



Overview of Current and Emerging Payroll Issues - 2018

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Today's speaker



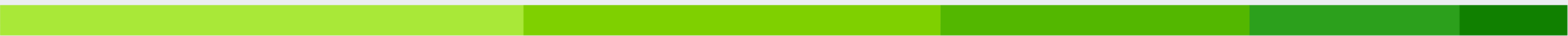
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Payroll Metrics

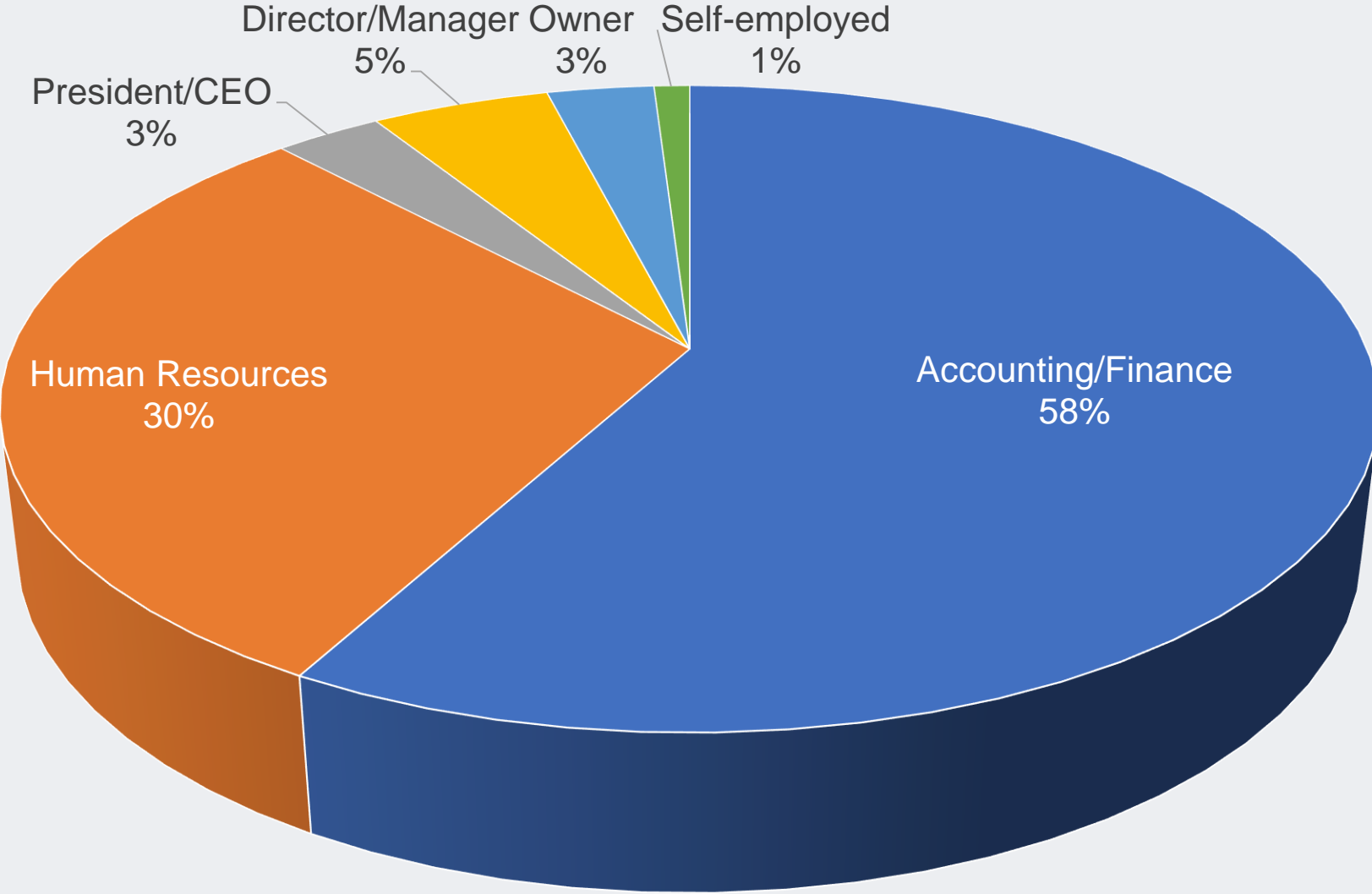
Canada's 1.5 million employers annually pay:

- \$928 billion in wages & taxable benefits
- \$313 billion in statutory remittances
- \$177 billion in health & retirement benefits

While complying with over 200 federal & provincial regulatory requirements



Payroll Reporting Structure



Agenda

Federal legislative update

Provincial legislative update

Quebec legislative update



Federal Legislative Update



Electronic T4 Slips



Electronic T4 Slips

Employee consent not required if:

- Delivery is through a secure portal
- Option to print is available
- Paper still available – upon request

Electronic T4 Slips

Paper required if:

- Conditions not met
- Employee requests
- Employee on extended leave or terminated
- No reasonable access to obtain electronic documents

Electronic T4 Slips



Canada Pension Plan

	2017	2018
Maximum pensionable earnings	\$55,300.00	\$55,900.00
Annual exemption	\$3,500.00	\$3,500.00
Contributory earnings	\$51,800.00	\$52,400.00
Contribution rate	4.95%	4.95%
Maximum contribution	\$2,564.10	\$2,593.80

CPP Enhancement

To be implemented over 7 years

- Gradual increase of pensionable earnings
 - Targeted to be \$82,700 in 2025
- Increase contribution rate on YMPE over 5 years
 - From 4.95% to 5.95%

Phase in upper earnings limit over 2 years

New 4% contribution on enhanced earnings

CPP Enhancement

Year	Projected YMPE	Projected Upper Earnings	Contribution Rate	
			YMPE	Enhanced
2018	\$58,000	\$58,000	4.95%	-
2019	\$59,700	\$59,700	5.10%	-
2020	\$61,500	\$61,500	5.25%	-
2021	\$63,500	\$63,500	5.45%	-
2022	\$65,600	\$65,600	5.70%	-
2023	\$67,800	\$67,800	5.95%	-
2024	\$70,100	\$74,900	5.95%	4%
2025	\$72,500	\$82,700	5.95%	4%


CPP Enhancement

Year	YMPE	Upper earnings	CPP on YMPE @ 4.95%	CPP incremental increase	CPP on enhanced upper earnings	Combined contributions
2018	\$58,000.00	-	\$2,697.75	-	-	\$2,697.75
2019	\$59,700.00	-	\$2,781.90	\$84.30	-	\$2,866.20
2020	\$61,500.00	-	\$2,871.00	\$174.00	-	\$3,045.00
2021	\$63,500.00	-	\$2,970.00	\$300.00	-	\$3,270.00
2022	\$65,600.00	-	\$3,073.95	\$465.75	-	\$3,539.70
2023	\$67,800.00	-	\$3,182.85	\$643.00	-	\$3,825.85
2024	\$70,100.00	\$74,900.00	\$3,296.70	\$666.00	\$192.00	\$4,154.70
2025	\$72,500.00	\$82,700.00	\$3,415.50	\$690.00	\$408.00	\$4,513.50

CPP Enhancement



Enhanced CPP contributions tax deductible



Increase to Working Income Tax Benefit

The CPA's Position on Government Pension

- The CPA supports a modest enhancement to the CPP due to its administrative efficiencies and world-class investment performance
 - recommended a postponement of the planned ORPP implementation until there was a clearer direction on the possibility of an enhanced CPP
- Payroll service providers and software developers would have to spend millions of dollars to program such a change

The CPA's Position on Government Pension

- The CPA provided the Ontario Government with an ORPP Implementation Timelines document to illustrate realistic timelines for full implementation
 - a major change to payroll systems requires an 18 month implementation plan
- The CPA has formally consulted and sat on the ORPP Business Advisory Group providing employer perspectives

Employment Insurance

	2017	2018
Maximum insurable earnings	\$51,300.00	\$51,700.00
Premium rate	1.63%	1.66%
Maximum premium (employee)	\$836.19	\$858.22
Unreduced employer premium	2.282%	2.324%
Maximum premium (employer)	\$1,170.67	\$1,201.51

