



Canada Revenue
Agency

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du Canada

T4032-NL, Payroll Deductions Tables – CPP, EI, and income tax deductions – Newfoundland and Labrador

**Effective
January 1, 2017**



CANADA 150

What's new as of January 1, 2017

The major changes made to this guide since the last edition are outlined.

This guide reflects some income tax changes recently announced which, if enacted as proposed, would be effective January 1, 2017. At the time of publishing, some of these proposed changes were not law. We recommend that you use the new payroll deductions tables in this guide for withholding starting with the first payroll in January 2017.

The federal income tax thresholds have been indexed for 2017.

The federal Canada employment credit has been indexed to \$1,178 for 2017.

The federal basic personal amount, the spouse or common-law partner amount and the amount for an eligible dependant have been indexed to \$11,635 for 2017.

There are no changes to the Newfoundland and Labrador income tax rates for 2017.

For 2017, the Newfoundland and Labrador income tax thresholds and many personal amounts have been indexed.

Payroll Deductions Tables

You can download Guides T4008, *Payroll Deductions Supplementary Tables*, and T4032, *Payroll Deductions Tables*, from our website at cra.gc.ca/payroll. You can also choose to print only the pages or information that you need.

Payroll Deductions Online Calculator

For your 2017 payroll deductions, you can use our Payroll Deductions Online Calculator (PDOC). The online calculator makes it easier to calculate payroll deductions. PDOC is available at cra.gc.ca/pdoc.

PDOC calculates payroll deductions for the most common pay periods, as well as the applicable province (except Quebec) or territory. The calculation is based on exact salary figures.

Let us notify you

We provide an electronic service that can notify you immediately, **free of charge**, of any changes for payroll deductions.

To subscribe, visit our website at cra.gc.ca/lists and enter your business's email address for each mailing list that you want to join.

Special Notice

Payroll Deductions Tables (T4032)

Effective with the January 1, 2017 edition, the Canada Revenue Agency is no longer publishing the paper and CD versions of the Guide T4032, *Payroll Deductions Tables*. The electronic version of the guide will continue to be available on our website at cra.gc.ca/payroll.

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

Who should use this guide?

This guide is intended for the employer and the payer. It contains tables for federal and provincial tax deductions, CPP contributions and EI premiums. It will help you determine the payroll deductions for your employees or pensioners.

For more information on deducting, remitting, and reporting payroll deductions, go to the following employers' guides:

- T4001, *Employers' Guide – Payroll Deductions and Remittances*
- T4130, *Employers' Guide – Taxable Benefits and Allowances*
- RC4110, *Employee or Self-employed?*
- RC4120, *Employers' Guide – Filing the T4 Slip and Summary*
- RC4157, *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary*

These guides are available on our website at cra.gc.ca.

Note

You may want to refer to the 2016 edition of *Payroll Deductions Tables* until the end of 2017 to resolve any pensionable and insurable earnings review (PIER) deficiencies that we identify in processing your 2016 T4 return.

What if your pay period is not in this guide?

This guide contains the most common pay periods: weekly, biweekly (every two weeks), semi-monthly, and monthly. If you have unusual pay periods, such as daily (240 working days), or 10, 13, or 22 pay periods a year, go to the Guide T4008, *Payroll Deductions Supplementary Tables*, or the Payroll Deductions Online Calculator (PDOC) to determine tax deductions.

Which provincial or territorial tax table should you use?

Before you decide which tax table to use, you have to determine your employee's province or territory of employment. This depends on whether or not you require the employee 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 considered to be the province or territory where your business is located.

To withhold payroll deductions, use the tax table for that province or territory of employment.

If you do not require the employee to report for work at your place of business, the province or territory of employment is the province or territory in which your business is located and from which you pay your employee's salary.

For more information and examples, go to Chapter 1, "General Information," in Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Federal tax for 2017

Indexing for 2017

For 2017, the federal income thresholds, the personal amounts, and the Canada employment credit have been changed based on changes in the consumer price index.

The federal indexing factor for January 1, 2017 is 1.4%. The tax credits corresponding to the claim codes in the tables have been indexed accordingly. Employees will automatically receive the indexing change, whether or not they file Form TD1, *2017 Personal Tax Credits Return*.

