

 Community Sector Council
Newfoundland and Labrador


Webinar Wednesday!


Payroll, Benefits & Remittances – Paying Your Employees Correctly







Presented by:
Shelley Martin, CPA, CA
Project Co-Coordinator, **BY THE BOOK\$**


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Directory of Services




Treasurers for Tomorrow




Skills-Building



Networking

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Demonstrating the Economic Contributions of Community Sector Organizations in the St. John's Region: A Pilot Study


Table 6: Type of Annual Expenditures (N=45)

Expenditure Categories	Value in CAD	Percentage
Human Resource Costs (salaries, wages, benefits, remittances)	\$33,635,991	55.5%
Programming Costs (including grants to other charities)	\$12,535,352	20.7%
Operating Costs	\$11,346,123	18.7%
Administration Costs	\$3,092,119	5.1%
Total	\$60,609,584	100%

Human resource costs comprise the single largest expense category for the 45 organizations. Salaries, wages and their related costs, including remittances, accounted for 55.5% of spending, followed by programming (20.7%) and operating (18.7%) costs. Administration costs are in the 5% range.




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Payroll, Benefits & Remittances

During this webinar we will review:

- Source Deductions
 - Mandatory deductions from payroll; how to calculate
- Remittances
 - How to complete; due dates; penalties for late filing
- Records of Employment (ROEs)
- T4s and the T4 Summary
- WHSCC
 - Applicability; contractors; how to complete




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Source Deductions


CRA requires employers to deduct the following from employees' pay:

- Employment Insurance (EI)
- Canada Pension Plan (CPP)
- Personal Income Taxes (IT)



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Source Deductions

EI premiums

- Deducted from 'insurable earnings'
 - Most earnings from employment are insurable
 - **There is no age limit for deducting EI premiums**
- Employees remit 1.66% of insurable earnings, to a maximum of **\$858.22 for 2018**
 - Based on maximum annual insurable earnings of \$51,700
 - $\$51,700 \times 1.66\% = \858.22

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Source Deductions

EI premiums


- Employers remit an additional 1.4 times the amount an employee pays, to a maximum of **\$1,201.51 for 2018**
 - $1.4 \times 1.66\% = 2.324\%$ of employees' insurable earnings *OR*
 - $1.4 \times \$$ amount employee pays
 - This comes out of the organization's budget

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Source Deductions




EI premiums – example:


Jane started work at Helpful Nonprofit Org (HNPO) on Jan 1 and earns a salary of \$40,000 per year. She gets paid bi-weekly.

For the 2-week pay period ended Jan 19, 2018:

- Jane's EI premiums: $\$40,000 / 26 \times 1.66\% = \mathbf{\$25.54}$
- HNPO's share of premiums: $\$25.54 \times 1.4 = \mathbf{\$35.76}$

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Source Deductions

CPP contributions

- CPP deducted from employees' pay if
 - 1) Employee is not considered disabled under the CPP
 - 2) Employee is 18-70 years old, UNLESS
 - Employee is 65-70 years old, is receiving benefits under the CPP **and** gives employer form CPT30 *Election to Stop Contributing to the Canada Pension Plan*
- Employees remit 4.95% of 'pensionable earnings', up to a maximum of **\$2,593.80 for 2018**
 - Based on maximum annual pensionable earnings of \$55,900
 - **Exempt on the first \$3,500**
 - $(\$55,900 - \$3,500) \times 4.95\% = \$2,593.80$

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Source Deductions


CPP contributions

- Employers remit an amount equal to what an employee pays into the plan
 - No other formula necessary

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 **Source Deductions**





CPP contributions – example:

Jane started work at Helpful Nonprofit Org (HNPO) on Jan 1 and earns a salary of \$40,000 per year. She gets paid bi-weekly.

