

Employers' Guide

Remitting Payroll Deductions

2003

Dates to remember

Regular remitter (2003)

If you are a regular remitter, you have to remit your deductions so we receive them on or before the 15th day of the month following the month you made the deductions.

Remit your payment to a Canadian financial institution or any tax centre.

Note

If the 15th day of the month is a Saturday, Sunday, or holiday, your remittance is due on the next business day.

Quarterly remitter (2003)

If you are a quarterly remitter, you have to remit your deductions so we receive them on or before the 15th day of the month immediately following the end of each quarter.

The quarters are:

- January to March;
- April to June;
- July to September; and
- October to December.

Remit your payment to a Canadian financial institution or any tax centre.

Note

If the 15th day of the month is a Saturday, Sunday, or holiday, your remittance is due on the next business day.

Accelerated remitter (2003)

Threshold 1

If your average monthly remittance in 2001 was equal to or more than \$15,000 but less than \$50,000, you have to remit

amounts you deduct or withhold from remuneration you pay by the following dates:

- for remuneration paid before the 16th day of the month, by the 25th day of the same month; and
- for remuneration paid after the 15th day of the month but before the first day of the following month, by the 10th day of the following month.

Note

If your remittance due date is a Saturday, Sunday, or holiday, your remittance is due on the next business day.

As a threshold 1 employer, you can make your payments at a Canadian financial institution or any tax centre.

Threshold 2

If your average monthly remittance in 2001 was \$50,000 or more, you have to remit amounts you deduct or withhold from remuneration you pay any time during the month by the third working day (not counting Saturdays, Sundays, or holidays) after the end of the following periods:

- from the 1st through the 7th day of the month;
- from the 8th through the 14th day of the month;
- from the 15th through the 21st day of the month; and
- from the 22nd through the last day of the month.

As a threshold 2 employer, you must make your payments at a **Canadian financial institution**.

Do you use an automated teller machine?

If you use an automated teller machine (ATM) to send us a payment, allow time for the financial institution to process the payment. The institution will debit your account when you use the ATM. However, you should allow time for us to receive the payment. An ATM receipt is **not** proof of payment by the due date.

Publications

You can find our publications on our Web site at: www.ccra.gc.ca/forms

Visually impaired persons can get this publication in braille or large print, or on audio cassette or computer diskette, by calling 1-800-267-1267 weekdays between 8:15 a.m. and 5:00 p.m. (Eastern Time).

La version française de ce guide est intitulée *Versement des retenues sur la paie*.

What's new?

Quarterly remitter

Starting in 2002, employers who remain eligible to remit quarterly from one year to the next will not be re-notified of their eligibility by letter. If you are currently an eligible quarterly remitter, and you have not been notified to the contrary, you may continue to remit quarterly.

Is this guide for you?

You should use this guide if you deduct Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, and income tax from amounts you pay to your employees.

You have to remit these deductions to the Canada Customs and Revenue Agency (CCRA), with your share of CPP contributions and EI premiums that you have to pay throughout the year on your employees' behalf.

When and how to remit deductions

Are you a new remitter?

If you have never remitted Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, or income tax deductions before, contact any tax services office or tax centre. We will give you a Business Number and tell you how to remit your deductions.

When you make your first payment, send a cheque or money order to any tax centre. Make the cheque or money order payable to the Receiver General, and include a letter stating:

- that you are a new remitter;
- the period your remittance covers;
- your complete employer name, address, and business telephone number; and
- your Business Number, if you have one.

After you make your first remittance, we will send you a remittance form in the mail each month. If you do not receive a form in time for your next payment, send in the payment as described above. In your letter, be sure to indicate that you did not receive your remittance form.

When do you remit deductions?

Regular remitter

If you are a regular remitter, you have to remit your deductions so we receive them on or before the 15th day of the month following the month you made the deductions. Remit your payment to a Canadian financial institution or any tax centre.

If your remittance is late, we may apply a **late-remitting penalty**.

In addition, we consider an **NSF cheque** to be a failure to remit. We will automatically apply a penalty.

Notes

We consider a remittance that was due on January 15 of the current year (for deductions you made in December of the previous year) to be late if it is paid with the previous year's T4 information return, and this return is filed after January 15.

If the 15th day of the month is a Saturday, Sunday, or holiday, your remittance is due on the next business day.

Penalty

We may apply a penalty of 10 or 20% for deficient or late remittances, depending on the circumstances of the failure to remit or the delay in remitting.

Quarterly remitter

Quarterly remitting gives small employers the option of remitting source deductions once every three months.

To qualify for quarterly remitting, an employer has to:

- have an average monthly withholding amount of less than \$1,000 in either the first or the second preceding calendar year;
- have a perfect compliance history in the previous 12 months; and
- have no outstanding GST/HST returns or T4 information returns for the previous 12 months.