Tax rates and income thresholds

For 2017, the federal tax rates and income thresholds are:

Chart 1 – 2017 federal tax rates and income thresholds

Annual taxable income (\$)	Federal tax rate (%)	Constant (\$)
From – To	R	K
0.00 to 45,916.00	15%	0
45,916.01 to 91,831.00	20.5%	2,525
91,831.01 to 142,353.00	26%	7,576
142,353.01 to 202,800.00	29%	11,847
202,800.01 and over	33%	19,959

Canada employment credit

The non-refundable Canada employment credit is built into the federal payroll deductions tables. The federal Canada employment amount is the lesser of:

- \$1,178; and
- the individual's employment income for the year.

The maximum annual non-refundable tax credit is \$176.70.

Pension income is not eligible for this credit. If you are paying pension income, use the Payroll Deductions Online Calculator to find the tax deduction.

Personal amounts

The federal personal amounts for 2017 are:

Basic personal amount	\$11,635
Spouse or common-law partner amount	\$11,635
Amount for an eligible dependant.....	\$11,635

For more detailed information on the personal amounts, go to Form TD1.

Provincial tax for 2017

Provincial indexing for 2017

For 2017, the provincial personal amounts are indexed. They have been changed based on changes in the consumer price index.

The indexing factor for January 1, 2017 is 2.0%. The tax credits corresponding to the claim codes in the tables have been indexed accordingly. Employees will automatically receive the indexing change, whether or not they file Form TD1, *2017 Newfoundland and Labrador Personal Tax Credits Return*.

Tax rates and income thresholds

For January 2017, the Newfoundland and Labrador tax rates and income thresholds are:

Chart 2 – January 2017 Newfoundland and Labrador tax rates and income thresholds

Annual taxable income (\$)	Provincial tax rate (%)	Constant (\$)
From – To	V	KP
0.00 to 35,851.00	8.7%	0
35,851.01 to 71,701.00	14.5%	2,079
71,701.01 to 128,010.00	15.8%	3,011
128,010.01 to 179,214.00	17.3%	4,932
179,214.01 and over	18.3%	6,724

Temporary Deficit Reduction Levy

For 2017, the Temporary Deficit Reduction Levy calculated:

- when taxable income is less than or equal to \$50,000, the levy is \$0;
- when taxable income is greater than \$50,000 and less than or equal to \$55,000, the levy is equal to the lesser of (i) \$100 and (ii) 10% of taxable income greater than \$50,000;
- when taxable income is greater than \$55,000 and less than or equal to \$60,000, the levy is equal to the lesser of (i) \$200 and (ii) \$100 plus 10% of taxable income greater than \$55,000;
- when taxable income is greater than \$60,000 and less than or equal to \$65,000, the levy is equal to the lesser of (i) \$300 and (ii) \$200 plus 10% of taxable income greater than \$60,000;
- when taxable income is greater than \$65,000 and less than or equal to \$70,000, the levy is equal to the lesser of (i) \$400 and (ii) \$300 plus 10% of taxable income greater than \$65,000;
- when taxable income is greater than \$70,000 and less than or equal to \$75,000, the levy is equal to the lesser of (i) \$500 and (ii) \$400 plus 10% of taxable income greater than \$70,000;
- when taxable income is greater than \$75,000 and less than or equal to \$80,000, the levy is equal to the lesser of (i) \$600 and (ii) \$500 plus 10% of taxable income greater than \$75,000;
- when taxable income is greater than \$80,000 and less than or equal to \$100,000, the levy is equal to the lesser of (i) \$700 and (ii) \$600 plus 10% of taxable income greater than \$80,000;
- when taxable income is greater than \$100,000 and less than or equal to \$125,000, the levy is equal to the lesser of (i) \$800 and (ii) \$700 plus 10% of taxable income greater than \$100,000;
- when taxable income is greater than \$125,000 and less than or equal to \$175,000, the levy is equal to the lesser of (i) \$900 and (ii) \$800 plus 10% of taxable income greater than \$125,000;
- when taxable income is greater than \$175,000 and less than or equal to \$250,000, the levy is equal to the lesser of (i) \$1,000 and (ii) \$900 plus 10% of taxable income greater than \$175,000;
- when taxable income is greater than \$250,000 and less than or equal to \$300,000, the levy is equal to the lesser of (i) \$1,100 and (ii) \$1,000 plus 10% of taxable income greater than \$250,000;
- when taxable income is greater than \$300,000 and less than or equal to \$350,000, the levy is equal to the lesser of (i) \$1,200 and (ii) \$1,100 plus 10% of taxable income greater than \$300,000;
- when taxable income is greater than \$350,000 and less than or equal to \$400,000, the levy is equal to the lesser of (i) \$1,300 and (ii) \$1,200 plus 10% of taxable income greater than \$350,000;
- when taxable income is greater than \$400,000 and less than or equal to \$450,000, the levy is equal to the lesser of (i) \$1,400 and (ii) \$1,300 plus 10% of taxable income greater than \$400,000;
- when taxable income is greater than \$450,000 and less than or equal to \$500,000, the levy is equal to the lesser of (i) \$1,500 and (ii) \$1,400 plus 10% of taxable income greater than \$450,000;
- when taxable income is greater than \$500,000 and less than or equal to \$550,000, the levy is equal to the lesser of (i) \$1,600 and (ii) \$1,500 plus 10% of taxable income greater than \$500,000;

