates how to calculate the above benefit for an employee who has borrowed \$150,000 from you. The prescribed rate is 11% for the first quarter in the year, 12% for the second quarter, and 13% 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% x \$150,000 x 1/4 = \$ 4,125
 - 12% x \$150,000 x 1/4 = 4,500
 - 13% x \$150,000 x 2/4 = 9,750 \$18,375

Plus

- (2) Amount paid by third party 3,000
\$21,375

Minus

- (3) Amount of interest paid (\$8,000 + \$3,000) \$11,000
- (4) Amount reimbursed by employee 3,000 14,000

Benefit to employee \$ 7,375

Loans received because of shareholdings

The provisions dealing with taxable benefits from loans received because of shareholdings apply in the following circumstances:

- (1) The loan has to 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) Because 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 (i.e., 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 calculated at the prescribed rate for the period in the year during which it was outstanding

is more than

- 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 30 days after the end of the year.

Note

A person includes an individual, a corporation, and a trust.

Exceptions

There will be no benefit for loans received because of employment 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 because 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 because of office or employment and loans received because of shareholdings does not apply if any part 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 because of the employment of the employee; and
- the loan is designated to be a home relocation loan.

When an employee has included in income a benefit under "loans received because of employment" for a home relocation loan, the employee can deduct the least of:

- (i) the difference between the interest for the year calculated at the prescribed rate for the period during which it was outstanding and the interest paid on the loan in the year or 30 days after the end of the year;
- (ii) the interest for the year that would be calculated under (i) on a \$25,000 interest-free loan; and

- (iii) the benefit under loans received because 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 because of employment" above when any part 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) because 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 because of employment" should not be more than 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 because of employment (as described in "loans received because of employment") you should report the benefit in box 36 and include it 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 because of shareholdings") by a person or partnership that was a shareholder, or was related to the shareholder, you should report the benefit in box 28, "Other income" on the borrower's T4A Supplementary form. Make a notation 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, calculated in "Loans received because of employment and shareholdings," which was included in calculating 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 calculating income. Nevertheless, you must include the full benefit in the earnings reported on a T4 or T4A Supplementary.

Prescribed rates of interest

The prescribed rates are as follows:

Quarter	Quarterly rates						
	1985	1986	1987	1988	1989	1990	1991
1st	12%	9%	9%	9%	11%	13%	13%
2nd	10%	11%	8%	9%	12%	13%	11%
3rd	10%	10%	8%	9%	13%	14%	10%
4th	10%	9%	9%	10%	13%	14%	

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.

Note

Certain medical expenses listed in subsection 118.2(2) of the *Income Tax Act* may be subject to GST. Any questions about this should be directed to your nearest Revenue Canada Excise office for clarification. Any taxable GST component on such a taxable benefit is calculated as 7% of the amounts included in the benefit (net of provincial sales tax, if any) that are subject to GST at 7%.

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 are more than 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, see "Municipal officer's expense allowance not over one-third of salary and allowances" in the section on "Non-taxable benefits" in this chapter. More information is available in Interpretation Bulletin IT-292.

Note

There is no taxable GST component on such an allowance.

Premiums under provincial hospitalization and medical care insurance plans and certain Government of Canada plans

If an employee has 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. Report this benefit in box 28 on a T4A Supplementary. Also include on this supplementary a footnote identifying the amount as a "Medical premium benefit." For more 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.

Note

There is no taxable GST component on such a benefit.

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.

Note

There is no taxable GST component on such a benefit.

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. Report this benefit 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 are otherwise transferred or disposed of.

Note

There is no taxable GST component on such a benefit.

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, whatever 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-quarter of the amount of such benefits arising as a result of shares acquired or rights for shares transferred or otherwise disposed of after 1989. Identify the amount of the benefit for which an employee is entitled to a deduction under paragraph 110(1)(d) of the *Income Tax Act* 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-quarter of the amount 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 more information on stock options and shares, see Interpretation Bulletin IT-113R3.

Subsidized meals

If you provide subsidized meals to employees, such as those offered in employees' dining rooms and cafeterias, 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 minus 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."

Note

The taxable GST component on subsidized meals is calculated as 7% of the amounts included in the benefit (net of provincial sales tax, if any) that are subject to GST at 7%.

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. You will find more information 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, see the section called "Non-taxable benefits" later in this chapter.

Note

The taxable GST component on such a taxable benefit is calculated as 7% of the amounts included in the benefit (net of provincial sales tax, if any) that are subject to GST at 7%.

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 for 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, a course taken on the employee's own time normally indicates that the course is taken at the employee's initiative and is primarily for the employee's benefit. However, this is not the case in a situation where an employer requests an employee to take a course beneficial to the employer which is taken on the employee's own time due to the lack of available time during normal business hours. 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, you should include the fair market value of the benefit in the employee's income.

For more information, see Interpretation Bulletins IT-75R2, IT-82R3 and IT-470R, and Information Circular 75-23.

Note

Certain tuition fees may be subject to GST. If the payment of tuition fees or the provision of tuition gives rise to a taxable benefit in the hands of an employee as described above, and the relevant tuition is subject to GST, the taxable GST component on such a taxable benefit is calculated as 7% of the benefit (net of provincial sales tax, if any).

Wage-loss replacement plans/premiums paid to income maintenance plan

If you pay the premium under a **non-group** plan on behalf of an 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.

Note

There is no taxable GST component on such a benefit.