EI Premium Reduction Rates

2018 Reduced Employer EI premium

Category 1	Category 2	Category 3	Category 4
Multiple	Multiple	Multiple	Multiple
1.273	1.182	1.187	1.167

El Premium Reduction

Impact of reduced waiting period

- El waiting period changed to one week
- STD plans must align to qualify for El premium reduction
- Four-year transition period provided
 - Jan 1, 2017 to Jan 2, 2021

Federal TD1

2017 – changes
to available
credits

Line 5: Tuition

Line 9: Caregiver

Line 10: Infirm dependants

Pension Adjustment Limits

	2017	2018
Defined Contribution	\$26,230.00	\$26,500.00
Defined Benefit		
• Maximum benefit accrual	\$2,914.44	\$2,944.44
• Pension adjustment	\$25,630.00	\$25,900.00
DPSP	\$13,115.00	\$13,250.00
RRSP	\$26,010.00	\$26,230.00

Tax Free Savings Account (TFSA)

TFSA contribution limits

Years	Annual Limit
2009 – 2012	\$5,000
2013 – 2014	\$5,500
2015	\$10,000
2016 - 2017	\$5,500

T4 Reporting Changes

Code 84: Public Transit Pass Deduction

- Federal Budget 2017 eliminated
- Effective July 1, 2017

T4A: Fees for Services

- Best practice
 - report all fees paid to independent contractors
 - slip for individual or business
 - Box 012: Social Insurance Number
 - Box 013: Recipients Account Number

Taxable Benefit Update

Taxable Benefit Statistics

\$507.7M	• Housing, board and lodging (Code 30)
\$612.7M	• Travel in a prescribed zone (Code 32)
\$896.4M	• Employer provided auto (Code 34)
\$37.9M	• Interest free/low interest loans (Code 36)
\$5.3B	• Security/stock options (Code 38)
\$11.1B	• Other benefits (Code 40)

Automobile Rates effective January 1, 2018

Reasonable business KM reimbursement

- 55¢ first 5,000 KM
- 49¢ additional KM

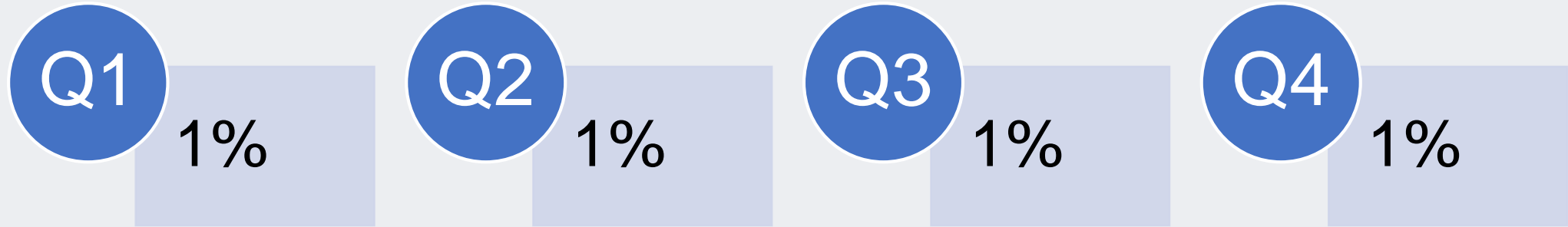
Operating benefit for company car

- 26¢ all personal KM

Taxable Benefit Update

2017 Prescribed Interest Rates

- for taxable loan benefits



2018 Prescribed Interest Rates

- for taxable loan benefits



Taxable Benefits

Merchandise Discounts

- The CRA announced in the summer of 2017 that the taxable benefit was to be calculated as:
 - FMV less amount paid by employee
- Exceptions:
 - discount offered to other groups
 - merchandise is old or soiled
- The CRA position changed back to the position formerly held based on employer cost
- Consultations to take place with the CPA on the assessment of this benefit in the future

Taxable Benefits

Gifts & Awards

Non-taxable voucher

Taxable gift card or
certificate

Taxable Benefits

Federal Budget 2017 eliminates:

Home relocation loan deduction

- Effective January 1, 2018

Municipal Officers Allowance

- Effective January 1, 2019

Taxable Benefits

Group Term Life Insurance for Retirees

- The CRA has established a \$50 threshold for reporting GTLI premiums paid on behalf of retirees reported on a T4A slip
- Effective for the 2018 tax reporting year
- Retirees are responsible for reporting benefits on their T1 return regardless of amounts therefore information from employers may still be required

Taxable Benefits

Social Events

- The CRA has increased the threshold for reporting employee benefits derived from employer-sponsored social events to \$150
- Effective for the 2018 tax reporting year

Taxable Benefits

Saskatchewan PST on Insurance Premiums

- As per the Saskatchewan Budget the PST on insurance premiums has been revoked effective February 26, 2018 retroactive to August 2017
- Currently no clear guidance on how this will be handled
- The CPA is currently working with CRA and Finance on the best possible solution for employers
- Stay tuned

Taxable Benefits

British Columbia will be eliminating Medical Service Plan Premiums effective January 1, 2020

- This will eliminate the need to assess taxable benefits for those MSP premiums paid for by employers
- In place of MSP premiums the BC government has announced that effective January 1, 2019, it will introduce an employer-paid Employer Health Tax
- The payroll tax will be calculated as follows:
 - Payrolls of more than \$1.5 million will pay a rate of 1.95% on their total payroll
 - Payroll between \$500,000 and \$1.5 million will pay a reduced tax rate
 - Employers with a payroll under \$500,000 will not pay the tax

Top 10 Audit Adjustments

1.

Unreported payments

2.

Reclassification of employment status

3.

Automobile stand-by and operating expenses

4.

Parking

5.

Vehicle allowances

Top 10 Audit Adjustments

6.

Personal living expenses

7.

Housing, free/low rent, board & lodging

8.

Security / stock options

9.

Travel expenses and allowances

10.

Medical expenses, insurance and provincial plan premiums

CRA Online Services

My Business Account

- View return details
 - Display detailed summary data
 - Display slip details
 - Select slips and returns to amend
 - Download slips and returns in CSV format
- Future update
 - Online and download PIER
 - Reply to and pay discrepancies online

Online Initiatives

SIN / Surname Mismatch Report

Invalid SIN/SIN-Surname Problem Report

Date of Report

"The information contained in this report can only be used by the filer to comply with their income tax reporting obligations and any use of that information unrelated to their income tax reporting obligations is illegal and must not take place."

Please investigate and file an amendment with the correct SIN and/or Name

Reporting Year	Return Type	Confirmation Number	Slip Identification Number (Slip Sequence Number)	Reported SIN	Reported Name	Error Description
2014	T4	12345678	14A801773000000004	xxx xxx 123	John Smith	Invalid SIN
2014	T4A	12345679	14A801773000000007	xxx xxx 456	John Doe	SIN/Surname Mismatch

CPP (SIN) Regulations

Amendments June 14, 2017

- Employer no longer responsible to provide SIN application forms
- Report failure to provide SIN to Service Canada
 - confirm if SIN later provided

