

# NEWSLETTER



**VALENTE CPAs**  
ADVISORS • TAX • ACCOUNTANTS

WHAT EMPLOYERS NEED TO KNOW

Each year Valente CPAs looks to provide our clients timely updates on changes and “hot topics” related to payroll and other taxes. We gather this information from various pieces of legislation and summarize it here for you to assist in ensuring compliance. You can also visit our info center on our website for more resources:

[www.valentecpas.com](http://www.valentecpas.com).

- **Source deduction and payroll withholdings**
- **Other payments and remittance deadlines**
- **Reporting and filing changes**
- **Taxable benefits**
- **Audit issues and other changes**

December is the time to reconcile payroll withholdings and source deduction payments so T4 and T4A slips are correct, all payments to Canada Revenue Agency are accurate and any adjustments are included on the last payroll cheques to employees. Below and on the following pages are the annual limits and employer contributions to assist with this process. In addition, next year’s rates are included in order to ensure the first payroll of the new year accurately reflects these rates. Ensure the latest software updates have been downloaded and installed for accounting packages, are accurate and tested before the first payroll run of 2024. If in doubt, test the calculations by recalculating a pay cheque on the CRA website using the online calculator. <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html>

## SOURCE DEDUCTIONS AND PAYROLL WITHHOLDINGS

CANADA PENSION RATES AND LIMITS (CPP)	2023	2024
Maximum annual pensionable earnings	\$66,600.00	\$68,500.00
Annual basic exemption	\$3,500.00	\$3,500.00
Maximum contributory earnings	\$63,100.00	\$65,000.00
Contribution rate	5.95%	5.95%
Employee-employer maximum contribution	\$3,754.45	\$3,867.50
Additional maximum annual pensionable earnings		\$73,200.00
Employee and employer contribution rate		4%
Maximum annual employee and employer contribution		\$188.00

We anticipate that payroll applications will program this additional pensionable earnings calculation into their systems for 2024. Employees less than 18 years of age are exempt from CPP. Employees between 65 and 70 must be in receipt of Canada Pension in order to qualify for exemption, upon completion and submission of the CPT30 form. <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/cpt30.html>

*This information is provided as a summary and for general guidance purposes. Refer to specific legislation and regulations for more details, or obtain advanced rulings where application and interpretation are an issue. We maintain that the information is accurate for reference purposes and assume no liability or fault for misuse or misinterpretation.*

Source deductions and payroll withholdings continued

EMPLOYMENT INSURANCE RATES (OUTSIDE QUEBEC)	2023	2024
Maximum annual insurable earnings	\$61,500.00	\$63,500.00
Employee premium rate	1.63%	1.66%
Employee annual maximum premium	\$1,002.45	\$1,049.12
Employer premium rate	2.212%	2.212%
Employer annual maximum premium (unreduced)	\$1,403.43	\$1,468.77

EI is calculated on the first hour of pay, with no limitations regardless of part-time hours or student's age. Reduced rates may be available to employers with short term disability insurance. Wait times have now been reduced to one week. In addition, \$0.50 of EI benefits received may be retained when working as long as income is less than 90% of average insurable earnings while on a claim.

PROVINCE OR TERRITORY	PERSONAL EXEMPTION RATES	
	2023	2024
FEDERAL	\$15,000.00	\$15,705.00
ONTARIO	\$11,865.00	\$12,399.00

If employees have exemption credits over and above the basic personal amount, it is recommended that new TD1 forms are completed each year, as provincial credits differ from federal. This year, the Federal basic personal amount varies based on total income, especially those with income exceeding \$173,205.00 for 2024 and \$165,430 for 2023. TD1 forms for 2024 are not yet available. Check this location at a later date: <https://www.canada.ca/en/revenue-agency/services/forms-publications/td1-personal-tax-credits-returns.html>

**OTHER PAYROLL PAYMENTS AND REMITTANCES**

WSIB INSURABLE EARNINGS	MAXIMUM 2023	MAXIMUM 2024
ONTARIO	\$110,000.00	\$112,500.00

Various earnings that are not insurable earnings include: director's fees for non-employees, maternity leave top-ups, WSIB top ups and WSIB advances, retiring allowances, and sick leave credits paid out on termination. However, bonuses, vacation pay and taxable benefits are considered insurable earnings. Special rules apply to companies in the construction industry. Dividends paid to active shareholders may be deemed insurable earnings. For proprietors in construction, labour charges on invoices may be deemed insurable earnings. Premium rates for 2023 and 2024 are available here: <https://www.wsib.ca/en/2023premiumrates> and here <https://www.wsib.ca/en/2024premiumrates>

EMPLOYERS' HEALTH TAX ONTARIO	GROSS WAGES EXEMPTION LEVEL	RATE
SMALL BUSINESSES QUALIFY FOR EXEMPTIONS IF GROSS PAYROLL DOES NOT EXCEED \$5 MILLION FOR A PRIVATE SECTOR EMPLOYER. THE EXEMPTION MUST BE SHARED BY ASSOCIATED EMPLOYERS.	<1,000,000.00	0.00%
	>1,000,000.00	1.95%