Non-taxable benefits (not reported on T4 or T4A Supplementaries if certain conditions are met)

Disability-related employment benefits

If proposed amendments included in Bill C-18 tabled in the House of Commons on May 30, 1991, are enacted, certain employer benefits provided to handicapped employees will no longer be taxable benefits for 1991 and later taxation years.

The new rules will apply to reasonable amounts paid or benefits provided by an employer to an employee who is blind or who has a severe and prolonged mobility impairment for transportation between the employee's home and work location. The new rules will apply to allowances for taxis and specially designed public transportation (para-transport). Employer-provided or subsidized parking for such employees will also no longer be a taxable benefit.

The new rules will also apply to the reasonable cost of an attendant to help an employee who has a severe and prolonged mental or physical impairment to perform the duties of the office or employment. This would include readers for the blind, signers for the deaf, and coaches for the mentally handicapped.

Note

Do not deduct tax or CPP contributions on the above disability-related employment benefits. These benefits will continue to be insurable and will be subject to UI premiums.

If you have already deducted tax at source on disability-related employment benefits, we will make any tax adjustment when the employee or pensioner files an income tax return. If you have deducted CPP contributions, make the adjustment as soon as possible, and refund the employee or pensioner. Then adjust your next remittance accordingly. If you make the adjustment during the 1991 taxation year, do not report the over-deduction of the CPP amount on the employee's or pensioner's 1991 T4 Supplementary.

If you do not make the adjustment, report the overdeduction of CPP on the employee's or pensioner's T4 Supplementary. The employee or pensioner will receive the overdeduction when he or she files an income tax return. To receive the employer's portion, please complete Form PD24.

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 is more than 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, as long as the salesperson owns that policy and is obligated to make the required premium payments.

Note

If a taxable benefit does arise under any discount arrangement, the taxable GST component on the benefit is calculated as 7% of the amounts included in the benefit (net of provincial sales tax, if any) that are subject to GST at 7%.

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 has to make under the plan), the payment of such amounts is not a taxable benefit to employees. If an employee has 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.

Note

There is no taxable GST component on such benefits.

Employee counselling services

The fees that you pay to provide services such as financial counselling or income tax preparation to an employee, whether directly or indirectly, are normally considered to produce a taxable benefit to the employee who receives the benefit.

Note

The taxable GST component on such a taxable benefit is calculated as 7% of the amounts included in the benefit that are subject to GST at 7% (net of provincial sales tax, if any).

However, certain employee counselling services are exempt, as described below.

Any benefit derived by an employee from counselling services for:

- the physical or mental health of the employee or a person related to the employee (but not including any costs in respect of recreational or sporting facilities);
- the re-employment of the employee; and
- the retirement of the employee.

The exemption applies to such services as tobacco, drug, alcohol counselling, stress management counselling, and job placement and retirement counselling.

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 are not more than one-third of the total of salary and allowances, should not be included in reported income. You should indicate such amounts 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 more information, see 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 (e.g., at a summer hotel or hunting lodge maintained by you), you must include the value of the board and lodging received by the employee in the employee's income.

Note

The taxable GST component on such a taxable benefit is calculated as 7% of the amounts included in the benefit that are subject to GST at 7% (net of provincial sales tax, if any).

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:

- the cost of house-hunting trips to the new location including child and pet care expenses;
- travelling costs (including a reasonable amount expended for meals and lodging) in the course of moving the employee and members of his or her household from his or her old residence to his or her new residence;
- the cost to the employee of transporting or storing household effects in the course of moving from his or her old residence to his or her new residence;
- 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*; and
- interest costs on bridge financing to purchase the new residence, as long as all reasonable efforts to dispose of the old residence, have been made.

If you pay or reimburse the relocation costs other than those listed above, such amounts may be a taxable benefit to the employee.

Note

The taxable GST component on such a taxable benefit is calculated as 7% of the amounts included in the benefit that are subject to GST at 7% (net of provincial sales tax, if any).

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 more than \$650**, as long as the employee certifies in writing that incidental expenses have been incurred at least to the extent of the allowance or \$650, whichever is less. Do not report the amount of the reimbursement on a T4 or T4A Supplementary. Report any part of the non-accountable allowance over \$650 in the usual manner.

Note

There is no taxable GST component on such allowances.

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*. More 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*.

Note

There is no taxable GST component on such an allowance.

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 need 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 has 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. You have to include any amounts of more than \$500 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 have to report a pension adjustment (PA) for this employee on a T4 Supplementary, along with all the other T4 data that otherwise has 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% 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% of their total world income for the year, no personal tax credits are allowed. In this instance, they must use net claim code **0** on the TD1 form.

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 more 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 you should deduct for that pay period.

These tables will particularly apply to non-resident individuals engaged in Canadian employment, such as commuters, sojourners, 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, you have to use the income tax deductions tables contained in the publication, *Payroll Deductions Tables for In Canada Beyond the Limits of any Province or Outside Canada*. You can get this publication 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 more information, see chapters 5 and 6.

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% (see Information Circular 75-6R).

Remit tax deducted because 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-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 more 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 is 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% of the gross. For more information, see Interpretation Bulletins IT-377R and IT-468R, and Information Circular 75-6R, as well as the list of references at 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% 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% (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% withholding tax includes:

- rent;
- management or administration fees or charges;
- interest, dividends, and patronage dividends;
- motion-picture film and videotape 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% at source on such amounts, in lieu of the regular 25% tax rate otherwise required.