Enhanced CPP Benefits

The enhancements to CPP will increase benefits

- from 25% of eligible earnings
- to 33.3% of eligible earnings

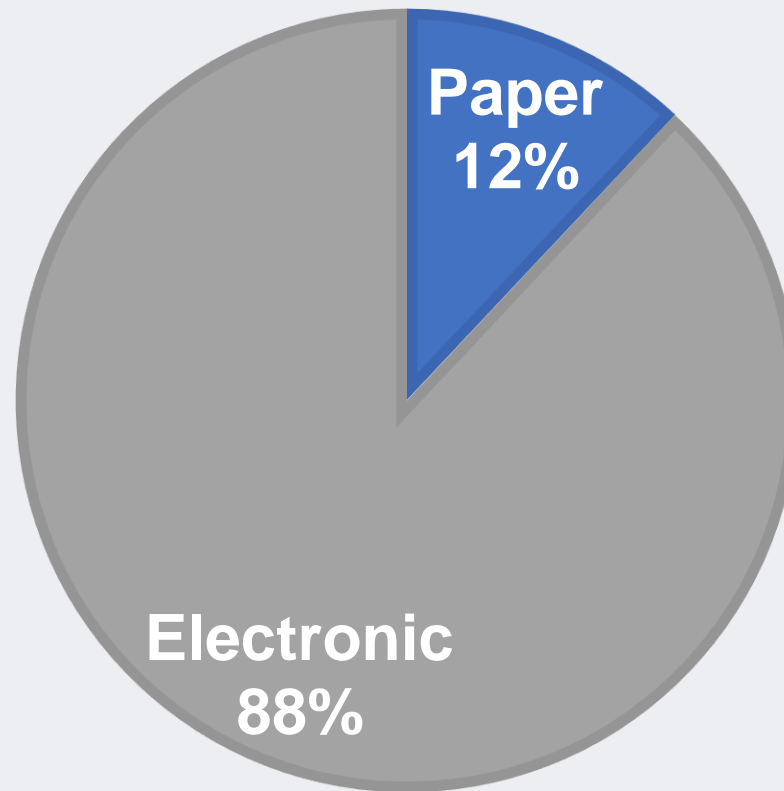
Full impact following 40 years of participation

Partial benefit increases based on years of contributions

Record of Employment

ELECTRONIC VS. PAPER SUBMISSION

■ Paper ■ Electronic



ROE Web Update

Version 12.1 launched June 3, 2017

- Create another button added
- Pressing 'Enter' now saves data entered
- Amend option moved to the left
- ROE free from error confirmation reinstated
- 15B auto fills from data in 15C
- Updated messages and inline help
- Prevent users from issuing their own ROE

Employment Insurance Programs

Caregiver benefit

- New benefit
- Effective December 3, 2017
- Up to 15 weeks of benefits

Employment Insurance Programs

Parental leave – flexible payment option

- Effective December 3, 2017
- Provides two options
 - Current 35 weeks at 55% of wages
 - New 61 weeks at 33% of wages

