



Canada Revenue
Agency

Agence du revenu
du Canada

Employers' Guide Filing the T4 slip and Summary

Available electronically only

Is this guide for you?

Use this guide if you are an **employer** (resident or non-resident) and you have paid your employees any of the following types of income:

- employment income;
- commissions;
- taxable allowances and benefits;
- retiring allowances;
- payments from a wage loss replacement plan either paid directly by you or paid by a third party on your behalf (see “Box 14 – Employment income,” on page 10, for more information);
- income for special situations such as barbers and hairdressers, taxi drivers and drivers of other passenger-carrying vehicles, fishing income, Indians, placement or employment agency workers, and other situations explained in “Chapter 6 – Special situations,” which starts on page 22; or
- any other remuneration (see “Box 14 – Employment income,” on page 10, for a detailed list).

Do not use this guide if:

- you paid pensions, lump-sum payments, annuities, or other income (including amounts paid to a proprietor or partner of an unincorporated business). Instead, see Guide RC4157, *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary*.
- you paid fees (except for director fees), commissions, or other amounts to a non-resident for services rendered in Canada, other than employment situations. Instead, see Guide RC4445, *T4A-NR – Payments to Non-Residents for Services Provided in Canada*.
- you are an employer with construction as your primary source of business income, and you paid amounts to subcontractors for goods and services rendered in connection with construction activities. Instead, fill out a T5018 slip, *Statement of Contract Payments*.
- you paid amounts from a retirement compensation arrangement. Instead, see Guide T4041, *Retirement Compensation Arrangements Guide*, for information about filling out a T4A-RCA return.

Throughout this guide, we refer to other guides, forms, interpretation bulletins, and information circulars. If you need any of these, go to www.cra.gc.ca/forms. You may want to bookmark this address for easier access to our website in the future.

If you are blind or partially sighted, you can get our publications in braille, large print, etext, or MP3 by going to www.cra.gc.ca/alternate. You can also get our publications and your personalized correspondence in these formats by calling **1-800-959-5525**.

What's new?

Small Business Job Credit

The small business job credit is a two-year measure that will lower employment insurance (EI) premiums for small businesses. If you are eligible, we will automatically calculate your credit using the EI information from the T4 slips you filed for 2015 and/or 2016. For more information, go to www.cra.gc.ca/sbjc.

Limit on paper form orders

Since August 2015, if you order paper copies of certain types of information returns (slips), there is an order limit of 50. You can use the CRA's Web Forms service online at www.cra.gc.ca/webforms to save, print, and send your T4 slips and summaries electronically.

Online services for businesses

You can now:

- authorize the CRA to withdraw an amount from your bank account on date(s) that you choose; and
- enrol for direct deposit, or update the banking information.

To access our online services, go to:

- www.cra.gc.ca/mybusinessaccount, if you are a business owner; or
- www.cra.gc.ca/representatives, if you are an authorized representative or employee.

Online services for representatives

Representatives can now register for online mail on behalf of their business clients by going to www.cra.gc.ca/representatives.

Customized slips and summary forms

You no longer need to get CRA approval for most customized information slips and summaries. For more information, go to www.cra.gc.ca/customized or see the current version of Information Circular IC97-2R, *Customized Forms*.

Mandatory electronic filing

As of January 1, 2016, if you file more than 50 information returns for a calendar year and you do not file the returns by Internet file transfer or Web Forms, you may have to pay a penalty. For more information, see "Mandatory electronic filing" on page 5.

Replying online to the CRA about forms

Since October 2015, business owners registered in My Business Account and representatives with access to Represent a Client have been able to reply online to the Canada Revenue Agency (CRA) about the following forms:

- Form PD7A, *Statement of Account for Current Source Deductions*
- Form PD1114, *Tax Deduction, Canada Pension Plan and Employment Insurance Information Request*
- Form PD4R, *Tax Deduction, Canada Pension Plan and Employment Insurance Discrepancy Notice*
- Form T216, *Accelerated Remitter Notice*
- Form TX14PD, *Request to File Notice*

In the future, you will receive these forms online instead of paper forms if you have registered for online mail. For more information about this service, see "Receive your CRA mail online" on page 31.

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Chapter 1 – General information

What are your responsibilities?

As an employer, you must do the following:

- Deduct Canada Pension Plan/Quebec Pension Plan (CPP/QPP) contributions, employment insurance (EI) premiums, provincial parental insurance plan (PPIP) premiums (also known as the Quebec Parental Insurance Plan or QPIP), and income tax from remuneration or other amounts you pay. For more information, see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.
- Hold these amounts in trust for the Receiver General, except the QPP contributions and PPIP premiums, which are remitted directly to Revenu Québec. You have to keep these amounts separate from the operating funds of your business. Make sure these amounts are not part of an estate in liquidation, assignment, receivership, or bankruptcy. For more information on Quebec requirements, go to www.revenuquebec.ca/en/default.aspx.
- Remit these deductions to the Canada Revenue Agency (CRA).
- Report the income and deductions on the T4 slips that you will send to the CRA. To do this, fill out T4 slips, *Statement of Remuneration Paid*, and the related T4 Summary, *Summary of Remuneration Paid*. Detailed instructions on how to fill out the T4 slips begin on page 9, and on page 18, for a T4 Summary.
- File the T4 Summary, together with the related T4 slips, on or before the last day of February following the calendar year to which the slips apply. See page 19 for information about the filing methods you can use.
- Give employees their T4 slips on or before the last day of February following the calendar year to which the slips apply.
- Keep your paper and electronic records for six years after the year to which they relate. If you want to destroy them before the six-year period is over, fill out Form T137, *Request for Destruction of Records*. For more information, go to www.cra.gc.ca/records.

For more information about employer responsibilities, go to www.cra.gc.ca/payroll.

Penalties and interest

Late filing and failing to file the T4 information return

You have to give your employee his or her T4 slip and file your T4 information return with the Canada Revenue Agency on or before the **last day of February following the calendar year to which the information return applies**. If the last day of February falls on a Saturday, or a Sunday, your information return is due the next business day.

We consider your return to be filed on time if we receive it or if it is postmarked on or before the due date.

We may assess a penalty if you file your information return late. For T4 information returns, we have an administrative

policy that reduces the penalty that we assess so it is fair and reasonable for small businesses. **Each slip is an information return**, and the penalty we assess is based on the number of information returns you filed late. The penalty is \$100 or the amount calculated according to the chart below, whichever is more:

Number of information returns (slips) filed late	Penalty per day (up to 100 days)	Maximum penalty
1 to 5	penalty not based on number of days	\$100 flat penalty
6 to 10	\$5	\$500
11 to 50	\$10	\$1,000
51 to 500	\$15	\$1,500
501 to 2,500	\$25	\$2,500
2,501 to 10,000	\$50	\$5,000
10,001 or more	\$75	\$7,500

Mandatory electronic filing

Failure to file information returns over the Internet

As of January 1, 2016, if you file more than 50 information returns for a calendar year and you do not file the returns by Internet file transfer or Web Forms, you may have to pay a penalty as determined in the table below. **Each slip is an information return**, and the penalty we assess is based on the number of information returns filed in an incorrect format. The penalty is calculated per type of information return. For example, if you file 51 NR4 slips and 51 T4 slips on paper, we would assess two penalties of \$250, one per type of information return.

Number of information returns (slips) by type	Penalty
51 to 250	\$250
251 to 500	\$500
501 to 2,500	\$1,500
2,501 or more	\$2,500

For more information about filing electronically, see "Electronic filing methods" on page 19.

Failure to deduct

We can assess a penalty of **10%** of the amount of CPP, EI, and income tax you did not deduct.

If you are assessed this penalty more than once in a calendar year, we will apply a **20%** penalty to the second or later failures if they were made knowingly or under circumstances of gross negligence.

Failure to remit and remitting late

We can assess a penalty when:

- you deduct the amounts, but do not remit them to us; or
- you deduct the amounts, but send them to us late.

If the remittance due date falls on a Saturday, a Sunday, or a public holiday recognized by the CRA, your remittance is due on the next business day.

The penalty is:

- 3% if the amount is one to three days late;
- 5% if it is four or five days late;
- 7% if it is six or seven days late; and
- 10% if it is more than seven days late or if no amount is remitted.

Generally, we only apply this penalty to the part of the amount you failed to remit that is more than \$500. However, we will apply the penalty to the total amount if the failure was made knowingly or under circumstances of gross negligence.

In addition, if you are assessed this penalty more than once in a calendar year, we will assess a 20% penalty on the second or later failures if they were made knowingly or under circumstances of gross negligence. If you send a payment to cover the balance due with your return, it is considered late. Penalty and interest charges may apply.

Whether you file electronically or file a paper return, you can make your payment in several different ways. For more information, go to www.canada.ca/payments or see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Notes

Regardless of your filing method, if you are a threshold 2 accelerated remitter, you must remit any balance due electronically or in person at your Canadian financial institution.

We will charge you a fee for any payment that your financial institution refuses to process. If your payment is late, we can also charge you a penalty and interest to any amount you owe.

Interest

If you fail to pay an amount, we may apply interest from the day your payment was due. The interest rate we use is determined every three months, based on prescribed interest rates. Interest is compounded daily. We also apply interest to unpaid penalties. For the prescribed interest rates, go to www.cra.gc.ca/interestrates.

Cancel or waive penalties or interest

The CRA administers legislation, commonly called the taxpayer relief provisions, that gives the CRA discretion to cancel or waive penalties or interest when taxpayers are unable to meet their tax obligations due to circumstances beyond their control.

The CRA's discretion to grant relief is limited to any period that ended within 10 years before the calendar year in which a request is submitted.

For penalties, the CRA will consider your request only if it relates to a tax year ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2016 must relate to a

penalty for a tax year or fiscal period ending in 2006 or later.

For interest on a balance owing for any tax year, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2016 must relate to interest that accrued in 2006 or later.

For more information about relief from penalties or interest, go to www.cra.gc.ca/taxpayerrelief. To submit your request for relief use Form RC4288, *Request for Taxpayer Relief – Cancel or Waive Penalties or Interest*.

If an employee leaves

If an employee leaves, we suggest you calculate the employee's earnings for the year to date and give the employee a T4 slip. Keep a copy of the slip and include it with your T4 Summary when you file it on or before the last day of February of the following year.

Also, you have to prepare a Record of Employment (ROE) for each former employee. Generally, you have to send it to your employee within five calendar days of either the employee's interruption of earnings, or the date you become aware of the interruption of earnings, but special rules may apply. For more information, visit Service Canada at www.servicecanada.gc.ca/roeweb, or see the publication called *How to Complete the Record of Employment Form*, on their website at www.servicecanada.gc.ca/eng/services/ei/employers/roe/resources/roe_guide/index.shtml or by calling Service Canada at 1-800-622-6232.

Changes to your business entity

If your business stops operating, or a partner or the sole proprietor dies

If your business stops operating, or a partner or the sole proprietor dies, you should do the following:

- Remit all CPP contributions, EI premiums, and income tax deductions you deducted for the former employees to your tax centre within seven days of the day your business ends. For more information, see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*. For information on the filing of information slips and the remitting requirements for QPP contributions and PPIP premiums to Revenu Québec, visit Revenu Québec at www.revenuquebec.ca/en/entreprises.
- Calculate the pension adjustment (PA) that applies to your former employees who accrued benefits for the year under your registered pension plan (RPP) or deferred profit sharing plan (DPSP). For information on how to calculate pension adjustments, see Guide T4084, *Pension Adjustment Guide*.
- Fill out and file all T4 slips and the T4 Summary using electronic filing methods, or on paper and send them to the Ottawa Technology Centre at the address located at the end of this guide, within 30 days from the date your business ends (or 90 days from the date a partner or the sole proprietor dies). If you have to prepare more than 50 slips for a calendar year, you **must** file your return electronically, as explained on page 19.

- Give copies of the T4 slips to your former employees.
- Prepare and give a Record of Employment (ROE) to each **former employee, generally, within five calendar days.** For more information, visit Service Canada at www.servicecanada.gc.ca/roeweb, or see the publication called *How to Complete the Record of Employment Form*, on their website at www.servicecanada.gc.ca/eng/services/ei/employers/roe/resources/roe_guide/index.shtml or by calling Service Canada at 1-800-622-6232.
- When the owner of a sole proprietorship dies, a final personal income tax and benefit return has to be filed. This return is due by June 15 of the year following death, unless the date of death is between December 16 and December 31, in which case the final return is due six months after the date of death. For more information, see Guide T4011, *Preparing Returns for Deceased Persons*.
- Close the business number (BN) and all CRA business accounts after all the final returns and all the amounts owing have been processed.

To close your payroll program account, you can use the "Request to close payroll account" service in My Business Account at www.cra.gc.ca/mybusinessaccount. An authorized representative can use this service through Represent a Client at www.cra.gc.ca/representatives.

If you change your legal status, restructure, or reorganize

If you change your legal status, restructure, or reorganize, we consider you to be a **new employer**. You may need a new business number (BN) and a new payroll program account. Let us know if your business status has changed, or if it will change in the near future.

Note

Amalgamations have different rules. For more information, see the next section, "If your business amalgamates."

The following are examples of changes to a business status:

- You are the sole proprietor of a business and you decide to incorporate.
- You and a partner own a business. Your partner leaves the business and sells his half interest to you, making you a sole proprietor.
- A corporation sells its property division to another corporation.
- One corporation transfers all of its employees to another corporation.