A non-resident of Canada who receives alimony, pension and similar payments can apply for a reduction of the non-resident tax that otherwise has 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 can 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% 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% 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.

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 of the end of the calendar year in which the tax was remitted to Revenue Canada, Taxation.

Non-resident reporting for 1991

There are three categories of payments to non-residents of Canada that require three different reporting treatments.

- You should use the T4 Supplementary 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.
- You should use the T4A-NR Supplementary 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. See "Completing the T4A-NR Supplementary" in Chapter 6 for instructions on how to report these amounts.
- You should use the NR4B Supplementary 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. Once you complete the NR4B return, mail it to Revenue Canada, Taxation not later than the last day of March of each year for the preceding calendar year, or within 90 days of the end of the taxation year of an estate or trust for that taxation year. See instructions in the *Guide for Payers of Non-Resident Tax* before completing the NR4B return.

Do not include Form NR4B as part of a T4 or T4A return. You will find more information on Part XIII tax in Information Circular 77-16R3.

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

We issue a number of forms, guides and other publications for the public to use. You will find a complete list of these publications in Information Circular 90-1.

Below, we have listed publications which may help you. Complete the order form on the back cover of this guide. You can order by phone, mail or in person at your district office.

If you need information or publications about applying the GST as contained in the *Excise Tax Act*, you should contact your nearest Revenue Canada Excise office.

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-362R	Patronage Dividends
IT-363R	Deferred Profit-Sharing Plans — Deductibility of Contributions and 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-497R2	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

Information circulars

Number	Title
72-13R8	Employees' Pension Plans
72-22R8	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 and 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	Deferred Profit Sharing Plans
77-16R3	Non-Resident Income Tax
78-10R2	Books and Records Retention/Destruction
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
84-6	Canada-United States Social Security Agreement
89-2	Directors' Liability — Section 227.1 of the Income Tax

Guides and other publications

- Employers Guide to Automobile Benefits
- Employers Guide to Housing and Travel Assistance Benefits in Prescribed Areas
- Employers Pension Adjustment Calculation Guide
- Fishermen and Unemployment Insurance
- Guide for Payers of Non-Resident Tax
- 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
- Payroll Deductions Tables
- Payroll Deductions for Small Business Employers
- Payroll Deduction Tables for Small Business Employers
- Payroll Deduction Tables for Small Business Employers (Located in the Province of Quebec)
- Taxi and Passenger Vehicle Operators

Forms

Number	Title
CPT1	Request for a Ruling as to the Status of a Worker under the Canada

CPT8	Application and Undertaking for coverage of employment in a Country Other than Canada under the Canada Pension Plan.
CPT13	Application for Coverage of Employment in Canada under the Canada Pension Plan by an Employer Resident outside Canada.
CPT16	Application for exemption from coverage under the Canada Pension Plan on account of religious beliefs.
CPT100	Application for Determination of a Question or Appeal under the Canada Pension Plan or Unemployment Insurance Acts
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.
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 - 1991
Supplementary

Revenu Canada Taxation		Revenu Canada Impôt		T4 - 1991 Supplementary		STATEMENT OF REMUNERATION PAID ÉTAT DE LA REMUNÉRATION PAYÉE									
14 EMPLOYMENT INCOME BEFORE DEDUCTIONS <i>REVENUS D'EMPLOI AVANT RETENUES</i>	16 EMPLOYEE'S PENSION CONTRIBUTIONS CANADA PLAN <i>DU CANADA COTISATIONS DE PENSIONS (EMPLOYE)</i>	17 EMPLOYEE'S PENSION CONTRIBUTIONS QUEBEC PLAN <i>DU QUÉBEC COTISATIONS DE PENSIONS (EMPLOYE)</i>	18 EMPLOYEE'S UI PREMIUMS <i>COTISATIONS DE L'EMPLOYÉ À L'A-C</i>	20 REGISTERED PENSION PLAN CONTRIBUTIONS <i>COTISATIONS À UN RÉGIME DE PENSIONS AGRÉÉ</i>	22 INCOME TAX DEDUCTED <i>IMPÔT SUR LE REVENU RETENU</i>	24 UI INSURABLE EARNINGS <i>GAINS ASSURABLES D'A-C</i>	26 CPP PENSIONABLE EARNINGS <i>GAINS DONNANT DROIT À PENSION - RPC</i>	28 EXEMPT <i>CPP/OPP UI RPO/ROO A-C EXEMPTION</i>							
<small>BOX 14 AMOUNT ALREADY INCLUDES ANY AMOUNT IN BOXES 30 32 34 36 38 40 AND 42 LE MONTANT DE LA CASE 14 COMPREND DEJA TOUTS LES MONTANTS DES CASES 30 32 34 36 38 40 ET 42</small>	<small>TAXABLE ALLOWANCES AND BENEFITS ALLOCATIONS ET AVANTAGES IMPOSABLES</small>	30 HOUSING BOARD AND LODGING <i>LOGEMENT PENSION ET LOGEMENT</i>	32 TRAVEL IN A PRESCRIBED AREA <i>VOYAGE DANS UNE REGION VISEE PAR REGLEMENT</i>	34 PERSONAL USE OF EMPLOYER'S AUTO <i>USAGE PERSONNEL DE L'AUTO DE L'EMPLOYEUR</i>	36 INTEREST-FREE AND LOW-INTEREST LOANS <i>PRETS SANS INTERET OU A FAIBLE INTERET</i>	38 STOCK OPTION BENEFITS <i>AVANTAGES OPTION D'ACHAT D'ACTIONS</i>	40 OTHER TAXABLE ALLOWANCES AND BENEFITS <i>AUTRES ALLOCATIONS ET AVANTAGES IMPOSABLES</i>	42 EMPLOYMENT COMMISSIONS <i>COMMISSIONS D'EMPLOI</i>							
44 UNION DUES <i>COTISATIONS SYNDICALES</i>	46 CHARITABLE DONATIONS <i>DONS DE CHARITE</i>	48 PAYMENTS TO DPSP <i>PAIEMENTS A UN RPOB</i>	50 PENSION PLAN OR DPSP REGISTRATION NUMBER <i>NUMERO D'ENREGISTREMENT D'UN RPOB OU D'UN REGIME DE PENSIONS</i>	52 PENSION ADJUSTMENT <i>FACTEUR D'EQUIVALENCE</i>	10 PROVINCE OF EMPLOYMENT <i>PROVINCE D'EMPLOI</i>	12 SOCIAL INSURANCE NUMBER <i>NUMERO D'ASSURANCE SOCIALE</i>		<small>* IF YOUR SOCIAL INSURANCE NUMBER IS NOT SHOWN IN THIS BOX, SEE THE BACK OF THIS FORM * SI VOTRE NUMERO D'ASSURANCE SOCIALE NE FIGURE PAS DANS CETTE CASE, REPORTEZ-VOUS AU VERSO DE CETTE FORMULE</small>							
EMPLOYEE'S NAME AND ADDRESS - NOM ET ADRESSE DE L'EMPLOYÉ										SURNAME (IN CAPITAL LETTERS) NOM DE FAMILLE (EN CAPITALES)		FIRST NAME PRENOM		INITIALS INITIALES	
										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 - 1991
Supplementary