- when taxable income is greater than \$550,000 and less than or equal to \$600,000, the levy is equal to the lesser of (i) \$1,700 and (ii) \$1,600 plus 10% of taxable income greater than \$550,000;
- when taxable income is greater than \$600,000 the levy is equal to the lesser of (i) \$1,800 and (ii) \$1,700 plus 10% of taxable income greater than \$600,000.

Personal amounts

For 2017 the Newfoundland and Labrador non-refundable personal tax credits are:

Basic personal amount	\$ 8,978
Spouse or common-law partner amount	\$ 8,070
Amount for an eligible dependant.....	\$ 8,070

For more detailed information on the personal amounts, go to Form TD1NL, *2017 Newfoundland and Labrador Personal Tax Credits Return*.

Canada Pension Plan (CPP) and Employment Insurance (EI)

CPP contributions for 2017

Maximum pensionable earnings	\$ 55,300
Annual basic exemption	\$ 3,500
Maximum contributory earnings	\$ 51,800
Contribution rate (%).....	4.95
Maximum employee contribution	\$2,564.10
Maximum employer contribution.....	\$2,564.10

You stop deducting CPP when the employee reaches the maximum annual contribution for the year.

Note

As an employer, you have to remit these deductions along with your share of CPP contributions.

For more information, go to Chapter 2, “Canada Pension Plan contributions”, in Guide T4001, *Employer’s Guide – Payroll Deductions and Remittances*.

EI premiums for 2017

Maximum annual insurable earnings.....	\$ 51,300
Premium rate (%)	1.63
Maximum annual employee premium	\$ 836.19

You stop deducting EI when the employee reaches the maximum annual premium.

Note

As an employer, you have to remit these deductions along with your share of EI premiums.

For more information, go to Chapter 3, “Employment Insurance premiums”, in Guide T4001, *Employer’s Guide – Payroll Deductions and Remittances*.

Personal tax credits returns (TD1 forms)

You may have to ask your employees or your pensioners to complete a federal and a provincial personal tax credits return using a federal Form TD1 and a provincial Form TD1.

For more information, go to Chapter 5, “Deducting income tax”, in Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

Claim codes

The total personal amount an employee claims on a TD1 form will determine which claim code you use. For 2017, the claim amounts that correspond to the federal claim codes are not the same as the claim amounts that correspond to the provincial claim codes. Go to Chart 3 and Chart 4.

Explanation of claim codes

Claim code 0

This code represents **no claim amount**. If the federal claim code is "0" because the employee is a non-resident, the provincial claim code must also be "0." This code may also be used if the employee indicated they have more than one employer or payer at the same time and have entered "0" on the front page of Form TD1 for 2017.

Claim codes 1 to 10

The claim code amounts do not appear on either the federal or the provincial TD1 form.

You match the "Total claim amount" reported on your employee's or pensioner's TD1 forms with the appropriate claim codes. Then, you look up the tax for the employee's pay under the claim code in the federal and provincial tax tables for the pay period.

Indexing of claim codes amounts

The credits that apply to each federal and provincial claim code have been automatically changed in the tax tables by the indexing factor for the current year. If your employee did not complete the federal and provincial TD1 forms for 2017, you continue to deduct income tax using the same claim code that you used last year.