When a change happens, a new (successor) employer is created. A successor employer is one who has acquired all or part of a business, and who has immediately succeeded the former (predecessor) employer as the new employer of an employee. The successor employer may, under certain circumstances, take into consideration the CPP/QPP, EI, and PPIP deductions already withheld by the previous employer and continue withholding and remitting those deductions as if there were no change in employer. If employees have already paid the maximum deductions,

take no further deductions for the year. For more information, see "Employer restructuring/Succession of employers" at www.cra.gc.ca/cppeexplained.

If the above situation just described does not apply, you must continue to deduct CPP/QPP, EI, and PPIP.

As stated in the previous section called "If your business stops operating or the partner or proprietor dies," the predecessor company has to do the following:

- send us their final remittances;
- calculate any pension adjustment;
- fill out and file all slips and summaries;
- give employees their copies of T4 or T4A slips;
- prepare and give their employees a record of employment;
- deregister their business number; and
- close all program accounts.

For more information, go to www.cra.gc.ca/tx/bsnss/tpcs/pyrll/hwpyrllwrks/chngs/menu-eng.html.

If your business amalgamates

If your business amalgamates with another, special rules apply. In this case, you as the successor employer can keep the business number (BN) of one of the companies, or you can apply for a new one. If one of the corporations is non-resident, however, you **have to** apply for a new BN.

Since no new employer exists for CPP and EI purposes, continue deducting in the normal manner, taking into account the deductions and remittances that occurred before the amalgamation. These remittances will be reported under the payroll program account number of the successor BN.

If you had previously been granted a reduced employer's EI premium rate, you will need to contact Employment and Social Development Canada to make sure you are still eligible for the reduced rate.

With an amalgamation, the predecessor companies do not have to file T4 returns for the period leading up to the amalgamation. The successor company files the T4 returns for the entire year.

How to appeal a payroll deductions assessment or a CPP/EI ruling

If you receive a payroll assessment for CPP contributions, EI premiums, or income tax that you do not agree with, or you have received a ruling letter and you disagree with the decision, you have 90 days after the date of the notice of assessment or notification of the ruling to appeal.

However, if you receive a payroll assessment because your payment was not applied to your account correctly, before you file an appeal, we recommend that you first call or write to the tax services office or tax centre to discuss it. Many disputes are resolved this way and can save you the time and trouble of appealing.

To appeal a **CPP/EI ruling decision or payroll deductions assessment**, you can:

- access My Business Account at www.cra.gc.ca/mybusinessaccount, if you are a business, and select “Register a formal dispute (Appeal)” for your payroll account;
- access Represent a Client, at www.cra.gc.ca/representatives. If you represent a business, select “Register a formal dispute (Appeal)” for a payroll account. If you represent an individual, select “Register my formal dispute,” and then choose “CPP/EI ruling” in the subject area;
- access My Account at www.cra.gc.ca/myaccount, if you are an individual, select “Register my formal dispute,” and choose “CPP/EI ruling” in the subject area; use Form T400A, *Objection – Income Tax Act* (income tax only);
- use Form CPT100, *Appeal of a Ruling Under the Canada Pension Plan and/or Employment Insurance Act*, to appeal a CPP/EI ruling;
- use Form CPT101, *Appeal of an Assessment Under the Canada Pension Plan and/or Employment Insurance Act*, to appeal a payroll deductions assessment; or
- write to the chief of appeals at your tax services office or tax centre explaining why you do not agree with the ruling or payroll deductions assessment and provide all relevant facts. Include a copy of the CPP/EI ruling letter or payroll notice of assessment. The addresses of our tax services offices and tax centres are available at www.cra.gc.ca/tso. The addresses of our tax centres are also listed at the end of this guide.

For more information on how to appeal a payroll deductions assessment of income tax, see Booklet P148, *Resolving Your Dispute: Objection and Appeal Rights Under the Income Tax Act*.

For more information on how to appeal a CPP/EI ruling decision or a payroll deductions assessment of CPP or EI, see Booklet P133, *Your Appeal Rights – Canada Pension Plan and Employment Insurance Coverage*.

Chapter 2 – T4 slips

When to fill out a T4 slip

Most amounts paid to an individual by an employer are referred to as remuneration. You have to fill out a T4 slip to report the following:

- salary, wages (including pay in lieu of termination notice), tips or gratuities, bonuses, vacation pay, employment commissions, gross and insurable earnings of self-employed fishers, and all other remuneration (see “Box 14 – Employment income,” on page 10, for a detailed list) you paid to employees during the year;
- taxable benefits or allowances;
- retiring allowances;
- deductions you withheld during the year; and

- pension adjustment (PA) amounts for employees who accrued a benefit for the year under your registered pension plan (RPP) or deferred profit sharing plan (DPSP).

You have to fill out T4 slips for all individuals who received remuneration from you during the year if:

- you had to deduct CPP/QPP contributions, EI premiums, PPIP premiums, or income tax from the remuneration; or
- the remuneration was more than \$500.

You have to report income on a T4 slip for the year during which it was paid, regardless of when the services are performed, or if the employee is deceased. For example, you pay your employee in January 2016 for income they earned in December 2015. You will have to report that income on their T4 slip for 2016 since that is the year it was paid.

If you provide employees with taxable **group term life insurance** benefits, you **always** have to prepare T4 slips, even if the total of all remuneration paid in the calendar year is \$500 or less. If you provide former employees or retirees with such benefits, you have to prepare a **T4A** slip. For more information, see Guide RC4157, *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary*.

If you provide either an employee, a former employee, or a non-resident employee with **security options benefits**, you have to prepare a T4 slip. For more information, go to www.cra.gc.ca/stockoptions.

Types of T4 slips

Customized T4 slips

For those who fill out a large number of slips, we accept certain slips other than our own. In order to ensure accuracy, follow the guidelines for the production of customized forms at www.cra.gc.ca/customized or see the current version of Information Circular IC97-2R, *Customized Forms*.

Slips for filing over the Internet

For information about filling out and filing T4 slips over the Internet, go to www.cra.gc.ca/iref. You can also read the information on page 19.

Slips for filing on paper

Whether you print, type, or fill out your slips and summaries by hand, you can order **up to 50** at www.cra.gc.ca/forms.

Filling out T4 slips

Make sure the SIN and name you enter on the T4 slip for each employee are correct.

An incorrect SIN can affect an employee’s Canada Pension Plan or Quebec Pension Plan benefits if the record of earnings file is not accurate. Also, if the T4 slip has a pension adjustment amount, the employee may receive an inaccurate annual RRSP deduction limit statement and the

related information on the employee's notice of assessment will be inaccurate.

If the individual does not give you his or her SIN within three days of starting to work, you should be able to show that you made a reasonable effort to get it. If you do not, you may have to pay a **penalty** of \$100 for each number you did not try to get. If you cannot obtain a SIN from the employee, file your information return, without the SIN, on or before the last day of February.

For more information, see the current version of Information Circular IC82-2, *Social Insurance Number Legislation that Relates to the Preparation of Information Slips*, or visit Service Canada at www.servicecanada.gc.ca.

If you had an employee who had **more than one province or territory of employment** during the year, prepare a separate T4 slip for the earnings and deductions that apply to each province or territory.

Follow these guidelines to fill out your T4 slips:

- Clearly fill out the slips.
- Report, in dollars and cents, all amounts you paid during the year, except pension adjustment amounts, which are reported in dollars only.
- Report all amounts in Canadian dollars, even if they were paid in another currency. To get the average exchange rates, go to www.cra.gc.ca/exchangerates.
- Do not enter hyphens or dashes between numbers.
- Do not enter the dollar sign (\$).
- Do not show negative dollar amounts on slips; to make changes to previous years, send us amended slips for the years in question. See page 21.
- If you do not have to enter an amount in a box, do not enter "nil"; leave the box blank.
- Do not change the headings of any of the boxes.

Detailed instructions

These instructions are for all employers who fill out T4 slips. Refer to additional guidelines in "Chapter 6 – Special situations" beginning on page 22 for:

- amounts paid to **barbers and hairdressers** (page 22);
- amounts paid to **taxi drivers and drivers of other passenger-carrying vehicles** (page 22);
- amounts paid to **employees outside Canada** (page 22);
- amounts paid to **employees with power saws or tree trimmers** (page 22);
- amounts paid to **fishers** (page 23);
- amounts paid to **Indians** (page 24);
- amounts paid to **placement or employment agency workers** (page 26);
- **retiring allowances** (page 27);
- **salary deferral arrangements** (page 28);

- **salary overpayments** (page 29); or
- amounts paid under the **Seasonal Agricultural Workers Program** (page 30).

Employer's name

Enter your operating or trade name in the space provided on each slip. This should be the same information that appears on your PD7A statement of account. If you would like to, you may also add your business address in this space.

Employee's name and address

Enter the employee's last name (in capital letters), followed by the first name and initial. If the employee has more than one initial, enter the employee's first name followed by the initials in the "First name" space. If you enter only the employee's initials, enter them at the beginning of the "First name" space. **Do not enter** the title of office or courtesy title of the employee, such as Director, Mr., or Mrs. Enter the employee's address, including the province, territory, or U.S. state, Canadian postal code or U.S. zip code, and country.

Year

Enter the four digits of the calendar year in which you paid the remuneration to the employee.

Box 10 – Province of employment

Before you decide which provincial or territorial abbreviation to use, you need to determine your employee's province or territory of employment. This depends on whether you required your employee to report for work at your place of business.

For more information, see "Which tax tables should you use?" in Chapter 1 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Enter one of the following abbreviations:

AB	Alberta
BC	British Columbia
MB	Manitoba
NB	New Brunswick
NL	Newfoundland and Labrador
NT	Northwest Territories
NS	Nova Scotia
NU	Nunavut
ON	Ontario
PE	Prince Edward Island
QC	Quebec
SK	Saskatchewan
YT	Yukon
US	United States
ZZ	Other

Enter ZZ if an employee worked in a country **other than Canada or the United States**, or if the employee worked in Canada beyond the limits of a province or territory (for example, on an offshore oil rig).

For any employee who had **more than one province or territory of employment** in the year, fill out separate T4 slips. For each location, indicate the total remuneration paid to the employee and the related deductions, such as

CPP/QPP contributions, EI premiums, PPIP premiums, and income tax.

Box 12 – Social insurance number

Enter the employee's SIN, as provided by the employee.

Notes

If your employee had a SIN beginning with a nine (9) and later in the year received a permanent SIN, use the permanent SIN in box 12. Do not prepare two T4 slips.

If you do not have the employee's SIN, enter nine zeros.

See "Filling out T4 slips" on page 8 for information on your obligation to provide a valid SIN.

Box 14 – Employment income

Report the total income before deductions. Include all salary, wages (including pay in lieu of termination notice), bonuses, vacation pay, tips and gratuities, honorariums, director's fees, management fees, and executor's and administrator's fees received to administer an estate (as long as the administrator or executor does not act in this capacity in the regular course of business).

Notes

A retiring allowance can be reported on the same T4 slip as employment income, but do not include it in box 14. See the explanations under "Code 66 – Eligible retiring allowances" and "Code 67 – Non-eligible retiring allowances" on page 16. For more information about the difference between retiring allowances and employment income received as a result of a loss of employment, see archived Interpretation Bulletin IT-337, *Retiring Allowances*.

If you are paying amounts to placement or employment agency workers, taxi drivers or drivers of other passenger-carrying vehicles, barbers or hairdressers, or fishers (self-employed), see the information in "Chapter 6 – Special situations," on page 22 and under Box 29 on page 14.

Certain **Canadian Forces personnel and police officers** can claim a deduction from taxable income for the amount of employment income earnings (including taxable allowance). See the explanation under Code 43 on page 16.

Director's fees paid to **non-resident directors** for services rendered in Canada must also be reported in box 14. However, a **non-resident director** is not considered to be employed in Canada when he or she does not attend any meetings or perform any other functions in Canada. For more information, see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Include commissions, taxable allowances, the value of taxable benefits (including any GST/HST or other applicable taxes), and any other payments you paid to employees during the year. These amounts may also have to be reported in the "Other information" area at the bottom of the T4 slip.

Include payments made from a wage-loss replacement plan (WLRP) if you had to deduct CPP contributions or EI premiums. For more information, see Guide T4001.

Include amounts paid under a **supplementary unemployment benefit plan** (SUBP) such as employer-paid maternity, parental, and compassionate care top-up amounts, whether they are registered with Service Canada or not.

Include payments out of an employee benefit plan (EBP) and amounts that a trustee allocated under an **employee trust**. If the trustee allocates the income, but you do not pay it immediately, include it in the income of the employee. Do not report it when you make the payment. For more information, see archived Interpretation Bulletin IT-502, *Employee Benefit Plans and Employee Trusts*, and its special release.

If you are a government, a municipality, or a public authority and you hired emergency volunteers (such as **firefighters, ambulance technicians, or search and rescue volunteers**), do not include in box 14 the first **\$1,000**. However, if you paid the individual other than as a volunteer for the same or similar duties, the **whole** amount is taxable and should be included in box 14. More information can be found in Chapter 6 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*. Report the exempt amount (up to \$1,000) in the "Other information" area of the T4 slip, using code 87.