Revenu Canada Taxation		Revenu Canada Impôt		T4A - 1991 Supplementary		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 <i>PRESTATIONS DE RETRAITE OU D'AUTRES PENSIONS</i>	18 LUMP-SUM PAYMENTS <i>PAIEMENTS FORFAITAIRES</i>	20 SELF-EMPLOYED COMMISSIONS <i>COMMISSIONS D'UN TRAVAIL INDEPENDANT</i>	22 INCOME TAX DEDUCTED <i>IMPÔT SUR LE REVENU RETENU</i>	24 ANNUITIES <i>RENTES</i>	26 RETIRING ALLOWANCES <i>ALLOCATIONS DE RETRAITE</i>	28 OTHER INCOME <i>AUTRES REVENUS</i>					
30 PATRONAGE ALLOCATIONS <i>RÉPARTITIONS SELON L'APPORT COMMERCIAL</i>	32 PENSION PLAN CONTRIBUTIONS (PAST SERVICE) <i>COTISATIONS À UN RÉGIME DE PENSIONS (SERVICE PASSÉ)</i>	34 PENSION ADJUSTMENT <i>FACTEUR D'EQUIVALENCE</i>	36 PENSION PLAN REGISTRATION NUMBER <i>NUMÉRO D'ENREGISTREMENT D'UN RÉGIME DE PENSIONS</i>	12 SOCIAL INSURANCE NUMBER <i>NUMÉRO D'ASSURANCE SOCIALE</i>	38 FOOTNOTES: NOTES: CODE						
<small>* 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.</small>											
EMPLOYEE'S NAME AND ADDRESS - NOM ET ADRESSE DE L'EMPLOYÉ											
SURNAME (IN CAPITAL LETTERS) NOM DE FAMILLE (EN CAPITALES)				FIRST NAME PRENOM				INITIALS INITIALES			
						61 ACCOUNT NUMBER NUMÉRO DE COMPTE		14 PENSION OR RECIPIENT'S NUMBER NUMÉRO DE PENSION OU DU BÉNÉFICIAIRE			
EMPLOYER'S OR PAYERS NAME NOM DE L'EMPLOYEUR OU DU PAYEUR											
RETURN WITH T4A SUMMARY À RETOURNER AVEC LA T4A SOMMAIRE 1											

**T4A-NR - 1991
Supplementary**

Revenue Canada / Revenu Canada Taxation / Impôt		T4A-NR Supplementary - Supplémentaire Rev. 91.		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 PAYÉES 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 OU LES SERVICES ONT ÉTÉ FOURNIS	26] NUMBER OF DAYS RECIPIENT WAS IN CANADA DURING THE CALENDAR YEAR NOMBRE DE JOURS OU 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 LETTERS) NOM DE FAMILLE (EN CAPITALES)		FIRST NAME PRÉNOM	INITIALS 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 1 À RETOURNER AVEC LA T4A-NR SOMMAIRE 1					

**T4F - 1991
Supplementary**

Revenue Canada / Revenu Canada Taxation / Impôt		T4F Supplementary - Supplémentaire Rev. 91.		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
EMPLOYEE'S NAME AND ADDRESS - NOM ET ADRESSE DE L'EMPLOYÉ					
SURNAME (IN CAPITAL LETTERS) NOM DE FAMILLE (EN CAPITALES)		FIRST NAME PRÉNOM	INITIALS INITIALES		
DESIGNATED EMPLOYER'S NAME NOM DE L'EMPLOYEUR DÉSIGNÉ					
28] ACCOUNT NUMBER NUMÉRO DE COMPTE					
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.					
RETURN WITH T4F SUMMARY 1 À RETOURNER AVEC LA T4F SOMMAIRE 1					