Chart 3 – 2017 federal claim codes

Total claim amount (\$)	Claim code
No claim amount	0
11,635.00	1
11,635.01 to 13,858.00	2
13,858.01 to 16,081.00	3
16,081.01 to 18,304.00	4
18,304.01 to 20,527.00	5
20,527.01 to 22,750.00	6
22,750.01 to 24,973.00	7
24,973.01 to 27,196.00	8
27,196.01 to 29,419.00	9
29,419.01 to 31,642.00	10
31,642.01 and over	X The employer has to calculate the tax manually.
No withholding	E

Chart 4 – 2017 Newfoundland and Labrador claim codes

Total claim amount (\$)	Claim code
No claim amount	0
8,978.00	1
8,978.01 to 10,917.00	2
10,917.01 to 12,856.00	3
12,856.01 to 14,795.00	4
14,795.01 to 16,734.00	5
16,734.01 to 18,673.00	6
18,673.01 to 20,612.00	7
20,612.01 to 22,551.00	8
22,551.01 to 24,490.00	9
24,490.01 to 26,429.00	10
26,429.01 and over	X The employer has to calculate the tax manually.
No withholding	E

Form TD1X, *Statement of Commission Income and Expenses for Payroll Tax Deductions*

If your employees want you to adjust their tax deductions to allow for commission expenses, they have to complete Form TD1X, *Statement of Commission Income and Expenses for Payroll Tax Deductions*.

You deduct tax from your employees' commission pay using the "Total claim amount" on their TD1 forms in the following situations:

- if your employees do **not** complete a Form TD1X; or
- if they tell you in writing that they want to cancel a previously completed Form TD1X.

How to use the tables in this guide

Use the tables in this guide to determine the CPP contributions, EI premiums, federal tax, and provincial tax that you will deduct from your employees' remuneration.

CPP tables (Section B)

The annual basic exemption is built into the CPP tables.

- Find the pages in Section B that correspond to your pay period.
- To find the range that includes your employee's gross pay (this includes any taxable benefits), look down the "Pay" column.
- In the column next to the "Pay" column, you will find the CPP contribution that you should withhold from your employee's pay.

EI table (Section C)

- Find the page in Section C that corresponds to the "Insurable earnings" of your employee.
- To find the range that includes your employee's insurable earnings, look down the "Insurable earnings" column. When you use the table in this guide to determine the EI premiums, look up the insurable earnings for the period not the gross remuneration.
- In the column next to the "Insurable earnings" column, you will find the EI premium that you should withhold from your employee's pay.

Tax deductions tables

If you are using the income tax tables in this guide to determine your employees' and pensioners' total tax deductions, you have to look up the amounts in the federal tax table and the provincial tax table.

To determine the total tax you deduct for the pay period, you must add the federal and provincial tax amounts.

Even if the period of employment for which you pay a salary is less than a full pay period, you must continue to use the tax deductions table that corresponds to your regular pay period.

Federal (Section D)

- Find the pages in Section D that correspond to your pay period.
- To find the range that corresponds to your employee's taxable income (this includes any taxable benefits), look down the "Pay" column.
- In the row under the applicable claim code, you will find the amount of federal tax that you should withhold from your employee's pay (for more information, go to the section called "Claim codes" and Chart 3).

Provincial (Section E)

- Find the pages in Section E that correspond to your pay period.
- To find the range that includes your employee's taxable income (this includes any taxable benefits), look down the "Pay" column.
- In the row under the applicable claim code, you will find the amount of provincial tax that you should withhold from your employee's pay (for more information, go to the section called "Claim codes" and Chart 4).

Example

You are an employer in Newfoundland and Labrador. Sara, your employee, earns \$1,018 a week in 2017. She has a federal claim code and a provincial claim code 1.

To determine Sara's federal tax deductions, you look at the weekly federal tax deductions table and find the range for her weekly salary, which is 1013-1021. The federal tax deduction for \$1,018 weekly under claim code 1 is \$113.50.

To determine Sara's provincial tax deductions, you use the weekly provincial tax deductions table. In the Newfoundland and Labrador tax deductions table, the provincial tax deduction for \$1,018 weekly under claim code 1 is \$88.75.

Sara's total tax deduction is \$202.25 (\$113.50 + \$88.75). This amount of taxes will be included in your remittance to us.

Additional information about payroll deductions

Deducting tax from income not subject to CPP contributions or EI premiums

We have built the tax credits for CPP contributions and EI premiums into the federal and provincial tax deductions tables in this guide. However, certain types of income, such as pension income, are not subject to CPP contributions and EI premiums. As a result, you will have to adjust the amount of federal and provincial income tax you are deducting.

To determine the amount of tax to deduct from income not subject to CPP contributions or EI premiums, use the Payroll Deductions Online Calculator, available at cra.gc.ca/pdoc. On the "Salary calculation" and/or on the "Commission calculation" screen, go to Step 3 and select the "CPP exempt" and/or "EI exempt" option before clicking on the "Calculate" button.

Step-by-step calculation of tax deductions

You can use the following step-by-step calculations to calculate the tax deductions for any employee or pensioner who earns more than the maximum amounts included in the tax deductions tables.