Include amounts you paid to a member of a religious order who has taken a vow of perpetual poverty. Even if you did not have to deduct CPP, EI, or income tax from the payments, you still have to include these amounts in box 14.

Boxes 16 and 17 – Employee's CPP/QPP contributions

Enter the amount of Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions you deducted from the employee's pensionable earnings in box 16 or box 17, depending on the province or territory of employment. For example, if you reported Quebec in box 10, then report the QPP contributions you deducted in box 17. Leave both boxes blank if the employee did not contribute to either plan.

Do not report the employer's share of CPP or QPP contributions on the T4 slip.

To verify an employee's CPP contributions at year-end before you fill out and file the T4 slip, see Appendix 3 in Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Note

If you report an amount in box 16 or box 17, you have to report pensionable earnings in "Box 26 – CPP/QPP pensionable earnings". For more information, go to page 12.

There are situations when you do not have to deduct CPP contributions from the payments and benefits you give your employee. For example, the employee is age exempt or works in a type of employment or receives a benefit that does not require CPP deductions. For more information, go to Chapter 2 of Guide T4001.

Employment in Quebec

Different contribution rates apply for employees working in Quebec. For information about CPP rates and maximums, go to Chapter 2 of Guide T4001. For

information about QPP rates and maximums, see Guide TP-1015.G-V, *Guide for Employers: Source Deductions and Contributions*, or visit Revenu Québec at www.revenuquebec.ca/en/default.aspx.

More than one T4 slip for the same employee

If an employee contributed to CPP and QPP during the year, you have to prepare **two** T4 slips as follows:

- one showing the province of employment as Quebec, the employee's QPP pensionable earnings in Quebec and the QPP contributions you deducted; and
- one showing the applicable province or territory of employment (other than Quebec), the employee's CPP pensionable earnings and the CPP contributions you deducted.

CPP overpayment

If, during the year, you deducted more CPP contributions from the employee's earnings than you should have and you could not reimburse the overpayment:

- **Do not** adjust the amounts you report on the T4 slip. We will credit the excess CPP contributions to the employee when he or she files his or her income tax and benefit return.
- Fill out Form PD24, *Application for a Refund of Overdeducted CPP Contributions or EI Premiums*, to apply for a refund of your CPP overpayment. Send it to us with your paper-filed T4 information return or mail it separately if you have filed your return electronically.

Make this request no later than four years after the end of the year in which the CPP overpayment occurred.

For more information about CPP overpayments, see Chapter 2 in Guide T4001.

Box 18 – Employee's EI premiums

Enter the amount of EI premiums you deducted from the employee's earnings. If you did not deduct premiums, leave this box blank.

Do not report the employer's share of EI premiums on the T4 slip.

To verify an employee's EI premiums at year-end before you fill out and file the T4 slip, see Appendix 5 in Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Note

If you report an amount in box 18, you have to report insurable earnings in box 24. For more information, see "Box 24 – EI insurable earnings" on page 12.

There are situations when you do not have to deduct EI premiums from the payments and benefits you give your employee. For example, the employee works in a type of employment or receives a benefit that is exempt under the *Employment Insurance Act*. For more information, go to Chapter 3 of Guide T4001.

Employment in Quebec

The requirements for deducting EI and Provincial Parental Insurance Plan (PPIP) premiums for employees in Quebec are different. For more information about deducting EI premiums, see Guide T4001. For information about

deducting PPIP premiums, see Guide TP-1015.G-V, *Guide for Employers: Source Deductions and Contributions*, which you can get from Revenu Québec at www.revenuquebec.ca/en/default.aspx.

EI overpayment

If, during the year, you deducted more EI premiums from the employee than you should have and you could not reimburse the overpayment:

- **Do not** adjust the amounts you report on the employee's T4 slip. We will credit the excess EI premiums to the employee when he or she files his or her income tax and benefit return.
- Fill out Form PD24, *Application for a Refund of Overdeducted CPP Contributions or EI Premiums*, to apply for a refund of your EI overpayment. Send it to us with your paper-filed T4 information return or mail it separately if you have filed your return electronically.

Make this request no later than three years after the end of the year in which the EI overpayment occurred.

For more information about EI overpayments, see Chapter 3 in Guide T4001.

Box 20 – RPP contributions

Enter the total amount the employee contributed to a registered pension plan (RPP). If the employee did not contribute to a plan, leave this box blank. Do not include amounts transferred directly to an RPP from an employee's registered retirement savings plan (RRSP).

Enter any deductible retirement compensation arrangement (RCA) contributions you withheld from the employee's income. Do not include amounts that are not deductible. If the amount in box 20 includes RPP contributions and deductible RCA contributions, attach a letter informing the employee of the amounts.

If the amount you report includes current contributions and past service contributions for 1989 or earlier years, enter, in the "Other information" area, the following codes along with the corresponding amount:

- code 74 for past service contributions while the employee was a contributor; and
- code 75 for past service contributions while the employee was not a contributor.

To determine if the employee made past service contributions while a contributor or while not a contributor, see archived Interpretation Bulletin IT-167, *Registered Pension Plans – Employee's Contributions*.

Include instalment interest in box 20. This includes interest charged to buy back pensionable service.

Notes

Do not use box 20 to show what **you** contributed to your employee's RRSP. Your RRSP contribution is a taxable benefit to the employee. Enter code 40 in the "Other information" area and the corresponding amount in the box. Also include this amount in box 14.

If you have a group RRSP for your employees, the trustee will send the official receipts for tax purposes to you or to your employees. If the trustee sends the

receipts directly to you, give these copies to the employees. The receipts will show the employee and employer contribution amounts.

Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the employee's remuneration and retiring allowances. This includes the federal, provincial (except Quebec), and territorial taxes that apply. If you did not deduct tax, leave the box blank.

Do not include any amount you withheld under the authority of a garnishee or a requirement to pay that applies to the employee's previously assessed tax arrears.

Box 24 – EI insurable earnings

Box 24 must **always** be completed even if there are no insurable earnings.

Enter the **total** amount of insurable earnings you used to calculate the employee's EI premiums that you reported in box 18, up to the maximum insurable earnings for the year (\$49,500 for 2015). If there are no insurable earnings for the **entire** reporting year and box 18 is blank, enter "0" in box 24. In many cases, boxes 14 and 24 will be the same amount.

Reporting the correct EI insurable earnings in box 24 will reduce unnecessary pensionable and insurable earnings review (PIER) reports for EI deficiency calculations, especially if the employee worked both inside and outside of Quebec.

If you paid amounts to the employee for employment, benefits, or other payments that should **not** have EI premiums deducted (as described in Chapter 3 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*), do not report those earnings in box 24.

Do not include the unpaid portion of any earnings from insurable employment that you did not pay because of your bankruptcy, receivership, or non-payment of remuneration for which the employee has filed a complaint with the federal, provincial, or territorial labour authorities.

Special rules may apply when filling in box 24 in certain situations. For more information, refer to Chapter 6 on page 22, which deals with special situations.

More than one T4 slip for the same employee

When you give the same employee more than one T4 slip for the year, you should report the insurable earnings amount for each period of employment in box 24 of each T4 slip.

Example

An employee earned \$25,000 working in Ontario from January 2015 to June 2015 and earned \$25,000 working in Quebec for the remainder of the year. In addition to any other boxes that need to be completed, fill in boxes 14 and 24 as follows:

- Ontario T4 slip – box 14 = \$25,000 and box 24 = \$25,000; and
- Quebec T4 slip – box 14 = \$25,000 and box 24 = \$24,500 (the maximum insurable earnings for 2015 of \$49,500 –

\$25,000 already reported on T4 slip with Ontario as province of employment = \$24,500).

Box 26 – CPP/QPP pensionable earnings

Box 26 must **always** be completed even if there are no pensionable earnings.

Enter the **total** amount of pensionable earnings paid to your employee, up to the maximum pensionable earnings for the year (\$53,600 for 2015), even if you did not withhold CPP/QPP contributions on all or any of those earnings. This may happen if you give a non-cash taxable benefit to an employee but do not pay cash earnings during the year. If there are no pensionable earnings for the entire reporting year and boxes 16 and 17 are blank, enter "0" in box 26. In many cases, boxes 14 and 26 will be the same amount.

Reporting the correct CPP pensionable earnings in box 26 will reduce unnecessary pensionable and insurable earnings review (PIER) reports for CPP deficiency calculations, especially if the employee worked both inside and outside of Quebec.

For more information, refer to Chapter 6 on page 22, which deals with special situations.

CPP – Include the following types of remuneration in box 14, "Employment income." However, do not include in box 26, "CPP/QPP pensionable earnings":

- a) Remuneration paid to the employee:
 - before and during the month the employee turned 18;
 - after the month the employee turned 70;
 - during the months the employee was considered to be disabled under the *Canada Pension Plan* or *Quebec Pension Plan*;
 - after an eligible employee, who is 65 to 70 years of age, gave you a signed copy of Form CPT30, *Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election*, with parts A, B, and C completed;
 - before an eligible employee, who is 65 to 70 years of age, gave you a signed copy of Form CPT30 with parts A, B, and D completed.

Note

Information about when you should have started or stopped deducting CPP contributions and examples of how to prorate the maximum CPP contribution for the year to make sure you have deducted the correct amount can be found in Chapter 2 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

- b) Amounts paid to the employee for employment, benefits, or other payments described in Chapter 2 of Guide T4001, and no CPP contributions had to be deducted.
- c) Amounts for a clergy member's residence from which you did not deduct CPP contributions (if the clergy member gets a tax deduction for the residence, CPP contributions are not required).

Subtract any of the amounts noted above from the amount in box 14, and enter the difference in box 26. Do not change the amount in box 14.

Note

Non-cash taxable benefits (including security option benefits) – If you provide pensionable **non-cash** taxable benefits in a tax year, include the value of the benefit in box 26 at all times. This applies even if the employee received no other remuneration (for example, an employee is on an unpaid leave of absence and you continue to provide benefits during the leave period).

QPP – Fill in box 26 when you deduct QPP from the employees' earnings, regardless of their province or territory of residence.

More than one T4 slip for the same employee

When you give the same employee more than one T4 slip for the year, you should report the pensionable earnings amount for each period of employment in box 26 of each T4 slip.

Example

An employee earned \$29,000 working in Ontario from January 2015 to June 2015 and earned \$29,000 working in Quebec for the remainder of the year. In addition to any other boxes that need to be completed, fill in boxes 14 and 26 as follows:

- Ontario T4 slip – box 14 = \$29,000, and box 26 = \$29,000; and
- Quebec T4 slip – box 14 = \$29,000, and box 26 = \$24,600 (the maximum pensionable earnings for 2015 of \$53,600 – \$29,000 already reported on T4 slip with Ontario as province of employment = \$24,600) on the Quebec T4 slip.

Benefits and earnings taxable only in Quebec

Revenu Québec considers certain benefits and earnings to be pensionable earnings for employees working in Quebec. These include:

- employer-paid private health benefit plan premiums; and
- assumed earnings—persons 55 years of age or older whose hours of work are reduced by reason of phased retirement may choose, with their employers, to make contributions to the QPP on all or part of the amount of the reduction in remuneration.

For more information, see Guide TP-1015.G-V, *Guide for Employers: Source Deductions and Contributions*, or brochure IN-253-V, *Taxable Benefits*, which you can get from Revenu Québec's website at www.revenuquebec.ca/en/default.aspx.

The following examples show how to fill in boxes 14 and 26 of the employee's T4 slip when you provide a benefit or earnings to an employee that is only taxable in Quebec. For information on how to fill out the RL-1 slip, consult Guide RL-1.G-V, *Guide to Filing the RL-1 Slip: Employment and Other Income*.

Example 1 – Quebec taxable benefit, unpaid leave

Marion works for her employer in Quebec and is on an unpaid leave of absence. Her employer pays \$500 in premiums to an employer-paid private health benefit plan on her behalf. Since the benefit is **not** taxable outside of Quebec, it is not income. When preparing Marion's Quebec T4 slip, her employer will leave box 14 blank. Since the premiums are QPP pensionable, her employer will report \$500 in box 26, the QPP contributions withheld on the benefit in box 17, and fill in any other boxes on her T4 slip as applicable.

Example 2 – Quebec taxable benefit, other earnings

During 2015, Julien received wages of \$20,000 plus a \$750 benefit that is only taxable in Quebec. When preparing Julien's Quebec T4 slip, his employer will report \$20,000 in box 14, \$20,750 in box 26, and fill in any other boxes on his T4 slip as applicable.

Note

The T4 slip will still be processed even though box 26 is more than box 14.

Example 3 – Benefit is taxable both federally and in Quebec

Stephane works for his employer in Quebec and does not receive any cash earnings. However, his employer gave him a non-cash housing benefit valued at \$1,000. When preparing Stephane's Quebec T4 slip, his employer will report \$1,000 in boxes 14 and 26, and fill in any other boxes on his T4 slip as applicable.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

CPP/QPP (Canada Pension Plan/Quebec Pension Plan) –

Leave this box blank if you:

- reported a retiring allowance and no other type of income;
- reported an amount greater than "0" in boxes 16, 17, or 26;
- reported "0" in box 26 and the employee gave you a copy of a completed Form CPT30, *Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election*; or
- reported "0" in box 26 and the employee worked in one of the employment types listed as letters "C" to "O" on the back of Form CPT20, *Election to Pay Canada Pension Plan Contributions*.