NR4B
Supplementary

		Revenu Canada Impôt		NR4B Supplémentaire		STATEMENT OF AMOUNTS PAID OR CREDITED TO NON-RESIDENTS OF CANADA ÉTAT DES SOMMES PAYÉES OU CRÉDITÉES À DES NON-RÉSIDENTS DU CANADA		00-000-000							
10 Year <input type="text"/>	11 Recipient Type <input type="text"/>	12 Country Code <input type="text"/>	13 Payer or Remitter Identification Number <input type="text"/>	14 Account Number <input type="text"/>	15 Foreign Social Security Number <input type="text"/>										
<i>Année</i>		<i>Code du bénéficiaire</i>		<i>Code du pays</i>		<i>Numéro d'identification du payeur ou de l'agent payeur</i>		<i>Numéro de compte</i>		<i>Numéro de sécurité sociale à l'étranger</i>					
Line <i>Ligne</i>	16 Income Code <i>Code de revenu</i>	17 Currency Code <i>Code de devise</i>	18 Gross Income <i>Revenu brut</i>	20 Income Subject to Withholding Tax <i>Revenu assujéti à la retenue d'impôt</i>	22 Non-Resident Tax Withheld <i>Impôt retenu des non-résidents</i>	24 Exemption Code <i>Code d'exemption</i>									
1			.	.	.										
2			.	.	.										
3			.	.	.										
4			.	.	.										
5			.	.	.										
<table style="width:100%; border: none;"> <tr> <td style="width: 50%; border: none;"> Non-Resident Recipient Surname First and Full Address </td> <td style="width: 50%; border: none;"> Name and Address of Disbursing Agent or Payer Nom et adresse du payeur ou de l'agent payeur </td> </tr> <tr> <td style="border: none;"><i>Bénéficiaire non résident</i> <i>Nom de famille d'abord et adresse complète</i></td> <td style="border: none;"></td> </tr> </table>						Non-Resident Recipient Surname First and Full Address	Name and Address of Disbursing Agent or Payer Nom et adresse du payeur ou de l'agent payeur	<i>Bénéficiaire non résident</i> <i>Nom de famille d'abord et adresse complète</i>							
Non-Resident Recipient Surname First and Full Address	Name and Address of Disbursing Agent or Payer Nom et adresse du payeur ou de l'agent payeur														
<i>Bénéficiaire non résident</i> <i>Nom de famille d'abord et adresse complète</i>															
To be returned with NR4B Summary À retourner avec la NR4B Sommaire 1															



SUMMARY OF REMUNERATION PAID (For the year ending December 31, 1991) / SOMMAIRE DE LA RÉMUNÉRATION PAYÉE (Pour l'année se terminant le 31 décembre 1991)

T4 SUMMARY SOMMAIRE Copy 1

1991

Complete this return using the instructions in the "Employers Guide to Payroll Deductions" or the "Payroll Deductions for Small Business Employers Guide."

Cette déclaration doit être remplie selon les instructions du "Guide de l'employeur sur les retenues sur la paie" ou du "Guide des employeurs qui exploitent une petite entreprise."

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.

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.)

T4 SUPPLEMENTARY SLIPS TOTALS / TOTAUX DES FEUILLETS T4 SUPPLÉMENTAIRE. Table with columns for description, amount, and number of slips. Includes rows for Employment income, Registered Pension Plan contributions, Pension adjustment, Unemployment Insurance insurable earnings, etc.

DEPARTMENTAL USE ONLY. Total deductions reported (16 + 17 + 18 + 19 + 22) 80. Remittances for the Year - Versements pour l'année 82. Difference - Différence. Overpayment - Paiement en trop 84. Balance due - Solde à payer 86.

Person to contact about this return - Personne avec qui communiquer au sujet de cette déclaration. First name - Prénom, Surname - Nom de famille, Telephone number - Numéro de téléphone, Area code - Indicateur 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.

FOR DEPARTMENTAL USE ONLY: PLEASE DO NOT WRITE IN THIS AREA - RÉSERVE AU MINISTÈRE : NE RIEN ÉCRIRE ICI. Includes fields for Transfer, Pro Forma, Date, Memo, T4 balance, Override, Delete, Reprint number, Prepared by, Date, Code 2, Correspond, Inc, TPC - CCT, Dressed - MAP, Rev. - Rev, No Accounts - Aucun n.

* KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS. * CONSERVEZ LE BROUILLON DE LA FORMULE SOMMAIRE POUR VOS DOSSIERS. * 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. / * 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.



Revenue Canada / Revenu Canada
Taxation / Impôt

SUMMARY OF REMUNERATION PAID
(For the year ending December 31, 1991)
SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1991)

T4A
SUMMARY
SOMMAIRE

1991

Complete this return using the instructions in the "Employers' Guide to Payroll Deductions" or the "Payroll Deductions for Small Business Employers" guide.

Cette déclaration doit être remplie selon les instructions du «Guide de l'employeur sur les retenues sur la paie» ou du guide des «Retenues sur la paie des employeurs qui exploitent une petite entreprise».

Copy 1
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.

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). / Taxation centre / DO code / Centre fiscal / Code du BP

T4A SUPPLEMENTARY SLIPS TOTALS / For returns with over 300 T4A slips, please see instructions in the "Employers Guide to Payroll 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 sur la paie» pour la répartition des déclarations volumineuses.