Employment Insurance Programs

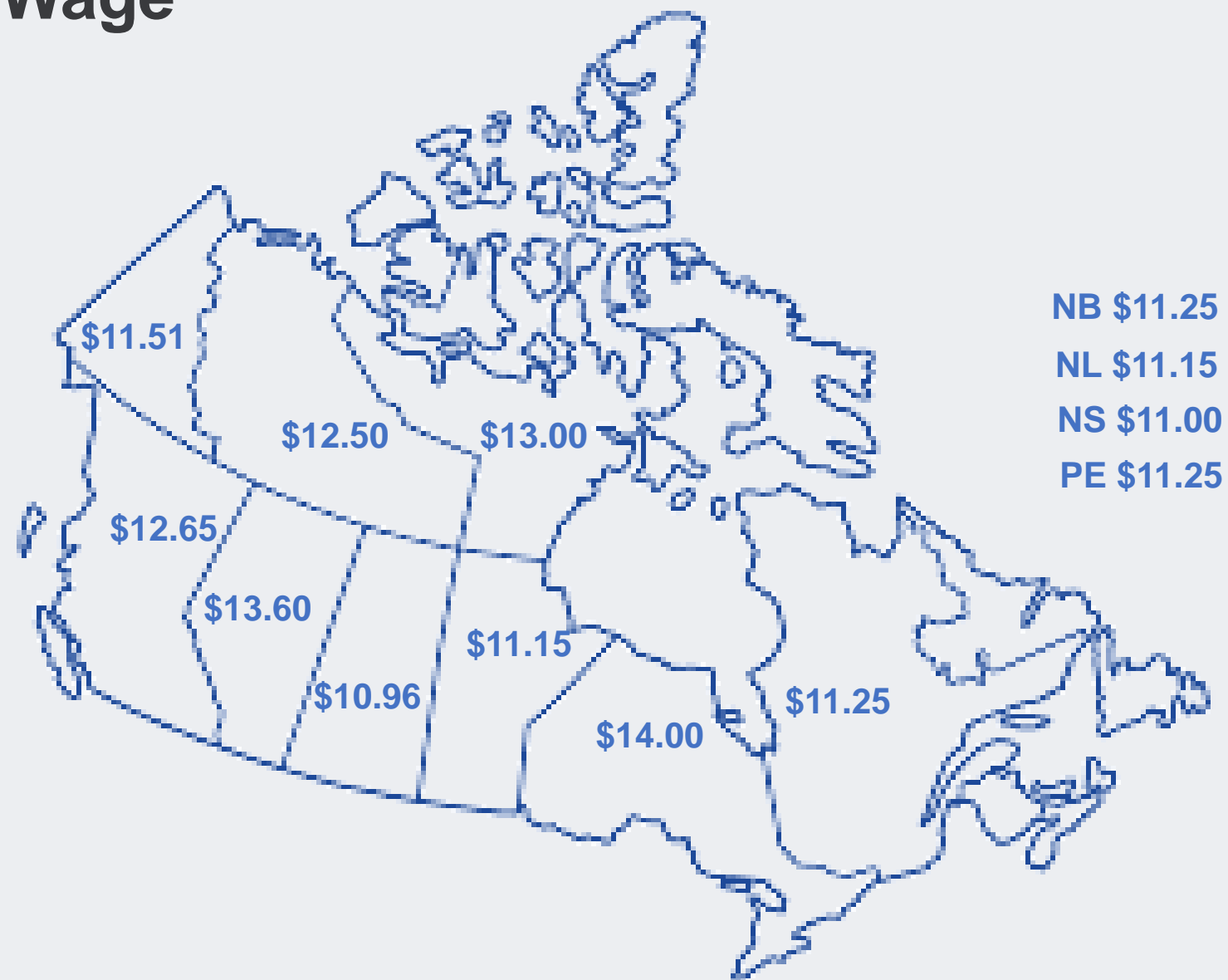
Maternity benefits

- Remain at 15 weeks at 55% of wages
- Option to commence claim 12 weeks prior to delivery

Provincial Legislative Updates



Minimum Wage



Income Tax

Province of Employment

Employee
reports to
physical or
deemed
employer
establishment

OR

Where
employee is
paid from if not
reporting to an
employer
establishment

Employment Standards

Alberta

- Bill 17—Fair and Family Friendly Workplaces Act
 - Effective January 1, 2018

Employment Standards

Alberta

- Minimum wage
- Deductions from wages
- Hours of work
- Breaks
- Overtime banking

Employment Standards

Alberta

- Statutory holiday
- Vacation
- Probation period
- Job protected leave qualifier
- Maternity & parental leave
- Compassionate care leave

Employment Standards

Alberta

- New leaves:
 - Bereavement
 - Citizenship
 - Critically ill child
 - Death or disappearance of a child
 - Domestic violence
 - Long term illness
 - Personal emergency

Employment Standards

Alberta

- Group termination
- Temporary lay-off
- Penalties

Employment Standards

British Columbia

- Effective 2019, Family Day will be moved to the third week in February
- Reflects original input provided by the CPA

Employment Standards

Ontario

- Bill 148—*Fair Workplaces, Better Jobs Act*

Employment Standards

Ontario

- Minimum wage
- Equal pay
- Scheduling
- Overtime

Employment Standards

Ontario

- Vacation
- Statutory holidays*
- Personal emergency days
- Physician notes
- Compassionate care leave

Employment Standards

Ontario

- New leaves
 - Absence for death of a child
 - Domestic and sexual violence

Employment Standards

- Several provinces have made amendments to their Labour and Employment Standards legislation that include some of the following:
 - Parental leave
 - Critical illness
 - Compassion care leave
 - Child death leave
 - Domestic violence leave
- Jurisdictions impacted include:
 - British Columbia, Manitoba, New Brunswick, Nova Scotia, and Quebec

Workers' Compensation

Ontario

- New premium setting process

Workers' Compensation

Ensure accurate reporting of assessable earnings

- Up to maximum assessable

File annual return

- Most due February 28
- Quebec due March 15
- Ontario due March 31



Province	Filing deadline 2016	Maximum assessable earnings 2017	Maximum assessable earnings 2017
Alberta	February 28	\$98,700	\$98,700
British Columbia	February 28 (quarterly)	\$81,900	\$82,700
	March 1-15 (yearly)		
Manitoba	February 28	\$127,000	\$127,000
New Brunswick	February 28	\$62,700	\$63,600
Newfoundland and Labrador	February 28	\$63,420	\$64,375
Northwest Territories/Nunavut	February 28	\$90,600	\$90,600
Nova Scotia	February 28	\$59,300	\$59,800
Ontario	March 31	\$88,500	\$90,300
Prince Edward Island	February 28	\$52,800	\$53,400
Quebec	March 15	\$72,500	\$74,000
Saskatchewan	February 28	\$76,086	\$82,627
Yukon	February 28	\$85,601	\$86,971