Otherwise, enter an "X" or a check mark if you did not have to withhold CPP contributions from the earnings for the **entire** reporting period.

EI (employment insurance) – Leave this box blank if you reported an amount greater than "0" in box 18 or 24. Enter an "X" or a check mark in the "EI" box only if the earnings were exempt for the **entire** reporting period.

PPIP (provincial parental insurance plan) – Leave this box blank if you reported an amount in box 55 or 56. Enter an "X" or a check mark in the "PPIP" box only if the earnings were exempt for the **entire** period of employment **in the province of Quebec**.

Box 29 – Employment code

Enter the appropriate code in this box if one of the following situations applies. Otherwise, leave it blank.

Do not fill in box 14, “Employment income,” if you are using **employment code 11, 12, 13, or 17**.

- 11 – Placement or employment agency workers
- 12 – Taxi drivers or drivers of other passenger-carrying vehicles
- 13 – Barbers or hairdressers
- 14 – Withdrawal from a prescribed salary deferral arrangement plan
- 15 – Seasonal Agricultural Workers Program
- 16 – Detached employee – Social security agreement
- 17 – Fishers – Self-employed

Box 44 – Union dues

Use this box only if you and the union agree that the union will not issue receipts for union dues to employees. Keep the certificate of agreement on file in case we ask to see it.

Enter in box 44 the amount you deducted from employees for union dues. Include amounts you paid to a parity or advisory committee that qualify for a deduction. Do not include initiation fees. Also, do not include **strike pay** that the union paid to union members in this box.

For more information, see archived Interpretation Bulletin IT-103, *Dues Paid to a Union or to a Parity or Advisory Committee*.

Box 46 – Charitable donations

Enter the amount you deducted from the employee’s earnings for donations to qualified donees in Canada.

Box 50 – RPP or DPSP registration number

Enter the seven-digit registration number we issue for a registered pension plan (RPP) or a deferred profit sharing plan (DPSP) or the seven-digit plan identification number we issue for an unregistered foreign pension plan under which you report a pension adjustment (PA). Do this even if your plan requires only employer contributions.

However, if you make contributions to union pension funds, you have to indicate the union’s plan number, which the union has to give you.

If an employee is a member of **more than one plan**, insert only the number of the plan under which the employee has the largest PA.

Box 52 – Pension adjustment

If you have a registered pension plan (RPP) or a deferred profit sharing plan (DPSP), enter, in dollars only, the amount of the employee’s pension adjustment (PA) for the year. If you have to prepare more than one T4 slip for the employee because the employee worked for you in more than one province or territory of employment, report the PA proportionately on each T4 slip. If you cannot apportion the PA, report it on one slip.

If an employee participates in one or more RPPs or DPSPs, you have to calculate his or her PA using the **total** amount of all pension credits accumulated by the employee under all these plans for the year.

If an employee is on a leave of absence and is still accruing pensionable service or credits under the plan, you must report the PA on a T4 slip. This is true even if the employee has no employment income in the tax year. Administrators of multiple employee plans (MEPs) should report the PA for the employee on leave on a **T4A** slip.

Leave box 52 blank if the employee participated in your RPP or DPSP and **one** of the following applies:

- the calculated PA is a negative amount or zero;
- the employee died during the year; or
- the employee, even if he or she is still a member of the plan, no longer accrues new pension credits in the year (for example, the employee has accrued the maximum number of years of service in respect of the plan).

Special rules concerning the PA

Special calculation rules apply, in some circumstances, to employees who:

- left your employment during the year;
- are on, or return from, a leave of absence;
- participate in a salary deferral arrangement; or
- work for you part-time.

For more information on how to calculate the PA, see Guide T4084, *Pension Adjustment Guide*. If you need more help calculating a PA, see your pension plan administrator or call our Registered Plans Directorate at **1-800-267-3100** or **613-954-0419** (in Ottawa).

Unregistered retirement plans or arrangements

An individual’s RRSP deduction limit is affected if they are entitled to benefits under any of the following three types of unregistered retirement plans or arrangements:

- a specified retirement arrangement (SRA);
- a government-sponsored retirement arrangement (GSRA); and
- a foreign pension plan.

For more information about the PA for these types of plans or arrangements, see Guide T4084, *Pension Adjustment Guide*, or call our Registered Plans Directorate at **1-800-267-3100** or **613-954-0419** (in Ottawa).

Box 54 – Employer’s account number

Enter the 15-character account number that you use to send us your employees’ deductions. This number is your payroll program account number that appears at the top of your PD7A statement of account. Your payroll program account number should not appear on the two copies of the T4 slip that you give to your employees.

Box 55 – Employee’s PPIP premiums

Enter the provincial parental insurance plan (PPIP) premiums that you deducted for employees working in Quebec.

Box 56 – PPIP insurable earnings

For employees working in Quebec, enter the **total** amount used to calculate the employee’s PPIP premiums, up to a maximum of \$70,000 for 2015.

Leave the box blank if:

- there are no insurable earnings;
- the insurable earnings are the same as the employment income in box 14; or
- the insurable earnings are over the maximum for the year.

Other information

The “Other information” area at the bottom of the T4 slip has boxes for you to enter codes and amounts that relate to employment commissions, taxable allowances and benefits, deductible amounts, fishers’ income, and other entries if they apply.

The boxes are not pre-numbered as they are in the top part of the slip. Enter the codes and amounts that apply to the employee.

Example

Box – Case	Amount – Montant
40	2400 98

Note

If more than six codes apply to the same employee, use an additional T4 slip. Do not repeat all the data on the additional slip. Enter only the employer’s name and address, and the employee’s SIN and name, and fill in the required boxes in the “Other information” area. Report each code, and amount only once.

Codes 30 to 88 – Taxable allowances and benefits, deductible amounts, employment commissions, and other entries

30	Board and lodging
31	Special work site
32	Travel in a prescribed zone
33	Medical travel assistance
34	Personal use of employer’s automobile or motor vehicle
36	Interest-free and low-interest loans
37	Employee home-relocation loan deduction
38	Security options benefits
39	Security options deduction – 110(1)(d)
40	Other taxable allowances and benefits
41	Security options deduction – 110(1)(d.1)
42	Employment commissions
43	Canadian Forces personnel and police deduction
66	Eligible retiring allowances
67	Non-eligible retiring allowances
68	Indian (exempt income) – Eligible retiring allowances
69	Indian (exempt income) – Non-eligible retiring allowances
70	Municipal officer’s expense allowance
71	Indian (exempt income) – Employment
72	Section 122.3 income – Employment outside Canada
73	Number of days outside Canada
74	Past service contributions for 1989 or earlier years while a contributor
75	Past service contributions for 1989 or earlier years while not a contributor
77	Workers’ compensation benefits repaid to the employer
78	Fishers – Gross income
79	Fishers – Net partnership amount
80	Fishers – Shareperson amount
81	Placement or employment agency workers – Gross income
82	Taxi drivers and drivers of other passenger-carrying vehicles – Gross income
83	Barbers or hairdressers – Gross income
84	Public transit pass
85	Employee-paid premiums for private health services plans
86	Security options election
87	Emergency services volunteer exempt amount
88	Indian (exempt income) – Self-employment

Detailed instructions for taxable allowances and benefits, deductible amounts, employment commissions and other entries

The following instructions explain how to report each of the benefits in the list on page 15. Some of these benefits must include the goods and services tax (GST) and the provincial sales tax (PST, or QST in Quebec) if they apply, or the harmonized sales tax (HST).

Note

See Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*, for details on how to calculate the value of these benefits and which taxable benefits must include GST/HST.

Code 30 – Board and lodging

If you provided an employee with free or subsidized housing, or board and lodging, enter code 30 and the corresponding taxable amount. Also include this amount in box 14.

Note

If you pay for utilities (or provide them) for a member of the clergy, add the eligible part of your cost for those utilities to the housing allowance. Report it under code 30. Eligible utilities are electricity, heat, water and sewer. Report all other utilities under code 40.

Code 31 – Special work site

If the employee received a benefit for board and lodging at a special work site in a prescribed zone and you filled out Form TD4, *Declaration of Exemption – Employment at a Special Work Site*, enter code 31 and the corresponding amount. Do not include this amount in box 14 or under code 30.

Code 32 – Travel in a prescribed zone

If you provided an employee living in a prescribed zone with an amount for travel assistance, enter code 32 and the corresponding amount. Include this amount in box 14. If any part was for medical travel assistance, see code 33.

Code 33 – Medical travel assistance

If you provided an employee living in a prescribed zone with an amount for medical travel assistance, identify only the medical part under code 33. Ensure the total of the travel assistance is reported under code 32.

Code 34 – Personal use of employer's automobile or motor vehicle

If you provided an employee with the use of an automobile or motor vehicle, enter code 34 and the amount representing the benefit. Include this amount in box 14.

Code 36 – Interest-free and low-interest loans

If you provided an employee with an interest-free or low-interest loan, including a home-purchase and home-relocation loan, because of an office or employment (or intended employment), enter code 36 and the corresponding taxable benefit. Include this amount in box 14. If any amount was for a home-relocation loan, see code 37. For more information, see archived Interpretation Bulletin IT-421, *Benefits to individuals, corporations and shareholders from loans or debt*.

Code 37 – Employee home-relocation loan deduction

If the taxable benefit you provided to your employee under code 36 is the result of an interest-free or low-interest home-relocation loan, you have to identify the amount the employee can deduct under code 37. Do not include this amount in box 14.

Code 38 – Security options benefits

If an employee received a taxable benefit under a corporation's agreement to issue its eligible shares or units of mutual fund trusts to the employee, enter code 38 and the corresponding amount. Include this amount in box 14. For more information, go to www.cra.gc.ca/stockoptions.

Code 39 – Security options deduction – 110(1)(d)

If the employee is entitled to a deduction under paragraph 110(1)(d) of the *Income Tax Act*, enter code 39 and one-half of the amount you reported under code 38 for those shares. Do not include this amount in box 14. For more information, go to www.cra.gc.ca/stockoptions.

Code 40 – Other taxable allowances and benefits

If you provided an employee with taxable allowances or benefits that you did not include elsewhere on the T4 slip, enter code 40 and the corresponding amount. Include this amount in box 14. See Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*, for details on calculating taxable benefits.

Code 41 – Security options deduction – 110(1)(d.1)

If the employee is entitled to a deduction under paragraph 110(1)(d.1) of the *Income Tax Act*, enter code 41 and one-half of the amount you reported under code 38 for those shares. Do not include this amount in box 14. For more information, go to www.cra.gc.ca/stockoptions.

Code 42 – Employment commissions

If an employee sold property or negotiated contracts for you, enter code 42 and the amount of the employee's commissions. Include this amount in box 14.

Code 43 – Canadian Forces personnel and police deduction

Canadian Forces personnel and police officers who are deployed outside Canada on a high-risk or current moderate-risk operational mission can claim a deduction from taxable income for the amount of employment earnings they receive during these missions. Enter code 43 and the amount of these earnings, up to the maximum rate of pay earned by a non-commissioned member of the Canadian Forces. Include this amount with the total employment earnings in box 14.

Code 66 – Eligible retiring allowances

Enter the amount of retiring allowances (also called severance pay) that was paid in the year and is eligible for transfer to an RPP or RRSP, even if not transferred. Do not include this amount in box 14. For more information on retiring allowances, see page 27.

Code 67 – Non-eligible retiring allowances

Enter the amount of retiring allowances (also called severance pay) not eligible for transfer to an RPP or RRSP.

Do not include this amount in box 14. For more information on retiring allowances, see page 27.

Code 68 – Indian (exempt income) – Eligible retiring allowances

Enter the amount of retiring allowances (also called severance pay) that was paid to an Indian in the year and is eligible for transfer to an RPP or RRSP, even if not transferred. Do not include this amount in box 14. For more information on retiring allowances, see page 27. For more information on how to report income paid to an Indian, see page 24.

Code 69 – Indian (exempt income) – Non-eligible retiring allowances

Enter the amount of retiring allowances (also called severance pay) that was paid to an Indian in the year and is **not** eligible for transfer to an RPP or RRSP. Do not include this amount in box 14. For more information on retiring allowances, see page 27. For more information on how to report income paid to an Indian, see page 24.

Code 70 – Municipal officer’s expense allowance

If you are a municipal corporation or board and you pay an expense allowance to an elected officer to perform the duties of that office, enter the non-taxable portion under code 70.

Code 71 – Indian (exempt income) – Employment

If you are an employer paying tax-exempt salary or wages to an Indian, see page 24.

Code 72 – Section 122.3 income – Employment outside Canada

If your employee is employed outside Canada and is entitled to an overseas employment tax credit under section 122.3 of the *Income Tax Act*, enter the qualifying amount under code 72. See page 22.

Code 73 – Number of days outside Canada

If your employee is entitled to an overseas employment tax credit, enter the number of qualifying days outside Canada under code 73. See page 22.

Code 74 – Past service contributions for 1989 or earlier years while a contributor

If an employee made past service contributions to a registered pension plan (RPP) for employment in 1989 or earlier years while a contributor to an RPP, see “Box 20 – RPP contributions” on page 11.