Table with columns for slip type (e.g., Pension or superannuation, Lump-sum payments, etc.) and counts. Includes a note: 'Number of T4A slips included in the total at left, where the recipient's 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 E.-U.

DEPARTMENTAL USE ONLY / Total tax deductions reported (see T4A Supplementaries) / Total des retenues d'impôt déclarées (selon les T4A Supplémentaires) / Minus: Remittances - Moins: Versements / Difference - Différence / Overpayment / Paiement en trop / Balance due / Solde à payer / Réserve au Ministère / Rév. Can. Taxation issued registration number(s) for RPP - Numéro(s) d'enregistrement émis par Revenu Canada - Impôt pour RPA.

Person to contact about this return - Personne avec qui communiquer au sujet de cette déclaration / First name - Prénom / Surname - Nom de famille / Telephone number - Numéro de téléphone / Area code - Indicateur 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 / No action / Aucune mesure / Other / Autre / Date / Memo - Note / Prepared by - Établi par / Date

Code 2 / Correspond. / Inc. / TPC - CCT / Dressed - MAP / Rev. - Rdv. / No Accounts - Aucun n° / Initials - Initiales / Date

* KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS. / * CONSERVEZ LE BROUILLON DE LA FORMULE SOMMAIRE POUR VOS DOSSIERS. / * 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. / * 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. / Canadian Human Rights Act / Loi canadienne sur les droits de la personne / Form authorized and prescribed by order of the Minister of National Revenue. / 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, 1991)
SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1991)

T4A-NR
SUMMARY - SOMMAIRE

1991

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 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.

<p>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.</p> <p>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).</p>	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 feuillets T4A-NR produits:

Gross income
Revenu brut:

Travel expenses
Frais de déplacement:

DEPARTMENTAL USE ONLY

Total tax deductions reported (see T4A-NR Supplementaries)
Total des retenues d'impôt déclarées (selon les T4A-NR Supplémentaires):

Minus: Remittances - Moins: Versements:

Difference - Différence:

Overpayment
 Paiement en trop:

Balance due
 Solde à payer:

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.

* If you have not paid the total tax deducted, 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 assujéti 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).

RESERVÉ AU MINISTÈRE:

Person to contact about this return - Personne avec qui communiquer au sujet de cette déclaration:

First name - Prénom: Surname - Nom de famille:

Telephone number - Numéro de téléphone:

Area code - Indicateur 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 Supplémentaires, 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

90 Last to current Précédente à courante: <input type="text" value="1"/>	91 No/Non: <input type="text" value="1"/>	93 Date: <input type="text"/>	Memo - Note: <input type="text"/>
2 No action Aucune mesure: <input type="text"/>	2 Yes/Out: <input type="text"/>	94 <input type="text"/> A	
3 Other/Autre: <input type="text"/>	92 3 1 1 Type/Genre: <input type="text"/>	<input type="text"/> B	Prepared by - Établi par: <input type="text"/> Date: <input type="text"/>

Initials - Initiales: <input type="text"/>	Code 2: <input type="text"/>	Correspond: <input type="text"/>	Inc: <input type="text"/>	TPC - CCT: <input type="text"/>	Dressed - MAP: <input type="text"/>	Rev. - Rêv: <input type="text"/>	No Accounts - Aucun n°: <input type="text"/>
Date: <input type="text"/>							

• KEEP THE WORKING COPY OF THIS SUMMARY FOR YOUR RECORDS.
• SI VOUS NE PRODUISEZ PAS DE DÉCLARATION SUR SUPPORT MAGNÉTIQUE, ENVOYEZ LES COPIES 1 ET 2 DE CETTE 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.
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 / Revenu Canada
Taxation / Impôt

1991

Complete this return using the instructions in the "Employers' Guide to Payroll Deductions" or the "Payroll Deductions for Small Business Employers" guide.

SUMMARY OF REMUNERATION PAID
(For the year ending December 31, 1991)
SOMMAIRE DE LA RÉMUNÉRATION PAYÉE
(Pour l'année se terminant le 31 décembre 1991)
Cette déclaration doit être remplie selon les instructions du Guide de l'employeur sur les retenues sur la paie ou du guide des Retenues sur la paie des employeurs qui exploitent une petite entreprise.

T4F
SUMMARY
SOMMAIRE
Copy
Copie 1

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) No. 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		Total deductions reported (18 + 26 + 22) Total des retenues déclarées (18 + 26 + 22)	80	△		
		Minus: Remittances - Moins: Versements	82			
		Difference - Différence				
		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 pourrait être assujéti à une pénalité pour paiement tardif.				
RÉSERVÉ AU MINISTÈRE						
Person to contact about this return - Personne avec qui communiquer au sujet de cette déclaration		Telephone number - Numéro de téléphone				
76		78				
First name - Prénom		Area code - Indicateur régional				
Surname - Nom de famille						
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	Date	Memo - Note	
	2		No action Aucune mesure			
	3		Other Autre			
Pro Forma	91	1	No Non	A		
	2		Yes Oui			
Type Genre	92	3 6 1		B		
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 accepted by order of the Minister of National Revenue.

* CONSERVEZ LE BROUILLON DE CETTE FORMULE 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 AUX CENTRES FISCAUX APPROPRIÉS, DONT L'ADRESSE FIGURE AU VERSO DE CETTE FORMULE.
Loi canadienne sur les droits de la personne: Numéro de la banque fédérale des données: 15615.
Formule autorisée et acceptée par ordre du ministre du Revenu national.