Employers may be deemed associated for EHT purposes when there is a combination of ownership and relationships, including partnerships and trusts, in addition to corporations and individuals. Common control, direct or indirect influence whether exercised or not may deem employers associated for EHT. Each company must complete an EHT return with only one company in the group submitting the Associated Employers Exemption Allocation of the form located at: [Ontario Central Forms Repository - Form Identification \(gov.on.ca\)](https://www.fin.gov.on.ca/en/services/onttaxs/returns.html) EHT returns may now be filed on-line at: <https://www.fin.gov.on.ca/en/services/onttaxs/returns.html>

This information is provided as a summary and for general guidance purposes. Refer to specific legislation and regulations for more details, or obtain advanced rulings where application and interpretation are an issue. We maintain that the information is accurate at date of publishing for reference purposes and assume no liability or fault for misuse or misinterpretation.

**IMPORTANT FILING DEADLINES**

FORM OR RETURN	DUE DATE	METHOD	PAYMENT DATE
T4, T5 AND T4A SUMMARY AND SLIPS	February 29, 2024	ELECTRONIC IF <b>5 OR MORE</b> SLIPS, PER TYPE OF SLIP INCLUDING AMENDED SLIPS	JANUARY 15, 2024 UNLESS AN ACCELERATED REMITTER
EHT	MARCH 15, 2024	PAPER OR ON-LINE	MARCH 15 <sup>TH</sup> , UNLESS PAYROLL EXCEEDS \$6 MILLION AND QUARTERLY PAYMENTS ARE REQUIRED
WSIB	APRIL 1, 2024	ON-LINE, (if a monthly reported/paid)	JANUARY 31, 2024 WITH LAST RETURN OF THE CALENDAR YEAR
T5018 SUMMARY AND SLIPS (CONSTRUCTION INDUSTRY)	6 MONTHS AFTER YEAR END IF BASED ON FISCAL YEAR OR JUNE 30, 2024 FOR CALENDAR YEAR FILINGS	ELECTRONIC IF <b>5 OR MORE</b> SLIPS	NO PAYMENT IS REQUIRED

*Interest will apply if payments are made on filing. PENALTIES WILL BE ASSESSED FOR LATE FILINGS IN ALMOST ALL CASES. If your company is in compliance with all filing deadlines and payments, a payment on T4 filing will not be subject to penalties for 2023. Print and save all confirmations of on-line or electronic filings as proof of timely submission. See the last pages of our newsletter for additional resources. Interest is now 10% per annum.*

**YEAR END REPORTING AND FILING CHANGES**

**T4 CHANGES:** For the 2023 reporting year, the important change is inclusion of Box 45 to report the employee's access to a dental plan due to the 'Dental Care Measures Act'. You must report if they are eligible for the company plan whether they sign up or use it.

**SOURCE DEDUCTION REMITTANCE CHANGES:** Accelerated remitters (Schedule 2) must remit payment electronically or in person at their financial institution. Cheques nor cash payments are no longer accepted for those employers. If the source deductions exceed \$10,000 in any payment period, for any employer it must be submitted electronically – which includes a teller posting the payment at the bank if paying in person due to computer issues.

**INCOME TAX WITHHOLDINGS:** Recently CRA has announced that penalties will be levied to an employer that does not deduct sufficient income tax from an employee's pay if this creates financial hardship for the employee and the employer does not have a correct and up to date signed TD1 form on file for that employee. Ensure you have up to date TDI forms from your employees.

**COVID SUBSIDIES:** the final date to submit a subsidy claim was November 3, 2022. However, audits of the wage and rent subsidies continue. Valente CPAs offers audit insurance to off-set our fees should you require our assistance if selected for a subsidy audit. However, the insurance must be purchased in advance of audit or post assessment notices. Contact us directly for more information or visit our website at [www.valentecpas.com](http://www.valentecpas.com). CEBA payments are required to be paid in full by January 18, 2024 to be interest free and receive the 33% debt forgiveness. Partial loan forgiveness may be available if a refinancing loan application is received by that date and it is repaid by March 28, 2024. Check this site regularly for any late changes: <https://ceba-cuec.ca/>

**FORM T2200:** Employers will be required to complete this form and provide it to employees that are required to work from home, use their personal vehicle for business purposes or pay for expenses on behalf of the employer. Measures to support employees working from home due to the pandemic terminated December 31, 2022. Coverage of home office expenses by employers for employees in 2023 will be taxable benefits to be reported on T4 slips.