Note

We consider an employer to have a perfect compliance history when all deductions, withholdings, and remittances of income tax, GST/HST, CPP contributions, and EI premiums have been made on time, and T4 information returns and GST/HST returns are also filed on time.

You do not have to apply to remit quarterly. If you are a new eligible employer, we will notify you by mail that you have the option to remit quarterly, and we will provide more information on quarterly remitting. Starting in 2002, employers who remain eligible to remit quarterly from one year to the next will not be re-notified by letter. If you are currently an eligible quarterly remitter, and you have not been notified to the contrary, you may continue to remit quarterly.

The quarters are January to March; April to June; July to September; and October to December. Remittances are due the 15th day of the month immediately following the end of each quarter.

Notes

We conduct an annual review to identify employers who qualify to be quarterly remitters. However, if at any other time during the year, an employer feels he or she has met the conditions mentioned above, the employer can contact his or her tax services office and apply to remit quarterly.

An employer who fails to comply loses the quarterly remitting privilege. To regain the privilege, the employer has to re-establish a 12-month history of compliance. Also, an employer with multiple payroll deductions accounts must meet the compliance requirements for all accounts. If one payroll deductions account is ineligible, the employer loses the quarterly remitting privilege for all accounts.

Payments can be remitted to a Canadian financial institution or any tax centre.

Note

If the 15th day of the month is a Saturday, Sunday, or holiday, your remittance is due on the next business day.

New employers

If you are a new employer, you are eligible for quarterly remitting only after 12 months of business. At that time, if you meet the conditions mentioned above and you want to remit quarterly, contact any tax services office.

Accelerated remitter

We determine if you are an accelerated remitter by adding up all the CPP, EI, and tax amounts you had to send us for your payroll accounts in the second preceding calendar year before the current calendar year. We divide the total by the number of months (maximum 12) that you had to make payments in that year. This will be your **average monthly withholding amount**. Each December, we will advise you in writing when we have to receive your deductions for the following year.

There are two groups of accelerated remitters (also called thresholds):

Threshold 1

- This group includes employers with an average monthly withholding amount of \$15,000 to \$49,999.99 in the second preceding calendar year (2001) before the current calendar year (2003).
- Amounts you deduct or withhold from remuneration paid in the first 15 days of the month are due by the 25th of the same month. Amounts you withhold from the 16th to the end of the month are due by the 10th day of the following month. If your remittance due date is a Saturday, Sunday, or holiday, your remittance is due on the next business day.
- Threshold 1 employers can make payments at a Canadian financial institution or any tax centre.

Threshold 2

- This group includes employers with an average monthly withholding amount of \$50,000 or more in the second preceding calendar year (2001) before the current calendar year (2003).
- Amounts you deduct or withhold from remuneration you pay any time during the month are due by the third working day (not counting Saturdays, Sundays, or holidays) after the end of the following periods:
 - from the 1st through the 7th day of the month;
 - from the 8th through the 14th day of the month;
 - from the 15th through the 21st day of the month; and
 - from the 22nd through the last day of the month.
- Threshold 2 employers have to make payments at a **Canadian financial institution**. They cannot make their payments at a tax services office or tax centre.

Associated Corporations

If a corporation is associated with one or more corporations in the current year, and the total average monthly withholding amount in the second preceding calendar year before the current calendar year of all the associated corporations was \$15,000 or more, we consider **all** the associated corporations to be accelerated remitters. The definition of associated corporations in the *Income Tax Act* applies in this situation.

Note

Under the *Income Tax Act*, employers have the option of changing their remitting frequency based on their average monthly withholding amount in the previous year. If you want to use this option, contact any tax services office or tax centre. We will review your account and let you know in writing when we have to receive your deductions.

Which remittance form should you use?

To make your remittance, you must use one of the following forms:

- Form PD7A, *Statement of Account for Current Source Deductions*, for regular and quarterly remitters; or
- Form PD7A(TM), *Statement of Account for Current Source Deductions*, or Form PD7A-RB, *Remittance Voucher for Current Source Deductions*, for accelerated remitters.

It is important that you complete your remittance voucher (which corresponds to the bottom part of the remittance form) correctly so we can apply your remittance to your account.

The following information will help you determine which form to use.

Form PD7A

We will issue Form PD7A to each regular and quarterly remitter who is eligible to use it to remit payments.

Form PD7A has three parts:

Top part – This part is a statement of account from us. It shows:

- the date of your statement of account;
- your account number (Business Number);
- your business name;
- balances on your last statement:
 - **amounts paid for**, which is the balance we received for your deductions for the year indicated; and
 - **assessed amount owing**, which is the amount you had to pay on assessments of deductions, including penalties and interest;
- current balances:
 - **amounts paid for**, which are the amounts you paid for your deductions for the year indicated; and
 - **assessed amount owing**, which is your balance owing on assessments of deductions, including penalties and interest; and
- an explanation of changes.