Provincial Healthcare

British Columbia Medical Services Plan

- Effective January 1, 2018
 - Premiums reducing by 50%

Provincial Healthcare

British Columbia 2018 Monthly Premiums

Coverage Type	Premium
Single	\$37.50
Single Parent 1 or more children	\$37.50
2 adults	\$75.00
2 adults with children	\$75.00

Provincial Healthcare

A stylized map of Ontario, Canada, with the landmass in yellow and the Great Lakes in blue. A small portion of the surrounding area is colored red.

Ontario Employer Health Tax (EHT)

Eligible employers	Non-eligible employers
\$450,000 or less exempt	No exemption
Assessable remuneration less \$450,000 x 1.95%	Tax rate varies based on assessable remuneration

Quebec Legislative Updates



Electronic RL-1 Slip

Employee consent not required if:

- Delivery is through a secure portal
- Option to print is available
- Paper still available – upon request

RL-1 Summary

- Mandatory requirement to file
 - even when slips filed electronically
- If using a service provider
 - confirm who is responsible for filing summary

Quebec Pension Plan

	2017	2018
Maximum pensionable earnings	\$55,300.00	\$55,900.00
Annual exemption	\$3,500.00	\$3,500.00
Contributory earnings	\$51,800.00	\$52,400.00
Contribution rate	5.40%	5.40%
Maximum contribution	\$2,797.20	\$2,829.60

Future Enhancement to QPP

- Enhancements to match changes announced to CPP including:
 - future enhancement
 - stabilization measures

Employment Insurance

	2017	2018
Maximum insurable earnings	\$51,300.00	\$51,700.00
Premium rate	1.27%	1.30%
Maximum premium (employee)	\$651.51	\$672.10
Unreduced employer premium	1.778%	1.82%
Maximum premium (employer)	\$912.11	\$940.94

EI Premium Reduction Rates

2018 Reduced employer EI premium

Category 1	Category 2	Category 3	Category 4
Multiple	Multiple	Multiple	Multiple
1.238	1.122	1.128	1.103

Quebec Parental Insurance Plan

	2017	2018
Maximum insurable earnings	\$72,500.00	\$74,000.00
Premium rate	0.548%	0.548%
Maximum premium (employee)	\$397.30	\$405.52
Unreduced employer premium	0.767%	0.767%
Maximum premium (employer)	\$556.08	\$567.58

TP-1015.3-V

Basic personal exemption and tax credit

- Personal tax credits will now use the lowest tax rate
 - currently 16%
- The basic personal exemption will be increased
 - from \$11,635 to \$15,012

CNESST

Contribution to Labour Standards

- Effective January 1, 2017
- Contribution rate changed:
 - from 0.08%
 - to 0.07%

Personal Health Contribution

- Eliminated retroactively
 - for 2016
 - if income under \$134,095
- RQ will automatically adjust tax returns

Taxable Benefits

Stock Option Deduction

Increased to 50%

- On public securities
- Options granted after February 21, 2017
- Organizational payroll at least \$10 million

Does not apply for CCPC

Taxable Benefits

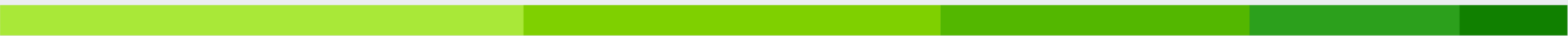
Home Relocation Loan Deduction

To be eliminated effective January 1, 2018

Implementation deadlines

Number of employees	Deadline
20 or more	December 31, 2016
10 to 19	December 31, 2017
5 to 9	TBD – not prior to January 1, 2018

Questions



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