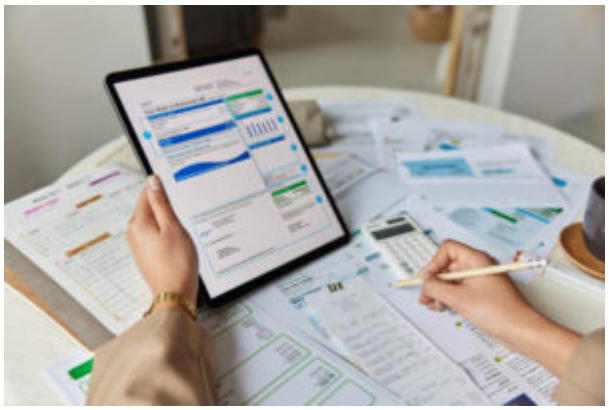
Payroll – 2023 Year in Review



FEDERAL

LAWS & ANNOUNCEMENTS

Jan 1: The 2023 business automobile allowance deductions limits and expense allowance rates took effect:

- Ceiling for capital cost allowances (CCA) for Class 10.1 passenger vehicles increases from $34,000 to $36,000
- CCA ceiling for Class 54 zero-emissions vehicles increases from $59,000 to $61,000
- Deductible leasing costs increase from $900 to $950 per month
- Limit on deduction of tax-exempt allowances paid by employers to employees who use their personal vehicles for business purposes increases 7 cents to 68 cents per km for first 5,000 kms and to 62 cents per additional km (rate in territories is 72 cents per km for first 5,000 kms and 66 cents per additional km after that
- General prescribed rate to determine taxable benefit of employees relating for personal portion of automobile expenses paid by their employers increases 4 cents to 33 cents per km
- Maximum allowable interest deduction for new automobile loans remains $300 per month.

Jan 27: The federal government completed public consultations on its plan to implement a real-time ePayroll system to modernize and simplify how employers report their payroll, employment and demographic information to the CRA and ESDC for tax, EI and other purposes.

Jan 27: Legislation (Bill C-241) to amend the Income Tax Act to allow tradespersons and indentured apprentices to deduct from their taxable income amounts spent for travelling where they were employed in a construction activity at a job site located at least 120 km away from their residence was reported out of Committee in the House of Commons.

Mar 28: The Senate tabled Bill C-241, which has already completed Third Reading in the House, to amend the Income Tax Act to allow tradespersons and indentured apprentices to deduct from their income amounts expended for travelling where they were employed in a construction activity at a job site that is located at least 120 km away from their ordinary place of residence.

May 4: The Taxpayers' Ombudsperson is investigating complaints about CRA's sending

collection letters to individuals who've already paid back COVID benefit overpayments. The initial review will be limited to individual cases, but a systemic investigation may be necessary if the Ombudsperson finds a wider pattern of irregularities.

Jun 23: Employment Social Development issued guidance (IPG-120) on the new *Canada Labour* Code regulations governing tax deductions and withholdings of reimbursement of work-related expenses that take effect for expenses incurred on or after July 9, 2023.

Aug 22: The 2024 EI premium rate will increase 3 cents to 1.66 per $100 of insurable earnings for employees and $2.32 for employers who pay 1.4 times the employee rate. Premiums for Québec residents with QPIP will be $1.32 per $100 and $1.85 per $100 for employers. Maximum Insurable Earnings will go from $61,500 to $63,200.
Action Point: Find out which source deductions are permitted in your province

ALBERTA

LAWS & ANNOUNCEMENTS

Sep 21: Should Alberta withdraw from the Canada Pension Plan and offer its own provincial pension plan for employees in the private sector? The government will hold online surveying to address that question starting in October and ending on December 10.

Nov 7: Newly passed Bill 1, the Alberta Taxpayer Protection Amendment Act, requires the government to hold and win a referendum before imposing any future provincial personal and corporate income tax increases. A referendum will also be mandatory for reducing personal income tax bracket thresholds or basic personal, spousal and equivalent-to-spouse credit amounts.