The example shows you how to determine the amount of tax to deduct from all income.

However, if you design your own payroll program or spreadsheets to calculate tax deductions, do not use either of these calculations. Instead, go to Guide T4127, *Payroll Deductions Formulas for Computer Programs*.

Example

Tax to deduct for all income

This example applies to a person who earns \$1,100 weekly and contributes \$80 to a registered retirement savings plan (RRSP).

This person claims the basic personal amount.

Calculate annual taxable income

Description	Sub-amounts	Amounts
(1) Gross remuneration for the pay period (weekly)		\$ 1,100.00
(2) Minus		
■ the other amounts authorized by a tax services office	0.00	
■ the RRSP contributions*	<u>80.00</u>	
		- <u>80.00</u>
* This amount has to be deducted at source.		
* Note		
If you have an employee you paid by commission, subtract the total expenses reported on Form TD1X from the gross remuneration reported on Form TD1X if applicable.		
(3) Net remuneration for the pay period (line 1 minus line 2)		\$ 1,020.00
(4) Annual net income (\$1,020 × 52 weeks)		\$ 53,040.00
(5) Minus the annual deduction for living in a prescribed zone, reported on the federal Form TD1		- <u>n/a</u>
(6) Annual taxable income (line 4 minus line 5)		\$ 53,040.00

Calculate federal tax

Description	Sub-amounts	Amounts
(7) Multiply the amount on line 6 by the federal tax rate based on Chart 1.		× <u>0.205</u>
		\$ 10,873.20
(8) Minus the federal constant based on the annual taxable income on line 6 (go to Chart 1)		- <u>2,525.00</u>
(9) Federal tax (line 7 minus line 8)		\$ 8,348.20
(10) Minus the federal tax credits:		
■ the total of personal tax credit amounts reported on the federal Form TD1	\$ 11,635.00	
■ the CPP contributions for the pay period multiplied by the number of pay periods in the year (annual maximum \$2,564.10)*	2,564.10	
■ the EI premiums for the pay period multiplied by the number of pay periods in the year (annual maximum \$836.19)*	836.19	
■ the Canada employment credit (annual maximum \$1,178.00)	<u>1,178.00</u>	
Total	<u>\$ 16,213.29</u>	
* Note		
When the maximum CPP contributions or EI premiums for the year is reached, use the maximum amount for later calculations		
(11) Multiply the total on line 10 by the lowest federal tax rate for the year.	× <u>0.15</u>	
(12) Total federal tax credits		- <u>2,431.99</u>
(13) Total federal tax payable for the year (line 9 minus line 12)		\$ <u>5,916.21</u>

Calculate provincial tax

Description	Sub-amounts	Amounts
(14) Basic provincial tax for Newfoundland and Labrador: Multiply the amount on line 6 by the provincial tax rate based on Chart 2		\$ 7,690.80
(15) Minus the provincial constant based on the annual taxable income on line 6 (go to Chart 2)		- <u>2,079.00</u>
(16) Provincial tax on income for Newfoundland and Labrador (line 14 minus line 15)		\$ 5,611.80

(17) **Minus** the provincial tax credits:

- the total of personal tax credit amounts reported on Form TD1NL \$ 8,978.00
- the CPP contributions for the pay period **multiplied by** the number of pay periods in the year (annual maximum \$2,564.10)* 2,564.10
- the EI premiums for the pay period **multiplied by** the number of pay periods in the year (annual maximum \$836.19)* 836.19

Total \$ 12,378.29

*** Note**

When the maximum CPP contributions or EI premiums for the year is reached, use the maximum amount for later calculations

(18) **Multiply** the total on line 19 by the lowest provincial tax rate for the year. × 0.087

(19) Total provincial tax credits - 1,076.91

(20) Temporary Deficit Reduction Levy

Determine the levy based on taxable income (line 6) and the explanation on page A-6.

The levy is the lesser of:

- \$100.00
- 10% of the taxable income greater than \$50,000. + 100.00

(21) Total provincial tax payable for the year (line 16 minus line 19 plus line 20) \$ 4,634.89

Calculate total tax and the tax deduction for the pay period

Description	Sub-amounts	Amounts
(22) Total federal and provincial tax deductions for the year (line 13 plus line 21). If the result is negative, substitute \$0.		\$ <u>10,551.10</u>
(23) Tax deduction for the pay period: Divide the amount on line 22 by the number of pay periods in the year (52).		\$ <u>202.91</u>