

The 5 Phases of the Payroll Balancing Process



Here's a detailed summary of what to do during each phase of the year-end payroll balancing process.

PHASE 1: Enter the current totals from each register or pay period needed for balancing into a YTD spreadsheet.

PHASE 2: Balance PD7A Remittance statements:

- Step 1: Enter the remittances recorded as paid on CRA PD7A statements into another spreadsheet.
- Step 2: Compare the PD7A remittance totals to the remittances on your YTD spreadsheet.
- Step 3: If necessary, match your actual payments to the CRA to the remittances they show as received on the PD7A.
- Step 4: If necessary, identify any voided or cancelled payments required to reconcile between the payroll registers and the remittances made.

PHASE 3: Reconcile all bank accounts or General Ledger suspense accounts used in payroll to identify any voided or cancelled employee payments that haven't been replaced or reversed out of the GL.

PHASE 4: Balance the payroll expenses shown in the YTD spreadsheet to the year-end debit balances of the matching GL expense accounts. Identify any employee payments that have been reversed in payroll through directly editing employee YTDs. These will be reconciling items between your YTD spreadsheet and the debit balances of the GL payroll expense accounts.

PHASE 5: Print and balance your trial T4s to your YTD spreadsheet, taking into account any reconciling items found above. After balancing adjust employee T4 values for any:

- Taxable benefit adjustments required;
- Voided or cancelled payments not yet reversed out of payroll; and
- Any errors found in manually editing employee YTDs.