For more information about accounting entries and remitting procedures, see the back of Form PD7A.

Bottom part – This part is your remittance voucher for current remittances.

When you complete the bottom part, ensure that the following information is correct:

- your name, address, and account number (Business Number);
- the gross payroll for the remitting period (rounded to the nearest dollar)—this represents all remuneration that you pay before you make any deductions, such as income tax. It includes regular wages, commissions, overtime pay, paid leave, taxable benefits and allowances, piecework payments, and special payments. It is the same as the monthly total of all amounts that would appear in box 14, “Employment income,” on your employees’ T4 slips;

Note

For quarterly remitters, this relates to the last month of the quarter.

- the number of employees in the last pay period—includes any employee for whom you will prepare a T4 slip, such as part-time and temporary employees, and employees absent with pay. Do not include people for whom you will not complete a T4 slip, such as occasional employees who are not part of your payroll. Do not include those you did not pay in the last pay period in the month or quarter, such as employees on unpaid leave;

- the end of the remitting period for which deductions were withheld—enter the month and year for which you are remitting (for regular remitters) or the last month and the year of the quarter for which you are remitting (for quarterly remitters); and
- the amount paid—the amount of the payment [total tax, CPP, and EI (employer and employee portions)] you are remitting.

Back of the form

TeleReply

If you will not be making a remittance during the month or quarter, you can use our new TeleReply service to let us know. You can use TeleReply if:

- you currently have no employees;
- you are submitting nil remittance information for your payroll deductions account; and
- the Business Number printed on your remittance voucher is correct.

If you use TeleReply, do not mail your remittance voucher to us, but fill it out and keep it for your records. If you prefer not to use TeleReply, complete the voucher and mail it to us. Be sure to indicate when you expect to have employees subject to deductions.

Hours of operation

You can use TeleReply during the following local times:

- Monday to Friday 8:00 a.m. to 7:30 p.m.
- Saturday 8:00 a.m. to 4:30 p.m.

You cannot use TeleReply on statutory holidays.

What do you do before you call TeleReply?

Before you call TeleReply, you should:

- complete the back of your remittance voucher.
- make sure the Business Number and address printed on your remittance voucher are correct, and
- have this information with you when you call TeleReply.

Notes

For best results, and to ensure your privacy, do not use a cordless or cellular telephone or one with the keypad in the handset. Also, if at any time during the call we tell you that you cannot use TeleReply, you will have to mail your remittance voucher.

How do you use TeleReply?

1. Call TeleReply toll free at **1-800-959-2256**.
2. Follow the step-by-step instructions to enter your information.
3. At the end of the call, we will ask you to confirm the information you entered.
4. Write down and keep the confirmation number we give you.
5. If we do not give you a confirmation number, your information will not be processed. You will have to call TeleReply again or mail your completed payroll deductions remittance voucher to us.

6. Keep your payroll remittance voucher with your documents. You do not have to mail it to us.

If you need more information, call our Business Enquiries line at 1-800-959-5525 or visit our Web site at:

www.ccra.gc.ca/telereply

Notes

If you make your payment at a financial institution or tax centre, complete the top and the bottom parts of the remittance form and present them with your payment. The recipient will date-stamp the bottom part and return the top part to you as a receipt.

If you mail your cheque or money order payable to the Receiver General (allow sufficient mailing time to ensure that we receive your payment by the due date, or your payment may be considered late), send the bottom part of Form PD7A to the following address:

Canada Customs and Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Keep the top part as a record of your payment.

Do not send cash in the mail.

If you need more information about Form PD7A, contact the tax services office that appears under the section "Explanation of changes" on the form.

Form PD7A(TM)

Each month, we send Form PD7A(TM), to all accelerated remitters, except monthly accelerated remitters (who receive Form PD7A).

Form PD7A(TM) has two parts:

Top part – This part is a statement of account from us. It shows:

- the date of your statement of account;
- your account number (Business Number);
- your business name;
- balances on your last statement:
 - **amounts paid for**, which are payments we received for your deductions for the year indicated; and
 - **assessed amount owing**, which is the amount you had to pay on assessments of deductions, including penalties and interest;
- current balances:
 - **amounts paid for**, which are the amounts you paid for your deductions for the year indicated; and
 - **assessed amount owing**, which is your balance owing on assessments of deductions, including penalties and interest; and
- an explanation of changes.

For information about accounting entries and remitting procedures, see the back of Form PD7A(TM).

Bottom part – This part is your remittance voucher for current remittances.