Code 75 – Past service contributions for 1989 or earlier years while not a contributor

If an employee made past service contributions to a registered pension plan (RPP) for employment in 1989 or earlier years while not a contributor to an RPP, see “Box 20 – RPP contributions” on page 11.

Code 77 – Workers’ compensation benefits repaid to the employer

Enter the amount of workers’ compensation benefits repaid to the employer that was previously included in the

employee’s salary. This allows employees to claim a corresponding deduction as other employment expenses on their income tax and benefit returns. For more information, see “Workers’ compensation claims” in Chapter 6 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

Code 78 – Fishers – Gross income

See page 23.

Code 79 – Fishers – Net partnership amount

See page 24.

Code 80 – Fishers – Shareperson amount

See page 24.

Code 81 – Placement or employment agency workers – Gross income

See page 26.

Code 82 – Taxi drivers and drivers of other passenger-carrying vehicles – Gross income

See page 22.

Code 83 – Barbers or hairdressers – Gross income

See page 22.

Code 84 – Public transit pass

Individuals can claim the cost of monthly or longer duration public transit passes. Public transit includes transit by local bus, streetcar, subway, commuter train or bus, and local ferry. Eligible transit passes must allow for unlimited use for the period they are valid and must be for transit in Canada.

The public transit pass includes costs for:

- weekly passes if you purchase enough of these passes so that you are entitled to unlimited travel for at least 20 days in any 28-day period. Each pass must give the holder the right to unlimited public transit use within an uninterrupted period for at least 5 days; and
- the use of an electronic payment card if the card is:
 - used for at least 32 one-way trips during an uninterrupted period not exceeding 31 days; and
 - issued by a public transit authority that records and provides a receipt for the cost and usage of the card.

Enter the total of amounts paid by the employee (for example, through payroll deductions) to purchase public transit passes. Also include amounts that you paid on behalf of the employee that are reported as a taxable benefit (code 40). The taxable benefit portion must also be included in Box 14 – Employment income.

Code 85 – Employee-paid premiums for private health services plans

An employee can claim premiums he or she paid to a private health services plan (PHSP) as a qualifying medical expense (including the applicable GST/HST or PST). The use of code 85 is optional; however, if you do not use this code, we may ask the employee to provide supporting documents. For more information, see archived

Interpretation Bulletin IT-339, *Meaning of private health services plan (1988 and subsequent taxation years)*, and go to www.cra-arc.gc.ca/whtsnw/tms/phsp-rpam-eng.html for the CRA's new position on what qualifies as a PHSP.

Code 86 – Security options election

Enter the total amount of the security option cash-outs that you have elected not to claim as an expense. This amount is already included in box 14.

Code 87 – Emergency services volunteer exempt amount

Enter the exempt amount (up to \$1,000) paid by a government, a municipality, or a public authority to an individual who performed firefighter or search and rescue duties as a volunteer. If you employed the individual other than as a volunteer for the same or similar duties, the whole amount is taxable. Include the **whole** amount in box 14 and do not use code 87.

Code 88 – Indian (exempt income) – self-employment

Enter the amount of tax-exempt self-employment income paid to an Indian who is a fisher, barber or hairdresser, or taxi driver or driver of other passenger carrying vehicles. For more information, see page 26.

Filing T4 slips

For a description of the filing methods available, see "Chapter 4 – T4 information return" starting on page 19.

Chapter 3 – T4 Summary

If you are filing your return electronically, **do not** send us a paper copy of the slips or summary. For information about filing electronically, see "Electronic filing methods," starting on page 19, or go to www.cra.gc.ca/iref.

If you are filing on paper, use the T4 Summary, *Summary of Remuneration Paid*, to report the totals of the amounts reported on the related T4 slips. Send the original summary and the related slips to the Ottawa Technology Centre. You can find the address at the back of this guide.

Filling out the T4 Summary

Report amounts in Canadian dollars and cents, even if they were paid in another currency. To get the average exchange rates, go to www.cra.gc.ca/exchangerates.

Fill out a separate T4 Summary for each of your payroll program accounts. **The totals you report on your T4 Summary have to agree with the totals you report on your T4 slips.** Errors or omissions can cause unnecessary processing delays.

If you have not reported any amounts on the T4 slip or Summary, there is no need to send us a form.

Detailed instructions

In the area at the top of the T4 Summary, enter the 15-character payroll program account number in the "Employer's account number" box. It is the number that

you use to send us your employees' deductions. Enter your operating or trade name as well as your address below the payroll program account number.

You cannot change your address using the T4 Summary. To do this, contact your tax centre at the address listed at the end of this guide.

Note

You can also change the address of your business online in My Business Account at www.cra.gc.ca/mybusinessaccount. An authorized representative can use this service through Represent a Client at www.cra.gc.ca/representatives.

Year

Enter the last two digits of the calendar year for which you are filing the return.

Line 14 – Employment income

Enter the total of box 14 from all T4 slips.

Line 16 – Employees' CPP contributions

Enter the total of box 16 from all T4 slips.

Line 18 – Employees' EI premiums

Enter the total of box 18 from all T4 slips.

Line 19 – Employer's EI premiums

Enter your share of EI premiums (multiply the employees' total premiums by the employer's premium rate).

Line 20 – Registered pension plan (RPP) contributions

Enter the total of box 20 from all T4 slips.

Line 22 – Income tax deducted

Enter the total of box 22 from all T4 slips.

Line 27 – Employer's CPP contributions

Enter your share of CPP contributions.

Line 52 – Pension adjustment

Enter the total of box 52 from all T4 slips.

Lines 74 and 75 – Canadian-controlled private corporations or unincorporated employers

Enter the social insurance numbers of any proprietors or principal owners.

Lines 76 and 78 – Person to contact about this return

Enter the name and telephone number of a person that we can call to get or clarify information on the T4 Summary.

Line 80 – Total deductions reported

Add the amounts reported on lines 16, 27, 18, 19, and 22 of the T4 Summary. Enter the total on line 80.

Line 82 – Minus: remittances

Enter the amount you remitted for the year under your payroll program account number.

Note

A remittance that was due in January of the current year (for deductions made in December of the previous year) is considered late when paid with the previous year's information return (T4, T4A) and this return is filed after the remittance due date.

Difference

Subtract line 82 from line 80. Enter the difference in the space provided. If there is no difference between the total deductions you reported and the amount you remitted for the year, leave lines 84 and 86 blank. Generally, we do not charge or refund a difference of \$2 or less.

Line 84 – Overpayment

If the amount on line 82 is more than the amount on line 80 (and you do not have to file another type of return for this account number), enter the difference on line 84. Attach a note indicating the reason for the overpayment and whether you want us to transfer this amount to another account or another year, or refund the overpayment to you.

Line 86 – Balance due

If the amount on line 80 is more than the amount on line 82, enter the difference on line 86.

Line 88 – Total number of T4 slips filed

Enter the total number of T4 slips that you are including with the T4 Summary.

Chapter 4 – T4 information return

In all instances, you have to file your T4 information return on or before the **last day of February following the calendar year that the information return applies to**. If the due date falls on a Saturday, or a Sunday, your return is due the **next business day**.

We consider your return to be filed on time if we receive it or it is postmarked on or before the due date. If you fail to file it on time, we may assess a penalty. See "Penalties and interest" on page 5.

If you have more than one payroll program account, you will have to file a separate information return for each account.

If you have overpaid, include a letter explaining the reason for the overpayment and how you want us to apply it. If you owe an amount, send the account information and tax year with your payment.

Service bureaus filing returns

If a service bureau is filing an information return for you, you are still responsible for the accuracy of the information, for any balance owing, and for filing on time.

Branch offices filing returns

If the branch office of a company has sent in CPP contributions, EI premiums, and income tax deductions under a separate account that only that branch

uses, file the T4 information return of that branch as a separate return.

Electronic filing methods

Internet filing will be available starting January 11, 2016.

You **must** file information returns by Internet **if you file more than 50 information returns (slips)** for a calendar year.

For more information, go to www.cra.gc.ca/iref.

Filing by Web Forms

Our Web Forms application is free and secure. To use it, all you need is access to the Internet. With Web Forms you can file an information return easily, following the step-by-step instructions.

Web Forms lets you:

- file **up to 100 slips** (original, additional, amended, or cancelled) from our website;
- calculate all of the totals for the summary;
- create an electronic information return containing slips and a summary, which can be saved and imported at a later date;
- print all your slips and your summary; and
- validate data in real time.

After you submit your information return, you will receive a confirmation number that will be your proof that we received it.

To use the Web Forms application, you must have a business number and its associated web access code. If you do not have a web access code, you can easily get one online or by calling us. For more information, see "Web access code" on page 20.

To start using this application or to get more information about Web Forms, go to www.cra.gc.ca/webforms.

Filing by Internet file transfer (XML)

Internet file transfer allows you to transmit an original or amended return with a maximum file size of **150 MB**. All you need is a web browser to connect to the Internet, and your software will create, print, and save your electronic information return in XML format.

If you use commercial or in-house developed payroll software to manage your business, you can file up to 150 MB by Internet file transfer. Multiple returns can be filed in one submission, as long as the total submission does not exceed the 150 MB restriction.

Note

If your return is more than 150 MB, you can either compress your return or you can divide it so that each submission is no more than 150 MB.

For more information about this filing method, contact your software provider or go to www.cra.gc.ca/iref.

Web access code

To file your return over the Internet using either the Internet file transfer or Web Forms services, you will need a business number and its associated web access code (WAC), unless you are filing through My Business Account or Represent a Client. For information about My Business Account or Represent a Client, see “Online services” on page 31. The CRA is no longer mailing web access code letters; as a result, you can use the WAC that was issued for the 2012 tax year to file future information returns. If you have misplaced or do not have a WAC, you can obtain one at www.cra.gc.ca/iref by selecting “Need a Web access code?”. If you cannot obtain your WAC online or would like to change it, you can call the *e-Services* Helpdesk at 1-877-322-7849.

Filing without a web access code

You can also file your T4 information return **without a web access code** by using the “File a return” service under the “Payroll” section at:

- www.cra.gc.ca/mybusinessaccount, if you are the business owner; or
- www.cra.gc.ca/representatives, if you are an authorized representative or employee.

Log in to My Business Account using your CRA user ID and password or the same sign-in information you use for other online services (for example, online banking). To register, go to www.cra.gc.ca/mybusinessaccount. You will need to enter information from either your current or previous year’s personal income tax and benefit return. You should receive your CRA security code within 5 to 10 days. We will mail it to the address we have on file for you. The separate mailing of the security code is a measure used to protect you from identity theft and to ensure the security of your personal information. Be sure to have your business number on hand when registering.

Filing on paper

If you file 1 to 50 slips, we strongly encourage you to file over the Internet using Internet file transfer or Web Forms. We explain these options on page 19, under “Electronic filing methods.” However, you can still file up to 50 slips on paper.

If you need more paper copies, you can order a maximum of 50 single-page slips at www.cra.gc.ca/forms or by calling 1-800-959-5525. There are two slips per page intended for printers, for typing, or to be filled out by hand.

If you choose to file your return on paper, mail it to the Ottawa Technology Centre. You can find the address at the back of this guide.

Fill out **one copy** of the T4 slip for each employee and send them with your T4 Summary. Enter the information for two different employees on one sheet. You must keep a copy of the T4 slips and the T4 Summary for your files.

How to distribute your T4 slips

You must give employees their T4 slips on or before the **last day of February following the calendar year to which the**

slips apply. If you do not, you may be assessed a penalty. The penalty for failing to distribute T4 slips to recipients is \$25 per day for each such failure with a minimum penalty of \$100 and a maximum of \$2,500.

Give each of your employees their T4 slip in one of the following ways:

- one copy sent electronically (for example, by email or secure employee portal) if you have the employee’s consent, in writing or in electronic format, to send T4 slips electronically;
- two copies, delivered in person; or
- two copies, sent by mail to the employee’s last known address.

Notes

If T4 slip copies are returned as not deliverable, you may want to keep the copies with the employee’s file.

If you know that the address you have on file for an employee is not correct, do not send the employee’s T4 slip copies to that address. Document why the copies were not sent and your efforts to get the correct address. Keep this information with the T4 slip copies in the employee’s file. You still have to include that T4 slip information in your T4 information return when you file it.

We suggest that you print the two T4 slips that you have to give to each employee on one sheet. For security purposes, **do not** print your payroll program account number (box 54) on these copies.

For more information on how to fill out the T4 slip and the T4 Summary, see “Filling out T4 slips” on page 8 and “Filling out the T4 Summary” on page 18.

Chapter 5 – After you file

When we receive your information return, we check it to see if you have prepared it correctly. After an initial review, we enter your return into our processing system, which captures the information and performs various validity and balancing checks. If there are any problems, we may contact you.

We also verify the calculations you made on the T4 slips to make sure that the pensionable and insurable earnings you reported agree with the CPP and EI deductions you remitted. For more information, see Chapter 4 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

If you receive a pensionable and insurable earnings review (PIER) report, do not send us amended slips. Instead, respond to the PIER advising of the changes required for the employees on the listing. For more information, see Chapter 4 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

After filing your information return, you may notice that you made an error on a T4 slip. If so, you will have to prepare an amended slip to correct the information.

Note

You do not have to file an amended T4 slip if the only change is to the employee's address.