Revenue Canada / Revenu Canada / Taxation / Impôt

NR4B Summary / Sommaire

RETURN OF AMOUNTS PAID OR CREDITED TO NON-RESIDENTS OF CANADA / DÉCLARATION DES SOMMES PAYÉES OU CRÉDITÉES À DES NON-RÉSIDENTS DU CANADA

THIS NR4B SUMMARY SHOULD BE COMPLETED IN CONJUNCTION WITH THE INSTRUCTIONS OUTLINED IN THE GUIDE FOR PAYERS OF NON-RESIDENT TAX.

CETTE NR4B SOMMAIRE DOIT ÊTRE REMPLIE SUIVANT LES INSTRUCTIONS DONNÉES DANS LE GUIDE D'IMPÔT POUR LES PERSONNES VERSANT L'IMPÔT DES NON-RÉSIDENTS.

FOR THE YEAR ENDING DECEMBER 31 / POUR L'ANNÉE SE TERMINANT LE 31 DÉCEMBRE 1 9 OR/OU ESTATES AND TRUSTS FISCAL YEAR END / FIN DE L'EXERCICE FINANCIER DES SUCCESSIONS ET FIDUCIES 1 9 Y-A M-M D-J

IMPORTANT Payer's or disbursing agent's name and account number must correspond to that shown on your Non-Resident Tax Remittance Form PD7AR-NR. Le nom et numéro de compte du payeur ou de l'agent payeur doivent correspondre à ceux qui figurent dans votre formule de versement de l'impôt des non-résidents, PD7AR-NR. NAME AND ADDRESS OF PAYER OR DISBURSING AGENT / NOM ET ADRESSE DU PAYEUR OU DE L'AGENT PAYEUR

Table with 4 columns: NR4B SLIPS FILED (FEUILLETS NR4B JOINTS), NR4B SUPPLEMENTARY TOTALS (LES TOTAUX DES NR4B SUPPLÉMENTAIRE), GROSS INCOME - REVENU BRUT, TAX WITHHELD - IMPÔT RETENU. Includes rows for reported and not reported amounts, and totals.

TOTAL NON-RESIDENT TAX WITHHELD (22 + 28) / TOTAL DES RETENUES D'IMPÔT DES NON-RÉSIDENTS (22 + 28) 32. SUBTRACT TOTAL REMITTANCES FOR THE YEAR / MOINS LE TOTAL DES VERSEMENTS POUR L'ANNÉE 82. DIFFERENCE / DIFFÉRENCE. SUPPCAL CALSUP. We do not charge or refund a difference of less than \$1.00. / Un montant de moins d'un dollar n'est ni exigé ni remboursé.

OVERPAYMENT / PAIEMENT EN TROP 84. BALANCE DUE / SOLDE À PAYER 86. * If you have not remitted the full amount of Non-Resident Tax Withheld, the balance should be remitted immediately with this Summary. / * Si vous n'avez pas versé le montant intégral des retenues d'impôt des non-résidents, veuillez verser le solde sans délai avec le présent sommaire.

Person from whom further information may be obtained regarding the NR4B return: Name (print) / Nom (en lettres majuscules). Personne pouvant fournir des renseignements supplémentaires au sujet de la déclaration NR4B: Telephone number / Numéro de téléphone.

CERTIFICATION: I HEREBY CERTIFY that the information given in the NR4B return (Form NR4B Summary and related forms NR4B Supplementary) is true, correct and complete in every respect. ATTESTATION: J'ATTESTE PAR LA PRÉSENTE que les renseignements donnés dans la déclaration NR4B (Formule NR4B Sommaire et formulaires connexes NR4B Supplémentaires) sont vrais, exacts et complets sous tous les rapports.

PLEASE DO NOT WRITE IN THIS SPACE - NE RIEN ÉCRIRE ICI

TRANSFER ACTION / MESURE DE TRANSFERT: 1 LAST TO CURR. PREC. A COUR., 2 NO ACTION AUCUNE MESURE, 3 OTHER AUTRE. TYPE / GENRE: 1 ORIGINAL INITIALE, 2 AMEND MODIFICATION, 3 REJECT CORRECTIONS ONLY / CORRECTIONS DE REJET SEULEMENT. LATE-FILING PENALTY / PÉNALITÉ POUR PRODUCTION TARDIVE. PREPARED BY - ÉTABLI PAR, DATE. TOTAL NON-RESIDENT TAX WITHHELD / TOTAL DES RETENUES D'IMPÔT DES NON-RÉSIDENTS. CODE 2, CORR., INC, TPC / CAC, DRESSED / MAP, PAYER CODE / CODE DU PAYEUR.

SAMPLE WAGE RECORD

YEAR 19

SURNAME		INITIALS		DATE OF BIRTH		SOCIAL INSURANCE NUMBER	
ADDRESS		FIRST DAY WORKED		LAST DAY WORKED		NET CLAIM CODE PER TD1	
EMPLOYEE'S OCCUPATION		EMPLOYEE NUMBER		PROVINCE OF EMPLOYMENT			

SAMPLE PAYROLL

WEEK ENDING 19

PAY PERIOD ENDING	HOURS OR DAYS WORKED							REMINERATION										DEDUCTIONS					CASH OR CHEQUE NUMBER					
	S	M	T	W	T	F	S	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	C.P.P.			U.I.C.		Total Deductions	NET PAY (10-22)	DATE PAID
	(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)		

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, RRSPP contributions etc.