When you complete the bottom part, ensure that the following information is correct:

- your name, address, and account number (Business Number);
- the gross payroll in the remitting period (rounded to the nearest dollar)—this means all remuneration that you pay before you make any deductions, such as income tax. It includes regular wages, commissions, overtime pay, paid leave, taxable benefits and allowances, piecework payments, and special payments. It is the same as the total of all amounts for the remitting period that would appear in box 14, "Employment income," on your employees' T4 slips;
- the number of employees in the last pay period—include any employee for whom you will prepare a T4 slip, such as part-time and temporary employees, and employees absent with pay. Do not include people for whom you will not complete a T4 slip, such as occasional employees who are not part of your payroll. Do not include those you did not pay in the last pay period of the remitting period, such as employees on unpaid leave. If you have various pay groups (e.g., executive, hourly, and salaried), include all employees paid in each group's last pay period, but do not count any person twice;
- the end of remitting period (YY MM DD)—threshold 1 accelerated remitters have two remitting periods per month. Therefore, they should enter either "15th" or "month-end" as their "end of remitting period" on the remittance form. Threshold 2 accelerated remitters have four remitting periods per month. Therefore, they should enter either "7th," "14th," "21st," or "month-end," as their "end of remitting period"; and
- the amount paid—the amount of the payment [total tax, CPP, and EI (employer and employee portions)] you are remitting.

When you make your payment at a financial institution or tax centre, complete the top and the bottom parts of Form PD7A(TM) and present them with your payment. The recipient will date-stamp the bottom part and return the top part to you as a receipt.

Notes

Threshold 2 remitters and certain payroll service companies have to make payments at a **financial institution**. They cannot make their payments at a tax services office or tax centre.

Do not send cash in the mail.

Form PD7A-RB

Accelerated remitters (except monthly accelerated remitters who receive Form PD7A) have to use Form PD7A-RB to remit payments, copies of which we provide in a booklet each December. If you do not receive your booklet or if you would like more booklets, contact any tax services office or tax centre.

Form PD7A-RB has two parts:

Top part – This part is a receipt.

Bottom part – This part is your remittance voucher when making your payment. To complete this part, see “Bottom part” under the heading “Form PD7A(TM)” on page 6.

Note

Do not send cash in the mail.

Missing or lost remittance forms

If you are a **regular** or **quarterly** remitter and do not receive your remittance form for the month or quarter, or if you lose one, send your cheque or money order made payable to the Receiver General to your tax centre. Include a short note that states your Business Number and the month or quarter for which you withheld the deductions.

If you are an **accelerated** remitter and you did not receive your remittance forms or you lost them, contact any tax services office or tax centre.

Note

Even if you do not have a remittance form, you still have to send us your remittance so that we receive it by the due date.

Do you have more than one account?

If you remit deductions for more than one account, make sure you give a breakdown of the amounts intended for each account. This enables us to credit the proper amounts to the correct accounts.

Notice of Assessment – Payroll deductions

If you receive a *Notice of Assessment*, use only the remittance voucher attached to the notice to make your payment.

Use only Forms PD7A, PD7A(TM), and PD7A-RB for current remittances of CPP, EI, and income tax.

Service bureaus

Service bureaus or similar institutions that take care of payroll deductions for clients can remit a lump-sum payment for the amounts they deduct for their clients. They have to provide the following information for each client:

- the Business Number;
- the amount remitted;
- the gross payroll; and
- the number of employees in the last pay period.

If you use a service bureau or similar institution to remit your deductions, you are still responsible for making sure that the institution withholds your deductions and sends them to us on time.

Remitting Error

If you discover that you made an error in remitting your source deductions, you should remit any shortage as soon as possible using another remittance form, or by writing a short letter giving your Business Number and the pay period for which it applies.

If you have over-remitted, reduce your next remittance by the amount of the overpayment.

If your remittance is late, we may apply a late-remitting penalty.

Do you need more information?

This guide uses plain language to explain the most common tax situations. If you need more help after you read this guide, you can call our Business Enquiries line

at 1-800-959-5525 for service in English or 1-800-959-7775 for service in French. The addresses of tax centres are listed below.

Addresses of tax centres

| | | |
|--|---|--|
| Summerside Tax Centre 275 Pope Road Summerside PE C1N 6A2 | St. John's Tax Centre 290 Empire Avenue St. John's NL A1B 3Z1 | Jonquière Tax Centre 2251 René-Lévesque Boulevard Jonquière QC G7S 5J1 |
| Shawinigan-Sud Tax Centre 4695 – 12th Avenue Shawinigan-Sud QC G9N 7S6 | Sudbury Tax Services Office 1050 Notre-Dame Avenue Sudbury ON P3A 5C1 | Winnipeg Tax Centre 66 Stapon Road Winnipeg MB R3C 3M2 |
| Surrey Tax Centre 9755 King George Highway Surrey BC V3T 5E1 | | |

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