Amending or cancelling slips over the Internet

To amend a slip over the Internet, change only the information that is incorrect and retain all of the remaining information that was originally submitted. Use summary report type code "A" and slip report type code "A."

To cancel a slip, do not change any information that was contained on the original slip. Use summary report type code "A" and slip report type code "C."

For more information about amending or cancelling information returns using the Internet, go to www.cra.gc.ca/iref.

If you amend or cancel slips using the Internet, we may contact you to find out why.

Amending or cancelling slips on paper

If you choose to file your amended return on paper, clearly identify the slips as amended or cancelled slips by writing "AMENDED" or "CANCELLED" at the top of each slip. Make sure you fill out all the necessary boxes, including the information that was correct on the original slip. Send two copies of the amended slips to the employee. Send one copy of the amended slips to any tax centre with a letter explaining the reason for the amendment. The addresses of our tax centres are listed at the end of this guide.

Do not file an amended T4 Summary.

Adding slips

After you file your information return, you may discover that you need to send us additional slips. If you have original slips that were not filed with your return, file them separately either electronically or on paper.

To file additional slips electronically, see "Electronic filing methods" on page 19.

When submitting additional slips on paper, clearly identify the new slips by writing "ADDITIONAL" at the top of each slip. Send one copy of the additional slips to any tax centre with a letter explaining the reason for the addition. The addresses of our tax centres are listed at the end of this guide.

Do not file an amended T4 Summary.

Note

Any additional T4 slips which are filed after the due date may result in a penalty. For more information, go to "Late filing and failing to file the T4 information return" on page 5.

Replacing slips

If you issue T4 slips to replace copies that are lost or destroyed, do not send us a copy. Clearly identify them as "DUPLICATE" copies, and keep them with your records.

Pension adjustment (PA)

You have to recalculate a pension adjustment (PA) in a registered pension plan when all of the following conditions are met:

- an employee returns from a leave of absence or a period of reduced service;
- the service was not previously pensionable service; and
- by April 30 of the following year:
 - benefits are retroactively provided under a defined benefit provision for the period concerned **and** the employee makes the commitment to purchase the benefits; or
 - retroactive contributions are made by the employee or the employer to a money purchase provision.

Note

If the commitment to purchase benefits is made after April 30, a past service pension adjustment will be calculated.

If a recalculated PA applies, you have to report an amended PA for each year after 1989 that is affected by the leave.

You **do not** have to report an amended PA when the difference between the previously reported PA and the amended PA is **less than \$50**. However, you **do have** to report one if an employee asks you to accurately report the PA, or if we ask you to report the amended PA.

For the years in which you did not previously report a PA for the employee, you have to file an amended T4 slip showing the correct PA. If you previously reported a PA for the employee in a particular year, you have to show the **total** PA that applies for that year on an amended T4 slip.

For information on recalculating a PA, see Guide T4084, *Pension Adjustment Guide*. For information on calculating and reporting a past service pension adjustment (PSPA), see Guide T4104, *Past Service Pension Adjustment Guide*.

Data used by other programs

Other federal government departments use T4 information. For example, Employment and Social Development Canada (ESDC) uses the information on the T4 slip to update a person's **record of earnings** file.

The information on CPP contributions that we send to ESDC determines the CPP benefits that a person will receive.

Chapter 6 – Special situations

Barbers and hairdressers, and taxi drivers and drivers of other passenger-carrying vehicles

Workers who are your employees

If you **employ** these types of workers, you have to deduct CPP/QPP contributions, EI premiums, PPIP premiums, and income tax from their pay and prepare a T4 slip for them, as you would for regular employees. For information about the payroll deductions, see “Chapter 7 – Special situations” in Guide T4001. For information about preparing a T4 slip, see “Chapter 2 – T4 slips” on page 8.

Tax-exempt salary or wages you paid to your Indian employee are treated differently. For information about the payroll deductions, see “Chapter 7 – Special situations” in Guide T4001. For information about preparing a T4 slip, see “Indians – Employment” on page 24.

Workers who are self-employed

Even if these types of workers are **self-employed**, special rules apply to the payroll deductions you have to withhold. For more information, see “Chapter 7 – Special situations” in Guide T4001.

You still have to prepare a T4 slip for these workers for EI and PPIP purposes as explained below. For information on how to report the tax-exempt earnings of an Indian who is **not** your employee, see “Indians – Self-employment” on page 26.

For all other self-employed workers, fill in the following fields on their T4 slip:

Employer’s name

Enter your operating or trade name.

Employee’s name and address

Enter the worker’s name and address, including the province or territory and postal code.

Box 10 – Province of employment

Enter the provincial or territorial abbreviation (see page 9).

Box 12 – Social insurance number

Enter the SIN, as provided by the worker.

Box 14 – Employment income

Leave this box blank. See “Other information” below.

Box 18 – Employee’s EI premiums

Enter the EI premiums remitted on behalf of the worker (worker’s share only).

Box 24 – EI insurable earnings

Enter the amount of the worker’s insurable earnings on which you calculated the EI premiums, up to a maximum of \$49,500 for 2015. Enter “0” if there are no insurable earnings.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

Enter an “X” or a check mark under CPP/QPP.

Box 29 – Employment code

Enter the appropriate code for the occupation of the worker. Enter **code 13** for **barbers and hairdressers** or **code 12** for **taxi drivers and drivers of other passenger-carrying vehicles**.

Box 55 – Employee’s PPIP premiums

Enter the PPIP premiums remitted on behalf of the worker (worker’s share only) while he or she worked in Quebec.

Box 56 – PPIP insurable earnings

For workers working in Quebec, enter the **total** amount used to calculate the worker’s PPIP premiums, up to a maximum of \$70,000 for 2015.

Other information

Enter the amount of gross earnings of the worker, using **code 83** for **barbers and hairdressers** and **code 82** for **taxi drivers and drivers of other passenger-carrying vehicles**.

If you do not know the actual gross earnings, you still have to report gross income and an amount of insurable earnings, which you can calculate using the method explained in Chapter 7 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

Employees with power saws or tree trimmers

If you are an employer in the forestry business, you may have employees who, according to their contracts, have to use their own power saws or tree trimmers at their own expense.

In box 14, “Employment income,” include rental payments you made to employees for the use of their own power saws or tree trimmers. You should not reduce the amount in box 14 by the cost or value of saws, trimmers, parts, gasoline, or any other materials the employee supplies.

Employees outside Canada

In situations where you pay CPP on behalf of your employee who is working outside Canada, for all or part of the year, you have to prepare a T4 slip. See “Box 29 – Employment code,” on page 14, and “Box 10 – Province of employment,” on page 9, for specific T4 reporting instructions.

Note

When CPP is paid by the employer on behalf of **detached employees** under employment code 16, leave box 14 blank if no other type of income is reported. Fill in boxes 16 and 26 with the appropriate amounts and leave boxes 18 and 24 blank.

Overseas employment tax credit

If you employ a resident of Canada to work outside Canada for more than six consecutive months, the employee may be entitled to an overseas employment tax credit. The six consecutive months of employment can start in the current

year or in a previous year. The employment duties performed outside Canada must either be to get a contract for the employer or relate to a contract under which the employer carried on a business outside Canada. For more information, see archived Interpretation Bulletin IT-497, *Overseas Employment Tax Credit*, and Chapter 7 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Note

The overseas employment tax credit (OETC) will be phased out between 2013 and 2016. The OETC will be eliminated for 2016 and subsequent years.

How to fill out the T4 slip

Box 14 – Employment income

Report the total amount of remuneration you paid that relates to any employment outside Canada. Do this even if an employee has received a letter of authorization from a tax services office or tax centre that allows you to reduce the amount of income tax you deduct from the employee's income.

On the slip, show the income that qualifies for the reduction and the number of days the employee worked outside Canada.

In the "Other information" area, enter in one of the boxes **code 72** and the income qualifying under section 122.3 of the *Income Tax Act*. Also enter in one of the boxes **code 73** and the number of days the employee worked outside Canada. The number of days should be a three-digit number that you enter at the beginning of the box "Amount."

Example

Box – Case	Amount – Montant
73	089

Fishing income

Fishing income is reported on the T4 slip.

Fishing income (for example, proceeds of the catch paid to a self-employed fisher) and employment income (for example, plant income) can be reported on the same T4 slip or on separate T4 slips.

The instructions that follow are for fishing income paid to a self-employed fisher. For instructions on reporting employment income that you paid to an employee, see the detailed instructions that start on page 9. For instructions on reporting tax-exempt fishing income that you paid to a self-employed Indian, see page 26.

Notes

Do not use code 78, 79, or 80 to report employment income. Use box 14. See "Box 14 – Employment income" on page 10.

Reporting paid or payable self-employed fisher income depends on whether you are using the cash method or accrual method of accounting. For an explanation of

these methods, see Chapter 1 of Guide T4004, *Fishing Income*.

For more information on how to calculate the insurable earnings of a fisher if you are a designated employer, see Guide T4005, *Fishers and Employment Insurance*. For more information about calculating the fishing income for a sole proprietor, see Guide T4004.

Employer's name

Enter your operating or trade name.

Employee's name and address

Enter the fisher's name and address, including the province or territory and postal code.

Box 10 – Province of employment

Enter the provincial or territorial abbreviation (see page 9).

Box 12 – Social insurance number

Enter the SIN, as provided by the fisher.

Box 14 – Employment income

Leave blank. Fishing income is reported using codes 78, 79, and 80. See the "Other information" section on this page.

Box 18 – Employee's EI premiums

Enter the EI premiums you remitted on behalf of the self-employed fisher on his or her gross income.

Box 24 – EI insurable earnings

Enter the amount of the fisher's insurable earnings on which you calculated the EI premiums, up to a maximum of \$49,500 for 2015. Enter "0" if there are no insurable earnings.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

Enter an "X" or a check mark under CPP/QPP (fisher earnings are not pensionable).

Box 29 – Employment code

Enter code 17.

Box 55 – Employee's PPIP premiums

Enter the PPIP premiums you deducted from gross income of fishers working in Quebec.

Box 56 – PPIP insurable earnings

For fishers working in Quebec, enter the **total** amount used to calculate the fisher's PPIP premiums, up to a maximum of \$70,000 for 2015.

Other information

Code 78 – Fishers – Gross income

Enter the amount paid or payable to the fisher from the proceeds of a catch. **Do not** include this amount in box 14.

In addition, report either the net partnership or owner amount using code 79 **or** the shareperson amount using code 80.

Note

This income does not include amounts paid for a catch or part of a catch made by other persons who were not members of the crew. For more information, see “Calculating the insurable earnings of a fisher” in Guide T4005, *Fishers and Employment Insurance*.

Code 79 – Fishers – Net partnership amount

Enter the amount that is the product of the gross income (or gross value of the catch) reported under code 78, minus the 25% prescribed amount and the total amount paid to the sharepersons reported under code 80, multiplied by your partnership agreement allocation. See Example 5 in Guide T4005. Include this amount in box 24 (and in box 56 for fishers in Quebec). **Do not** include this amount in box 14.

Code 80 – Fishers – Shareperson amount

Enter the amount paid or payable to the fisher from the proceeds of a catch based on the sharing arrangement agreed to before embarking on the fishing trip. Include this amount in box 24 (in box 56 for fishers in Quebec) and with code 78. **Do not** include this amount in box 14.

Indians – Employment

We recognize that many First Nations people in Canada prefer not to describe themselves as Indians. However, we use the term Indian because it has a legal meaning in the *Indian Act*.

The salary or wages, benefits or allowances you paid to an Indian may be taxable, tax-exempt, or partly tax-exempt. Use Form TD1-IN, *Determination of Exemption of an Indian’s Employment Income*, to determine the type of exemption that applies to an Indian’s employment income. For more information, you can also refer to Chapter 7 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

Taxable employment income

If you are an employer paying taxable salary or wages, benefits or allowances to an Indian employee, you have to deduct CPP/QPP contributions, EI premiums, and income tax, as well as PPIP premiums (for employees working in Quebec). Fill in all boxes of the T4 slips in the usual way.

Note

If you paid a retiring allowance to an Indian, see “Retiring allowances” on page 27, and “Code 68 – Indian (exempt income) – Eligible retiring allowances” and “Code 69 – Indian (exempt income) – Non-eligible retiring allowances” on page 17, for more detailed information.

Tax-exempt employment income

If you are an employer paying tax-exempt salary or wages, benefits, or allowances to an Indian employee, you do not have to deduct CPP/QPP contributions; however, you have to deduct EI premiums and PPIP premiums (for employees working in Quebec). For more information, see Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

How to fill out the T4 slip

Prepare the T4 slip in the following way when you pay a tax-exempt salary or wages to your Indian employee.

Employer’s name

Enter your operating or trade name.

Employee’s name and address

Enter the employee’s name and address, including the province or territory and postal code.

Box 10 – Province of employment

Enter the provincial or territorial abbreviation (see page 9).

Box 12 – Social insurance number

Enter the SIN, as provided by the employee.

Box 14 – Employment income

Leave this box blank. Instead, in the “Other information” area, enter code 71 and the amount of the exempt salary or wages paid to your Indian employee in the year.

Boxes 16 and 17 – Employee’s CPP/QPP contributions

The employment of an Indian whose income is exempt from tax is excluded from pensionable earnings; however, you can elect to provide your Indian employees with optional CPP coverage by filling out and filing Form CPT124, *Application for Coverage of Employment of an Indian in Canada Under the Canada Pension Plan Whose Income is Exempt Under the Income Tax Act*.