For the 2-week pay period ended Jan 19, 2018:


- Jane’s CPP contributions: $(\$40,000 - \$3,500) / 26 \times 4.95\%$
= **\$69.49**
- HNPO’s share of contributions: **\$69.49**


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 **Source Deductions**

Income Tax

- As an employer, you are required to deduct income taxes from the wages you pay
 - There is no age limit
 - There is no employer contribution
- Rates are based on
 - Annual *taxable income* (as calculated per the rules per the *Income Tax Act*)
 - Province of employment
 - Separate rates for federal vs provincial income taxes


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Source Deductions

Income Tax

- Employees should complete form TD1 *Personal Tax Credits Return* annually to aid in income tax calculations
- Temporary Deficit Reduction Levy (TDRL)
 - Tiered, based on taxable income
 - No levy assessed if taxable income \leq \$50,000
 - This is usually factored into the income tax deducted

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Source Deductions


Methods of Calculating

- 1) Manually using T4032NL Payroll Deductions Tables
<https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/tx/bsnss/tpcs/pyrll/t4032/2017/t4032-nl-17eng.pdf>
 - Includes rates for EI, CPP and income taxes, and calculation examples
- 2) Payroll modules for accounting software
- 3) Payroll Deductions Online Calculator!
<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html>

All these methods factor the TDRL into tax calculations

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Remittances


Must remit source deductions to Canada Revenue Agency (CRA):

- Employee’s portion of EI premiums
- Employee’s portion of CPP contributions
- Income tax withheld from employee’s pay
- Employer’s portion of EI premiums
- Employer’s portion of CPP contributions

- Also known as Mandatory Employment Related Costs or **MERC**

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Remittances

Information required to remit

- 1) Remitting period end date
 - Used to determine remittance due date
- 2) GROSS wages paid during the period
 - Gross = total wages before any deductions
- 3) # employees paid during the period
- 4) Total amount being remitted

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Remittances


Ways to Remit

- Electronically
 - My Payment *
 - Pre-authorized debit option in My Business Account *
 - Internet or telephone banking – **check banking plan**
 - Third-party service provider – **normally charge fees for their services**

* No fee charged by CRA




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Remittances

Ways to Remit

- In-person at a financial institution
- By credit card (via third-party service provider)
- By mail, with cheque or money order



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Remittances

Due Dates






Table of Remitter Types	
Remitter Type	Average Monthly Withholding Amount (AMWA) (\$)
Quarterly – new small employers	Monthly withholding amount \$0 - \$999.99 and perfect compliance history
Quarterly – account opened for >= 12 months	\$0 - \$2,999.00 and a perfect compliance history
Regular	\$0 - \$24,999.99
Threshold 1 – accelerated	\$25,000.00 - \$99,999.99
Threshold 2 – accelerated	>= \$100,000.00




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Remittances

Due Dates

- Quarterly remitter
 - 15th of the month following the end of the calendar quarter
 - e.g. remittance for April through June due July 15th
- Regular remitter
 - 15th of the month following the end of the calendar month
 - e.g. remittance for August due September 15th




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Remittances

Due Dates

- Accelerated remitters have to remit twice per month (accelerated 1) or up to 4 times per month (accelerated 2)
 - <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/remittin-g-source-deductions/when-remit-source-deductions.html#rmtxmpl4>


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Remittances

Penalties and Interest


 **PENALTY NOTICE**

Penalties and interest are stiff for not deducting and/or remitting source deductions!

- Employer is responsible for remitting both employee and employer portions of EI and CPP, even if not deducted from employee's pay
- Penalty for late remittance (1st offense) is **10%** of the remittance
- Subsequent late remittances can be assessed a penalty of **20%**

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ROEs

The ROE is single most important document in EI program

- Reports *insurable earnings* and *insurable hours* for an employee, which is then used to determine eligibility for EI
- Must issue an ROE:
 - When an employee experiences an *interruption of earnings*
 - When Service Canada requests one




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ROEs

- Can be completed electronically or using a paper form
 - Electronically using *ROE Web*:
<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe/access-roe.html>
 - Must request pre-numbered paper forms to be mailed to you through the Employer Contact Centre:
<https://www.canada.ca/en/employment-social-development/corporate/contact/employer-contact-center.html>




