A To-Do List for Year-End Payroll Filing

What an exciting time of year! Holiday shopping! Chestnuts roasting on an open fire! And year-end payroll filing! Here's a list of what you should do to complete your 2018 T4s and RL-1 slips and before you start processing payroll for 2019.

I. The 5 Year-End Filing Guides for 2018

The first phase of the filing process is to complete your T4s and RL-1 slips for 2018. To do this, you'll need to look at 5 guides from CRA and Revenu Québec.

[ ] CRA RC4120: The CRA updated the RC4120 Employers' Guide – Filing the T4 Slip & Summary in late April 2018, so it's unclear whether it will issue another version for this year-end

[ ] **CRA T4130:** The CRA published the 2018 T4130 Employers' Guide – Taxable Benefits & Allowances on Nov. 1

[ ] **CRA RC4157:** On Oct. 5, the CRA published the new version of the RC4157 Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip & Summary which lists the rules for both completing T4As in 2018 and making source deductions in 2019

[ ] **Revenu Québec RL-1.G.V Guide to Filing the RL-1 Slip:** The MRQ published the French version for 2018 but the English version is pending

[ ] **Revenu Québec IN-253-V:** Unlike the other guides, the IN-253-V Taxable Benefits isn't always updated each year. The last version published was in November 2017 and it's unclear whether MRQ will issue a new version for 2018

II. Steps Before Processing Payroll for 2019

The next phase is to ensure you're set up to correctly calculate payroll source deductions and remittances for the coming 2019 tax year. Here's how:

[ ] **Check 2019 EI Rates & Maximums:** The EI and CPP rate information will be officially published in the CRA T4001 Employers' Guide – Payroll Deductions & Remittances for 2019, which hasn't yet come out. Having said, here's what we know so far:

2019 EI Rates & Maximums

Rates & Maximums	2019
EI premiums	$1.62 per $100 insurable earnings
For Québec as the Province of Employment	$1.25 per $100 insurable earnings
Maximum Insurable Earnings	$53,100
Annual earnings required for self-employed to qualify for special EI benefits	$7,121

[ ] **Check 2019 CPP Rates & Maximums:**

2019 CPP Rates & Maximums

CPP Rates & Maximums	2019
Employer/Employee contribution rate	5.10%
Self-Employed contribution rate	10.1%
Maximum pensionable earnings	$57,400
Basic exemption	$3,500
Maximum employer/employee contribution	$2,748.90
Maximum self-employed contribution	$5,497.80
RRSP limit	$26,500

[ ] **Check 2019 QPP Rates & Maximums:** The QPP and QPIP rates will be officially published in the Revenu Québec TP-1015.G.V Guide for Employers: Source Deductions & Contributions when it comes out. Again, this is tentative until the publication of the 2019 TP-1015 guides.

2019 QPP Contribution Rates & Maximums

QPP Rates & Maximums	2019
Maximum pensionable earnings	$57,400
Contribution rate	5.7%
Employee/Employer maximum contribution	$3,072.3
Self-employed maximum contribution	$6,144.6
Basic annual exemption	$3,500

[ ] **Check 2019 QPIP Rates & Maximums:**

2019 QPIP Rates & Maximums

QPIP Rate & Maximum	2019
Maximum insurable earnings	Not yet published
Employee premium rate	0.526%
Employer premium rate	0.736%
Self-employer premium rate	0.934%

[ ] **Check for Notice of EI Premium Rate Reductions:** Service Canada will send you a Notice of Reduced EI Premiums listing your EI premiums if your premiums are reduced you offer employees a short-term disability or wage loss replacement plan and have applied for a reduced employer's premium).

[ ] **Check for Notification of Changes in Remittance Frequency:** If your remittance frequency for 2019 is changing, you should shortly be getting notification from the CRA and/or Revenu Québec. But it's ultimately your responsibility to ensure the accuracy of your remittance frequencies based on average monthly remittance amounts made in the past 2 tax years, including those made for related entities

[ ] **Check 2019 Workers' Compensation Maximum Assessable Earnings for your Province:** So far, only 2 jurisdictions have announced their MAE for the coming year:

- Ontario (Schedule 1): $92,600; and
- Québec: $76,500.

You can track this information, which will be announced shortly, by checking the website of your jurisdiction's workers' comp board. HRI will also publish a cumulative list of all jurisdictions' 2019 premium

[ ] **Check for Authorized Income Tax Deductions or Credits:** Check your payroll files for employees with authorized CRA or Revenu Québec income tax deductions or credits for the current tax year, e.g., a Letter of Authority issued by the CRA based on the employee completion of form T1213. Review the source deduction settings for any such employees since the default is that these authorizations are year-specific.

[ ] **Validate or Change TD1 or TP-1015.3 for Validation or Change:** Best practice: Where employees complete a TD1 or TP-1015.3 claiming other than the basic personal exemption, provide the TD1 or TP-1015.3 form for the coming year to validate the claimed amounts going forward. While employees aren't required to complete such forms, either on hire or at the start of each tax year, they should notify you if their personal situation has changed and a new TD1 or TP-1015.3 is needed.

[ ] **Get Commission Employees to Complete New TD1X Form:** Employees paid by commission who've filed a TD1X for the current year, should complete a new TD1X form before the end of January 2019. Otherwise, you'll have to reset their status so that regular periodic income tax calculations apply.

[ ] **Get Commission Employees to Complete New TP-1015.R.13.1 Form:** Similar rules apply for Revenu Québec for use of the TP-1015.R.13.1 form. In other words, commission employees must complete a new form by the end of January 2019 or you'll need to reset their status for regular periodic income tax calculation.

[ ] **Verify CPP/QPP Calculations for Employees Turning Age 18 or 70:** Ensure your payroll system is set up to correctly calculate CPP and QPP amounts owing for employees who turn 18 (both CPP and QPP) or 70 (CPP only) during the coming tax year. The obtaining of those particular ages affects not the pay period basic exemption but the Year's Maximum Pensionable Earnings (YMPE), which must be prorated based on the number of employee pensionable months over 12. Calculate these months using the month following the birthday. Thus, for example, if an employee turns 18 in May, the number of pensionable months is 7; if an employee subject to CPP turns 70 in October, there are 10 pensionable months in that year.

Best Practice:
Offer the CPT30 form to employees subject to CPP who will turn 65 or be between 65 and 70 in the coming year and have the ability to either opt in or out of CPP coverage once per year. If these do change their coverage status, the YMPE must prorated, just as if they had turned 18 or 70. CPT30 changes are effective the first of the month following receipt of this form from an employee. For example, if an employee gives you this form on January 2, it affects any pay date on or after February 1. The above applies only to CPP, not QPP.

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