If you **did not** elect to provide CPP/QPP coverage to all your Indian employees on their tax-exempt employment income, leave this box blank.

If you **did** elect to provide CPP/QPP coverage, enter the CPP/QPP contributions you deducted from the employee’s earnings.

For more information, see Guide T4001. For optional QPP coverage, fill out and file Form RR-2-V, *Election to Participate in the Québec Pension Plan: Indian Employees Whose Employment is Exempted by Reason of a Tax Exemption*. For more information, see Guide TP-1015.G-V, *Guide for Employers: Source Deductions and Contributions*, which you can get from Revenu Québec at www.revenuquebec.ca/en/default.aspx.

Box 18 – Employee’s EI premiums

Tax-exempt salary or wages paid to your Indian employee are insurable earnings and you must deduct EI premiums. Enter the EI premiums you deducted.

Box 20 – RPP contributions

Leave this box blank. Registered pension plan (RPP) contributions made with respect to tax-exempt employment income are not deductible by your employee.

Box 24 – EI insurable earnings

Enter the amount of insurable earnings on which you calculated the EI premiums, up to a maximum of \$49,500 for 2015. Enter “0” if there are no insurable earnings.

Box 26 – CPP/QPP pensionable earnings

If you **did not** elect to provide CPP or QPP coverage to all your Indian employees on their tax-exempt employment income, enter “0.”

If you **did** elect to provide CPP/QPP coverage, enter the amount of pensionable earnings on which you calculated the CPP/QPP contributions, up to a maximum of \$53,600 for 2015.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

Leave this box blank if you entered an amount greater than “0” in box 16, 17, or 26. Enter an “X” or a check mark under CPP/QPP only if the earnings were exempt for the **entire** period of employment.

Box 44 – Union dues

Leave this box blank. Union dues paid in respect of tax-exempt employment income are not deductible by your Indian employee.

Box 52 – Pension adjustment

Tax-exempt salary is included when determining the pension adjustment amount. See page 14 for details.

Box 55 – Employee’s PPIP premiums

Tax-exempt salary or wages paid to an Indian in Quebec are insurable earnings and you must deduct PPIP premiums. Enter the PPIP premiums you deducted from employees working in Quebec.

Box 56 – PPIP insurable earnings

For employees working in Quebec, enter the **total** amount used to calculate the employee’s PPIP premiums, up to a maximum of \$70,000 for 2015.

Partly tax-exempt employment income**How to fill out the T4 slip**

Prepare the T4 slip in the following way when you pay a partly tax-exempt salary or wages to your Indian employee.

Employer’s name

Enter your operating or trade name.

Employee’s name and address

Enter the employee’s name and address, including the province or territory and postal code.

Box 10 – Province of employment

Enter the provincial or territorial abbreviation (see page 9).

Box 12 – Social insurance number

Enter the SIN, as provided by the employee.

Box 14 – Employment income

Enter the taxable salary or wages paid to the Indian employee in box 14. In the “Other information” area, enter code 71 and the amount of the tax-exempt salary or wages paid in the year.

Boxes 16 and 17 – Employee’s CPP/QPP contributions

If you **did not** elect to provide CPP/QPP coverage to all your Indian employees on their tax-exempt employment income, enter the CPP/QPP contributions you deducted from your employee’s taxable earnings.

If you **did** elect to provide CPP/QPP coverage, enter the CPP/QPP contributions you deducted from your employee’s earnings.

Box 18 – Employee’s EI premiums

Taxable and tax-exempt salary or wages paid to your Indian employee are insurable earnings and you must deduct EI premiums. Enter the EI premiums you deducted.

Box 20 – RPP contributions

Registered pension plan (RPP) contributions that have been made for tax-exempt income are not deductible. Do not enter those contributions in box 20. If the employment income that relates to an RPP contribution consists of both taxable and tax-exempt income, you have to prorate the RPP contribution.

You do not have to prorate the amount of pension adjustment (PA). Report the total amount in box 52, “Pension adjustment,” of the T4 slip.

Box 24 – EI insurable earnings

Enter the amount of insurable earnings on which you calculated the EI premiums, up to a maximum of \$49,500 for 2015. Enter “0” if there are no insurable earnings.

Box 26 – CPP/QPP pensionable earnings

Enter the amount of pensionable earnings on which you calculated the CPP/QPP contributions, up to a maximum of \$53,600 for 2015. Enter “0” if there are no pensionable earnings.

Box 44 – Union dues

Annual union, professional, or like dues related to tax-exempt income are not deductible. Do not enter these dues in box 44. If the employment income that relates to union dues consists of both taxable and tax-exempt income, you have to prorate the union dues.

Box 52 – Pension adjustment

Taxable and tax-exempt salary is included when determining the pension adjustment amount. See page 14 for details.

Box 55 – Employee’s PPIP premiums

Taxable and tax-exempt salary or wages paid to an Indian in Quebec are insurable earnings and you must deduct PPIP premiums. Enter the PPIP premiums you deducted from employees working in Quebec.

Box 56 – PPIP insurable earnings

For employees working in Quebec, enter the **total** amount used to calculate the employee’s PPIP premiums, up to a maximum of \$70,000 for 2015.

Indians – Self-employment

We recognize that many First Nations people in Canada prefer not to describe themselves as Indians. However, we use the term Indian because it has a legal meaning in the *Indian Act*.

If you pay taxable income to a self-employed Indian who works as a fisher, barber or hairdresser, taxi driver or driver of other passenger-carrying vehicles, you may have to deduct EI premiums (and PPIP premiums for workers in Quebec) and report the amounts on a T4 slip following the instructions below. Payments you made to an Indian who is **not** your employee may be taxable, tax-exempt, or partly tax-exempt.

Taxable self-employment income

If you pay taxable income to a self-employed Indian who works as a fisher, barber or hairdresser, taxi driver or driver of other passenger-carrying vehicles, you have to pay EI premiums (and PPIP premiums for workers in Quebec). For more information on fishers, see Guide T4005, *Fishers and Employment Insurance*.

How to fill out the T4 slip

If the Indian's income was earned while working as a barber and hairdresser, taxi driver or driver of other passenger carrying vehicle, follow the instructions under the same related title starting on page 22. If the Indian received self-employed fishing income, follow the instructions under "Fishing income" on page 23.

Tax-exempt self-employment income

If you pay tax-exempt income to a self-employed Indian worker who is a fisher, barber or hairdresser, a taxi driver or driver of other passenger-carrying vehicles, you do not have to deduct CPP/QPP contributions; however, you have to pay EI premiums (and PPIP premiums for fishers/workers in Quebec). For more information on fishers, see Guide T4005.

Employer's name

Enter your operating or trade name.

Employee's name and address

Enter the fisher or worker's name and address, including the province or territory and postal code.

Box 10 – Province of employment

Enter the provincial or territorial abbreviation (see page 9).

Box 12 – Social insurance number

Enter the SIN, as provided by the fisher or worker.

Box 14 – Employment income

Leave blank. In the "Other information" area, enter code 88 and the amount of the tax-exempt earnings paid to the self-employed fisher or worker in the year. See the "Other information – code 88" section on this page.

Box 18 – Employee's EI premiums

Enter the EI premiums you remitted on behalf of the self-employed fisher or worker's gross earnings.

Box 24 – EI insurable earnings

Enter the amount of the fisher or worker's insurable earnings on which you calculated the EI premiums, up to a maximum of \$49,500 for 2015. Enter "0" if there are no insurable earnings.

Box 29 – Employment code

Enter the appropriate code for the occupation of the worker. Enter **code 13** for a **barber** or **hairdresser**, **code 12** for a **taxi driver** or **driver of another passenger-carrying vehicle** or **code 17** for a **fisher**.

Box 55 – Employee's PPIP premiums

Enter the PPIP premiums you deducted from the self-employed fisher or worker's gross income earned in Quebec.

Box 56 – PPIP insurable earnings

For self-employed income earned in Quebec, enter the total amount used to calculate the fisher or worker's PPIP premiums, up to a maximum of \$70,000 for 2015.

Other information – code 88

Enter the amount of the fisher or worker's tax-exempt gross earnings using code 88, Indian (exempt income) – Self-employment. Do not include this amount in box 14.

Partly tax-exempt self-employment income

If part of the income that you pay to a self-employed Indian fisher or worker is tax-exempt you will have to fill out the T4 slip using the instructions under "Taxable self-employment income" and "Tax-exempt self-employment income."

Placement or employment agency workers

These guidelines apply to employees/workers engaged by placement or employment agencies, in the following four situations:

a) Agency that hires the employee

An agency that hires an employee (even if he or she is located at a client's premises) has to deduct CPP/QPP contributions, EI premiums, income tax, and PPIP premiums (for employees working in Quebec) from amounts paid to these employees. The agency also has to report these amounts on a T4 slip for the employee.

b) Agency that pays the worker

If an agency places a worker in employment under the direction and control of a client of the agency and the agency pays the worker, the agency is not required to deduct income tax, but is required to deduct CPP/QPP contributions, EI premiums, and PPIP premiums (for workers in Quebec), from amounts paid to these workers. The agency also has to report these amounts on a T4 slip for the worker.

c) Agency whose client pays the worker

If an agency places a worker in employment under the direction and control of a client of the agency and the client of the agency pays the worker, the client is required to deduct CPP/QPP contributions and income tax but is not required to deduct EI premiums (or PPIP premiums for employees in Quebec). The client of the agency has to report these amounts on a T4 slip.

d) Agency that hires a worker under a contract for services

An agency that hires a worker under a contract for services (that is, an independent worker) is not required to deduct CPP/QPP contributions, EI premiums, PPIP premiums, or income tax since the worker is self-employed. Because the worker is self-employed, neither the agency nor the client is required to file a T4 slip. However, you may be required to file a T4A slip. See Guide RC4157, *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary*.

How to fill out the T4 slip

In all cases, except where an agency hires a worker under a contract for services, you fill out the T4 slip as follows:

Employer's name

Enter your operating or trade name.

Employee's name and address

Enter the employee's/worker's name and address, including the province or territory and postal code.

Box 10 – Province of employment

Enter the provincial or territorial abbreviation (see page 9).

Box 12 – Social insurance number

Enter the SIN, as provided by the employee or worker.

Box 14 – Employment income

Report the gross earnings before deductions only if the agency hired the employee. If the **agency paid the worker** or the **agency's client paid the worker**, leave this box blank. See "Code 81" on this page.

Boxes 16 and 17 – Employee's CPP/QPP contributions

Enter the CPP/QPP contributions you deducted from the employee or worker's gross earnings.

Box 18 – Employee's EI premiums

Enter the EI premiums you deducted from the employee or worker's gross earnings. If the **agency's client paid the worker**, leave this box blank.

Box 22 – Income tax deducted

Enter the total income tax you deducted from the employee or worker's remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply. If the **agency paid the worker**, leave this box blank.

Box 24 – EI insurable earnings

Enter the amount of the employee or worker's insurable earnings on which you calculated the EI premiums, up to a maximum of \$49,500 for 2015. Enter "0" if there are no insurable earnings. If the **agency's client paid the worker**, enter "0."

Box 26 – CPP/QPP pensionable earnings

Enter the amount of the employee or worker's pensionable earnings on which you calculated the CPP/QPP contributions, up to a maximum of \$53,600 for 2015. Enter "0" if there are no pensionable earnings.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

Leave this box blank. If the **agency's client paid the worker**, enter an "X" or a check mark under EI.

Box 29 – Employment code

Enter employment code 11. If the **agency hired the employee**, leave this box blank.

Box 55 – Employee's PPIP premiums

Enter the PPIP premiums you deducted from the employee or worker's gross earnings while he or she worked in Quebec. If the **agency's client paid the worker**, leave this box blank.

Box 56 – PPIP insurable earnings

For employees or workers working in Quebec, enter the **total** amount used to calculate the employee or worker's PPIP premiums, up to a maximum of \$70,000 for 2015. If the **agency's client paid the worker**, leave this box blank.

Code 81

In the "Other information" area at the bottom of the T4 slip, use code 81 and enter the gross earnings of placement and employment agency workers. If the **agency hired the employee**, leave this box blank.

Retiring allowances

A retiring allowance (also called severance pay) is an amount paid to officers or employees when or after they retire from an office or employment, in recognition of long service or for the loss of office or employment.

Detailed information about what is and is not a retiring allowance, how to calculate deductions for retiring allowances, and how to determine the amount of retiring allowance that is eligible for transfer, are found in Chapter 6 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances* and in archived Interpretation Bulletin IT-337, *Retiring Allowances*.

If you paid a retiring allowance to a **non-resident** of Canada, do not report it on a T4 slip. Instead, fill out an NR4 slip, *Statement of Amounts Paid or Credited to Non-Residents of Canada*. For more information, see Guide T4061, *NR4 – Non-Resident Tax Withholding, Remitting, and Reporting*.

Transfer of a retiring allowance – T4 codes

Employees with years of service before 1996 may be able to **directly transfer** all or part of a retiring allowance to a registered pension plan (RPP) or a registered retirement savings plan (RRSP). This part is commonly referred to as the **eligible portion** or the **amount eligible for transfer**. A retiring allowance may include an **eligible** portion and a **non-eligible** portion.