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T4s

A T4 summarizes information employees need to prepare their income tax return

- Must be completed every year, for the calendar year
- Must be completed for all employees who earn more than \$500
- Can be completed electronically using *Web Forms*
 - or using a paper form: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t4-statement-remuneration-paid-slip.html>


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T4s

- Must be given to employees by the **last day of February following the calendar year to which the T4 applies**
- Penalties apply for late filing!
 - \$25 per day per late slip (minimum \$100 to a maximum of \$2,500)

 PENALTY
NOTICE

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T4 Summary

A T4 Summary must be prepared and submitted to CRA after T4s have been completed

- Reports the total amounts per line item reported on T4 slips
- The total source deductions per the T4 summary is compared to the amount remitted to CRA
 - An overpayment can be applied to another account or refunded
 - Send payment with a balance owing

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WHSCC

Who Must Register?

- All incorporated entities in NL
 - Coverage mandatory for all workers, including owners, directors and managers
- Unincorporated entities that employ workers or subcontractors

If you operated in the year(s) before you registered, assessments for those years will be calculated and late penalties applied.

 PENALTY NOTICE

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 **WHSCC**




How to Register

Complete and mail/fax the *Employer Application Registration*


- You will be assigned a *Newfoundland Industrial Classification (NIC)* code that will determine your base rate
- Must also indicate if you hire contractors
- An invoice will be mailed to you
 - **Must be paid within 30 days of invoice date**


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 **WHSCC**

Payment Options

- 9-month interest-free payment plan using pre-authorized debit
- Online or in-person at your financial institution
- In person using *Interac*, cheque money order or cash
- Mail cheque or money order



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WHSCC

Annual Employer Statements (AES)


Each year you will have to complete the AES forms

- Employer Payroll Statement
- Occupational Health and Safety Statement(s)
- Employer Contractor Statement

- These can be completed online using *fastfile* or *connect*
- Significant changes to information submitted with AES should be reported to WHSCC during the year




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WHSCC

The *Prevention and Return-to-work Insurance Management for Employers/Employees program* (PRIME)

- Incentive program to impact assessments paid by
 - 1) Meeting practice requirements (practice incentive component)
 - Depends on size of organization
 - 2) Managing claim costs (experience incentive component)



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Resources

Canada Revenue Agency


Payroll main page:
<https://www.canada.ca/en/services/taxes/payroll.html>

T4001 Employer's Guide – Payroll Deductions and Remittances: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4001-employers-guide-payroll-deductions-remittances.html>

Payroll Deductions Online Calculator:
<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html>



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Resources

Canada Revenue Agency


T4032 – NL tax tables: <https://www.canada.ca/en/revenue-agency/services/forms-publications/payroll/t4032-payroll-deductions-tables/t4032nl-january-2017.html>

TD1 form: <https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/E/pbg/td1/td1-04-17e.pdf>

Understanding the ROE form:
<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/roe-guide/understand.html>



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Resources

Canada Revenue Agency


ROE Web: <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe/access-roe.html>

Employer Contact Center: <https://www.canada.ca/en/employment-social-development/corporate/contact/employer-contact-center.html>

T4 form: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t4-statement-remuneration-paid-slip.html>




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Resources

Canada Revenue Agency

RC4120 Employer's Guide – Filing the T4 Slip and Summary:
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4120-employers-guide-filing-t4-slip-summary.html>



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Resources


WHSCC
Information for Employers:
<http://www.workplacel.ca/employers/employers.whsc>


Forms: <http://www.workplacel.ca/forms.whsc>


Hiring Contractors:
http://www.workplacel.ca/EMP_HiringContractors.whsc

PRIME: <http://www.workplacel.ca/employers/employers.whsc>


CONNECT: <https://connect.whsc.nl.ca/>

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Please complete the feedback form provided.

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Thank-You!

Community Sector Council Newfoundland and Labrador
25 Anderson Avenue, St. John's NL A1B 3E4

Shelley Martin shelleymartin@cscnl.ca	Darlene Scott darlenescott@cscnl.ca
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709 753 9860
Toll free: 1 866 753 9860
www.communitysector.nl.ca



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