(19) UI INSURABLE EARNINGS: for T4 reporting purposes the maximum insurable earnings could exceed the yearly maximum, if the 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
	ENGLISH SERVICES		
	LOCAL	LONG DISTANCE	LOCAL
NEWFOUNDLAND St. John's – Atlantic Place, A1C 5X6	772-2639	1-800-563-2639	772-5088
PRINCE EDWARD ISLAND Charlottetown – 94 Euston St., C1A 8L3	628-4244	1-628-4244	628-4250
NOVA SCOTIA Halifax – 1256 Barrington St., B3J 2T5 Sydney – 136 Charlotte St., B1P 6K3	426-3296 564-7099	1-426-3296 1-564-7099	426-2151 564-7120
NEW BRUNSWICK Bathurst – 120 Harbourview Blvd., 4th floor, E2A 4L8 Saint John – 65 Canterbury St., E2L 4H9	636-4662	1-800-222-8472 1-800-222-8472	548-7100 636-4618
QUEBEC Chicoutimi – 100 Lafontaine St., Office 211, G7H 6X2 Laval – 3131 Saint-Martin Blvd. W., H7T 2A7 Montréal – 305 René-Lévesque Blvd. W., H2Z 1A6 Québec – 165 Pointe-aux-Lièvres St. S., G1K 7L3 Rimouski – 320 St-Germain E., 4th floor, G5L 1C2 Rouyn-Noranda – 11 Terminus St. E., J9X 3B5 Sherbrooke – 50 Place de la Cité, J1H 5L8 Saint-Hubert – 5245 Cousineau Blvd., Suite 200, J3Y 7Z7 Trois-Rivières – 25 des Forges St., Suite 411, G9A 2G4	545-8026 956-9120 283-5585 648-5809 722-3111 764-3474 821-4008 283-5585 1-800-567-3582	1-800-463-1825 1-800-363-2219 1-800-363-9700 1-800-463-1825 1-800-463-1825 1-800-567-6487 1-800-567-3582 1-800-363-9700 1-800-567-3582	545-8026 956-9115 283-5623 648-4083 722-3111 797-4299 821-8565 445-5264 373-2723
ONTARIO Belleville – 11 Station St., K8N 2S3 Hamilton – 150 Main St. W., L8N 3E1 Calls from area code 416 Calls from area code 519 Kingston – 385 Princess St., K7L 1C1 Kitchener – 166 Frederick St., N2G 4N1 London – 451 Talbot St., N6A 5E5 Mississauga – 77 City Centre Drive, L5A 4E9 North York – 36 Adelaide St. E., Toronto, M5C 2V4 Ottawa – 360 Lisgar St., K1A 0L9 Calls from area code 613 Calls from area code 819 St. Catharines – 32 Church St., L2R 3B9 Scarborough – 200 Town Centre Court, M1P 4Y3 Calls from area code 416 Calls from area code 705 Sudbury – 19 Lisgar St. S., P3E 3L5 Thunder Bay – 201 North May St., P7C 3P5 Toronto – 36 Adelaide St. E., M5C 1J7 Windsor – 185 Ouellette Ave., N9A 5S8 Calls from Essex County	962-8616 572-2026 545-8665 579-0490 645-4223 566-6702 973-2062 957-8109 688-3523 973-7700 or 296-0757 671-0530 623-3039 367-9990 252-6518	1-800-267-8038 1-800-263-8562 1-800-263-9297 1-800-267-7817 1-800-265-6373 1-800-265-4498 1-800-263-1170 1-800-267-6550 1-800-267-3323 1-800-263-5421 1-800-387-5228 1-800-387-5183 1-800-461-3518 1-800-465-6842 1-800-265-5826	969-3707 572-2609 1-800-267-8043 579-8951 645-4244 566-6005 865-9469 957-8088 1-800-267-8440 1-800-267-4735 688-4000 296-0104 671-0596 623-2751 865-9469 252-3611
MANITOBA Winnipeg – 391 York Ave., R3C 0P5	983-3918	1-800-542-3441	983-3942
SASKATCHEWAN Regina – 1955 Smith St., S4P 2N9 Saskatoon – 201-21st St. E., S7K 0A8	780-6999 975-5692	1-800-667-7157 1-800-667-5844	780-6079 975-4577
ALBERTA Calgary – 220-4th Ave. S.E., T2G 0L1 Calls from southern Alberta Edmonton – 9700 Jasper Ave., T5J 4C8 Calls from northern Alberta Calls from Northwest Territories and northeastern, B.C.	292-6477 423-3200	1-800-332-1003 1-800-667-6217 1-800-663-3765	292-4225 1-800-472-9201 423-4044 1-800-661-4597 1-800-661-3350
BRITISH COLUMBIA Penticton – 277 Winnipeg St., V2A 1N6 Vancouver – 1166 West Pender St., V6E 3H8 Calls from Yukon Territory and northwestern, B.C. Victoria – 1415 Vancouver St., V8V 3W4	492-9470 669-2990 363-3373	1-800-663-5062 1-800-663-5650 1-800-663-0710 1-800-663-2598	492-9470 666-0337 1-800-663-9935 363-3291

HEARING DISABILITY

If you 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

Improving the guide

This guide is reviewed each year. If you have any comments or suggestions to improve the explanation in this guide, we would like to hear from you.

Please send your comments to:

Tax Forms Directorate
875 Heron Road
Ottawa, Ontario
K1A 0L8

CUT-ALONG LINE



Revenue Canada
Taxation

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