The part of the retiring allowance paid in each year that is eligible for transfer should be reported on a T4 slip in the “Other information” area using **code 66** (or code 68 for an Indian). Amounts not eligible for transfer are reported in the “Other information” area using **code 67** (or code 69 for an Indian). For example, if an employee receives \$60,000 payable in instalments of \$10,000 over six years and has an eligible amount of \$40,000, the employee can choose how they want the eligible and non-eligible parts applied to the instalment payments in each year.

Note

The amounts reported as retiring allowances **should not** be reported in box 14. For more information, see “Code 66 – Eligible retiring allowances” on page 16.

Salary deferral arrangements

A salary deferral arrangement is a plan or arrangement made between an employee and an employer. Under such an arrangement, an employee postpones receiving salary and wages to a later year. Treat the deferred salary and wages as employment income in the year the employee **earns** the amount. Report it on the employee’s T4 slip for that year.

Prescribed plans or arrangements

Prescribed plans or arrangements are not covered by the above salary deferral rules. Treat the deferred amounts in these cases as income in the year the employee **receives** them. Report the income on the employee’s T4 slip for that year.

To find out how to report pension adjustments under these circumstances, see Guide T4084, *Pension Adjustment Guide*.

Salary paid while the participant is working

How to fill out the T4 slip

Prepare the T4 slip in the following way when you pay a salary to the participant **while he or she is working**.

Box 14 – Employment income

Enter the participant’s **net** salary (the salary minus the deferred amounts) while the person was working.

Boxes 16 and 17 – Employee’s CPP/QPP contributions

Enter the CPP/QPP contributions you deducted from the participant’s **net** salary (the salary minus the deferred amounts) while the person was working.

Box 18 – Employee’s EI premiums

Enter the EI premiums you deducted from the participant’s **gross** salary (including deferred amounts) while the person was working.

Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the participant’s remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply.

Box 24 – EI insurable earnings

Enter the amount of insurable earnings on which you calculated the participant’s EI premiums, up to a maximum of \$49,500 for 2015. Enter “0” if there are no insurable earnings.

Box 26 – CPP/QPP pensionable earnings

Enter the amount of the participant’s pensionable earnings on which you calculated the CPP/QPP contributions, up to a maximum of \$53,600 for 2015. Enter “0” if there are no pensionable earnings.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

Do not fill in the CPP/QPP, EI, or PPIP boxes, unless the earnings were exempt for the **entire** period of employment.

Box 55 – Employee’s PPIP premiums

Enter the PPIP premiums you deducted from the participant’s gross earnings (including deferred amounts) while the person was working in Quebec.

Box 56 – PPIP insurable earnings

For participants working in Quebec, enter the **total** amount used to calculate the participant’s PPIP premiums, up to a maximum of \$70,000 for 2015.

Deferred amounts paid to the participant during the leave period

How to fill out the T4 slip

Prepare the T4 slip in the following way when you pay the deferred amounts to the participant **during the leave period**.

Box 14 – Employment income

Enter the total deferred amounts paid to the participant during the leave period.

Boxes 16 and 17 – Employee’s CPP/QPP contributions

Enter the CPP/QPP contributions you deducted from the participant’s deferred amounts you paid during the leave period.

Box 18 – Employee’s EI premiums

Leave this box blank.

Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the participant’s remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply.

Box 24 – EI insurable earnings

Enter “0.”

Box 26 – CPP/QPP pensionable earnings

Enter the amount of the participant’s pensionable earnings on which you calculated the CPP/QPP contributions, up to

a maximum of \$53,600 for 2015. Enter “0” if there are no pensionable earnings.

Box 28 – Exempt (CPP/QPP, EI, and PPIP)

Enter an “X” or a check mark under EI. Do not fill in the CPP/QPP or PPIP boxes, unless the earnings were exempt for the **entire** period of employment.

Box 55 – Employee’s PPIP premiums

Leave this box blank.

Box 56 – PPIP insurable earnings

Leave this box blank.

Salary overpayments

If you make an overpayment of salary, wages or other remuneration to an employee, how you correct this will depend on the reason the employee was overpaid and the year in which the employee repaid the amount.

Note

If you allow your employee to repay the overpayment in instalments, you may have to calculate a taxable interest benefit. For more information, see “Loans – interest-free and low-interest” in Guide T4130, *Employers’ Guide – Taxable Benefits and Allowances*.

Employee did not perform duties

Employees might receive salaries or wages during a period when they did not perform their duties and later have to repay some or all of it because their circumstances have changed. Examples of when salaries or wages have to be repaid include:

- an employee who is on a leave of absence and receives salary and disability payments for the same period of time;
- an employee who was advanced vacation leave credits, but quit working for you before actually earning the credits; or
- an employee who was paid a signing bonus but did not work for the time agreed to in the employment contract.

Under this policy, your employee should repay you the **gross** amount of the salary overpayment. You cannot adjust the employee’s T4 slip or the payroll records to reduce the total employment income or source deductions by the amount of the repayment. Your employer’s share of CPP contributions and EI premiums is not refundable.

You should give the employee a letter confirming the tax year when the overpayment was included in the employee’s income as well as the date, the reason, and the amount of repayment you received. The employee may claim a deduction on line 229 of his or her income tax and benefit return in the year the amount was repaid.

Example

In September 2015, Peter became ill and was unable to work. You continue to pay his regular salary. In February 2016, he begins to receive payments from a wage-loss replacement plan and repays you the amount of salary he received from September 2015 to February 2016. Do not make any adjustments to his 2015 T4 slip or to his current year pay records to reflect the amount of repayment. Instead, Peter can claim a deduction for the repayment on his 2016 income tax and benefit return by providing a copy of the letter you gave him confirming the date and the amount he repaid to you and the year the amount was included in income.

Clerical or administrative errors

We will not consider an amount to be salary, wages, or an advance in the year the employee received it if the employee is overpaid because of an administration or clerical error (mistake). If you discover an administrative or clerical error that led to an overpayment and your employee either repays it or makes arrangements with you to repay it in the same or a different year, adjust the payroll records to exclude the amount as described under “When the employee should repay net salary” below and “When the employee should repay gross salary” on page 30.

However, you should include the overpayment on a T4 slip in the following situations:

- The employee says he or she will repay the amount and does not. Include the amount in employment income in the year the employee agrees to repay the amount but does not.
- The employee says he or she will not repay the amount. Include the amount in employment income in the year of the overpayment.
- You give up your right to the amount. Include the amount in employment income in the year of forgiveness.
- There was knowledge or collusion and the employee does not repay the amount. Include the amount in employment income in the year of the overpayment.

When the employee should repay net salary

If the employee repays you in the same year as the overpayment, the employee may repay you the **net** amount (gross pay less source deductions) as long as you are able to reduce your next payroll remittance to the CRA by the CPP, EI, or income tax remitted in error (including your share of CPP and EI) **before** your last remittance for the year has been made.

When the employee should repay gross salary

Your employee should repay you the **gross** amount of the salary overpayment if you did not withhold CPP, EI, or income tax deductions when the amount was paid to the employee or you are not able to reduce your next payroll remittance to the CRA for that year. Your employee should also repay you the **gross** amount if the salary paid in error and the repayment are in a different tax year. In these situations, when you prepare your employee's amended T4 slip, use the CPP contributions, EI premiums, and income tax deductions from their original T4 slip, but reduce the employment income (box 14) by the amount of their salary repayment. You may also have to amend the EI insurable earnings in box 24 and CPP/QPP pensionable earnings in box 26 to agree with the reduced employment income that you will report in box 14.

If you had to report the CPP and EI deductions withheld in error on the employee's T4 slip, you can ask for a refund of the employer's share of CPP contributions or EI premiums that you deducted in error by filling out Form PD24, *Application for a Refund of Overdeducted CPP Contributions or EI Premiums*. You can request a refund up to four years after the end of the year in which the CPP overpayment occurred, or three years in the case of an EI overpayment.

Example

In 2015, because of a calculation error, you overpaid your employee \$300. She agrees to repay this amount in 2016. You may amend the 2015 T4 slip to reduce the total employment income, as well as the CPP pensionable and EI insurable earnings, by \$300. Do not adjust the amount of CPP, EI, and income tax deducted. The employee will not be able to claim a deduction from income in the 2016 tax year for the repayment, but she can amend her 2015 income tax and benefit return. You can ask for a refund of the CPP contributions or EI premiums that you deducted in error.

Seasonal Agricultural Workers Program

If you employ foreign workers under the Seasonal Agricultural Workers Program, enter code 15 in box 29, "Employment code," of the T4 slips for your employees. For more information, see Guide RC4004, *Seasonal Agricultural Workers Program*.

Online services

Handling business taxes online

Save time using the CRA's online services for businesses. You can:

- authorize a representative, an employee, or a group of employees, who has registered with Represent a Client, for online access to your business accounts;
- request or delete authorization online through Represent a Client, if you are a representative;
- change addresses;
- file or amend information returns without a web access code;
- register for online mail, get email notifications, and view your mail online;
- authorize the withdrawal of a pre-determined amount from your bank account;
- provide a nil remittance;
- request the transfer of a misallocated credit;
- enrol for direct deposit, update banking information, and view direct deposit transactions;
- request a refund;
- view your account balance and transactions;
- register a formal dispute (Appeal);
- request a CPP/EI ruling; and
- do much more.

To register or log in to our online services, go to:

- www.cra.gc.ca/mybusinessaccount, if you are a business owner; or
- www.cra.gc.ca/representatives, if you are an authorized representative or employee.

For more information, go to www.cra.gc.ca/businessonline.

Receive your CRA mail online

You, or your representative (authorized at level 2), can choose to receive most of your CRA mail for your business online.

When you or your representative registers for online mail, we will no longer mail most correspondence items. Instead, an email notification will be sent to the email address(es) provided when there is new mail available to view online. To register, select the "Manage online mail" service and follow the easy steps.

Using our online mail service is faster and easier than managing paper correspondence.

Authorizing the withdrawal of a pre-determined amount from your bank account

Pre-authorized debit (PAD) is an online, self-service, payment option. Through this option, you agree to authorize the CRA to withdraw a pre-determined payment from your bank account to pay tax on a specific date or dates. You can set up a PAD agreement using the CRA's secure My Business Account service at www.cra.gc.ca/mybusinessaccount. PADs are flexible and managed by you. You can view historical records, modify, cancel, or skip a payment. For more information, go to www.canada.ca/payments and select the "Pre-authorized debit."

Electronic payments

Make your payment using:

- your financial institution's online or telephone banking services;
- the CRA's My Payment service at www.cra.gc.ca/mypayment; or
- pre-authorized debit at www.cra.gc.ca/mybusinessaccount.

For more information on all payment options, go to www.canada.ca/payments.

For more information

What if you need help?

If you need more information after reading this guide, go to www.cra.gc.ca/payroll or call 1-800-959-5525.

Direct deposit

Direct deposit is a faster, more convenient, reliable, and secure way to get your refund directly into your account at a financial institution in Canada.

For more information, go to www.cra.gc.ca/directdeposit.

Forms and publications

To get our forms and publications, go to www.cra.gc.ca/forms or call 1-800-959-5525.

Addresses

Ottawa Technology Centre

875 Heron Road
Ottawa ON K1A 1G9

Tax Centres

Jonquière Tax Centre
2251 René-Lévesque Boulevard
Jonquière QC G7S 5J1

Shawinigan-Sud Tax Centre
4695 12e Avenue
Shawinigan-Sud QC G9P 5H9

St. John's Tax Centre
290 Empire Avenue
St. John's NL A1B 3Z1

Sudbury Tax Centre
1050 Notre Dame Avenue
Sudbury ON P3A 5C1

Summerside Tax Centre
275 Pope Road
Summerside PE C1N 6A2

Surrey Tax Centre
9755 King George Boulevard
Surrey BC V3T 5E1

Winnipeg Tax Centre
66 Stapon Road
Winnipeg MB R3C 3M2

Electronic mailing lists

We can notify you by email when new information on a subject of interest to you is available on our website. To subscribe to our electronic mailing lists, go to www.cra.gc.ca/lists.

Teletypewriter (TTY) users

TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

Publications for employers

- Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*
- Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*
- Guide RC4157, *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary*
- Guide T4005, *Fishers and Employment Insurance*

Service complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the Canada Revenue Agency (CRA); see the *Taxpayer Bill of Rights*.

If you are not satisfied with the service you received, try to resolve the matter with the CRA employee you have been dealing with or call the telephone number provided in the CRA's correspondence. If you do not have contact information, go to www.cra.gc.ca/contact.

If you still disagree with the way your concerns were addressed, you can ask to discuss the matter with the employee's supervisor.

If you are still not satisfied, you can file a service complaint by filling out Form RC193, *Service-Related Complaint*.

If the CRA has not resolved your service-related complaint, you can submit a complaint with the Office of the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA – Service Complaints*.

Reprisal complaint

If you believe that you have experienced reprisal, fill out Form RC459, *Reprisal Complaint*.

For more information about reprisal complaints, go to www.cra.gc.ca/reprisalcomplaints.

Tax information videos

We have a number of tax information videos for small businesses on topics such as business income and expenses, GST/HST, and payroll. To watch our videos, go to www.cra.gc.ca/videogallery.