NEWFOUNDLAND & LABRADOR

LAWS & ANNOUNCEMENTS

Jul 25: Newfoundland launched a new Job Accelerator and Growth Program offering payroll rebates of 10% for each incremental job they create plus an another 5% for hiring recent graduates or immigrants from other provinces with priority skills that are in limited supply.

NOVA SCOTIA

LAWS & ANNOUNCEMENTS

Apr 5: Nova Scotia began accepting applications from workers under age 30 seeking More Opportunity for Skilled Trades (MOST) provincial income tax refunds paid on the first $50,000 of income earned in eligible skilled trades and film and video occupations.

NUNAVUT

LAWS & ANNOUNCEMENTS

Jun 2: The GN Department of Finance reminded employers to remit and pay the 2% payroll tax on time, i.e., on the 20th day of the month following each remitting period. Employers must register their businesses with Nunavut Payroll Tax within 21 days of an employee's first paycheque.

PRINCE EDWARD ISLAND

LAWS & ANNOUNCEMENTS

Mar 4: With the April 30 federal income tax deadline approaching, PEI opened free tax-help clinics to assist residents with their filings. The service will be provided at local libraries and community centres across the province to residents who have modest-to-no income and simple tax situations.

May 26: The PEI Assembly tabled legislation (Bill 14) to cut taxes by raising the basic personal amount to $12,750 and increasing the low-income tax reduction threshold. Other tax changes taking effect in 2024 include raising the basic personal amount to $13,500, doubling the children's wellness amount and increasing tax bracket thresholds with reduced rates on lower brackets.

Nov 29: Newly passed Bill 106 specifies that PEI employers must include the number of paid sick leave days employees have accumulated and used in the pay statements and payroll records they're required to keep under the *Employment Standards Act.*

QUÉBEC

LAWS & ANNOUNCEMENTS

Feb 21: Reminder: Beginning with the 2022 tax year, taxpayers who provide paid childcare services in Québec in the year must file an RL-24 slip to claim the tax credit for childcare expenses in their income tax return and provide a copy to the payer.

Mar 21: The 2023 Québec provincial budget calls for raising the minimum pension eligibility age so that workers 65 and over can continue to work part-time or under gradual retirement plans without putting their QPP benefits in jeopardy.

May 31: Income tax changes affect source deductions on remuneration paid after June 30. Rates drop from 15% to 14% for income up to $49,275, and from 20% to 19% for income between $49,275 and $98,540. The rate for bonuses or retroactive payments to employees with estimated 2023 remuneration (including the bonus or payment) below $17,183 decreases from 8% to 7%.

Jun 6: Revenu Québec said it will show leniency to businesses and individuals who can't meet tax filing and remitting deadlines because of the recent wildfires. Taxpayers also have the right to seek relief by completing the MR-94.1 Request for Cancellation or Waiver of Interest, Penalties or Fees application.

Jul 1: Tax rate reductions for the first 2 taxable income brackets will affect income tax source deductions on remuneration paid after June 30, 2023. Specifically, the rate for taxable income up to $49,275 falls from 15% to 14% and for taxable income over $49,275 to $98,540 falls from 20% to 19%.

Jul 1: The income tax rate for bonuses or retroactive payments to employees whose estimated remuneration doesn't exceed $17,183 for 2023 decreases from 8% to 7%, effective for income tax source deductions on remuneration paid after June 30, 2023.

Jul 1: The income tax source deduction rate for a single payment not exceeding $5,000 that doesn't come from an RRIF or RRSP decreases from 15% to 14%; if the payment is above $5,000, the rate drops from 20% to 19%.

Nov 21: QPP rates and benefits will increase by 4.4% in 2024 to keep up with inflation, the Régie des rentes announced. Yearly Maximum Pensionable Earnings will

increase from $66,600 to $68,500 with the basic exemption to remain at $3,500. The base contribution rate will also remain unchanged at 10.8%.