**RECORDS OF EMPLOYMENTS:** During the pandemic there were many changes to various emergency benefits and reporting requirements. Service Canada has confirmed that employers must issue a Record of Employment (ROE) as soon as possible when there is an interruption of earnings, unless an interruption of more than 5 days is normal for that part-time or rotating shift worker. If employees are off work due to sickness or quarantine, 'Code D' (illness or injury) is to be used. If they are off work due to the business closure or decreased operations for health and safety purposes, 'Code A' (shortage of work) is to be used. When an employee does not comply with the employers COVID policies, code E (quit) or Code N (leave of absence) are to be used. Please do not add any comments to the forms, as this delays processing time. See this location for more information: <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-employers.html>

*This information is provided as a summary and for general guidance purposes. Refer to specific legislation and regulations for more details, or obtain advanced rulings where application and interpretation are an issue. We maintain that the information is accurate at date of publishing for reference purposes and assume no liability or fault for misuse or misinterpretation.*

**TAXABLE BENEFITS UPDATE**

**AUTOMOBILE ALLOWANCES AND BENEFITS:** The non-taxable reasonable per kilometer rates for business travel are: \$0.68 for 2023 for the first 5,000 kilometres and \$0.62 for any additional kilometres.

**PERSONAL USE OF EMPLOYERS' VEHICLE:** Due to increasing post assessment reviews of vehicle expenses, all drivers of company owned vehicles should maintain log-books with sufficient detail to support business use. Personal use kilometers must be treated as a taxable benefit and included on the T4 slip. Remember to adjust your HST remittance in the period following any adjustments to the standby-charge. If no T4 slip is prepared in a corporation, a T4A slip must be prepared and submitted.

**PRESCRIBED INTEREST RATE LOANS:** When an employer provides a low interest or interest free loan, the taxable benefits for 2023 are:

<b>Quarter 1</b>	4%	<b>Quarter 2</b>	5%	<b>Quarter 3</b>	5%	<b>Quarter 4</b>	5%
------------------	----	------------------	----	------------------	----	------------------	----

Where an employee owes an employer \$10,000 or less per calendar year, and the loan is for less than 60 days, it is no longer considered a taxable loan benefit (effective January 1, 2023). This does not apply for shareholder loans.

**PARKING:** Temporary reduced parking benefits due to the pandemic, terminated December 31, 2022. To determine if the employer paid parking is a taxable benefit see: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/automobile/parking.html>

**GIFTS AND AWARDS:** Recently CRA changed their administrative policy in regards to gift cards. Any cash gift to an employee is taxable, however gift cards may be deemed non-cash and not taxable depending on various criteria. This policy change is retroactive to January 1, 2022 and therefore an analysis of taxable gifts may be required before issuing T4 slips. Effective January 1, 2023 long service awards are not taxable benefits if it is in recognition of 5 years or more of service, has been 5 years since the last aware and is less than \$500. Please note that "Rewards" are always taxable. Please visit CRA's website for more details <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/gifts-awards-social-events/gifts-awards-long-service-awards.html#adminpolicy>

**SOCIAL EVENTS:** In-person events remain non-taxable if available to all employees, the cost is less than \$150 including HST, but not including transportation or overnight accommodation, each event is reasonable and the event is within the maximum annual limit (6 per employer paid combined in-person and virtual). Virtual events are limited to meals, beverages and delivery totaling less than \$50 including taxes, unless also including entertainment, then the limit is \$100, before the entire amount is deemed a taxable benefit.

**THE EMPLOYER'S GUIDE TO TAXABLE BENEFITS:** is located here: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4130/employers-guide-taxable-benefits-allowances.html> Remember to adjust for HST on taxable benefits. Life insurance, LTD and Critical illness benefits have PST only, and this must be factored into the taxable benefit calculation. PST is not an eligible HST input tax credit (ITC) and cannot be claimed back from CRA

**AUDIT ISSUES AND OTHER CHANGES**

Upcoming legislative changes pertaining to the Privacy Act and Personal Information Protection and Electronic Documents Act may require written notice to your employees that your data is stored on servers in the USA if you are using cloud products that do not guarantee data storage in Canada. This notification may be required for your customers and vendors as well.

Ontario Health and Safety in the workplace: As flu season is upon us and post-pandemic affects linger, recommendations and requirements are ever changing. We recommend you check this location regularly: <https://www.ontario.ca/page/flu-facts> . More information is available here: <https://www.publichealthontario.ca/>. Sick leave is different from infectious disease leave. Unpaid sick leave is 3 days per year. Paid infectious emergency leave terminated March 31, 2023. Unpaid infectious disease emergency leave continues. Please note that there are various limits depending on the employers' existing policy.

See: <https://www.ontario.ca/document/your-guide-employment-standards-act-0/sick-leave> for more information.

The EI sickness benefits available to an employee unable to work due to medical reasons increased from 15 weeks to 26 weeks effective December 18, 2022.

**The Ontario Government announced that the minimum wage in Ontario increases to \$16.55 per hour starting October 1, 2023 (\$15.60 for students).**

*This information is provided as a summary and for general guidance purposes. Refer to specific legislation and regulations for more details, or obtain advanced rulings where application and interpretation are an issue. We maintain that the information is accurate at date of publishing for reference purposes and assume no liability or fault for misuse or misinterpretation.*

**DISCONNECTING FROM WORK:** Any employer that, on January 1 of any year (commencing 2022), employs 25 or more employees shall, before March 1 of that year, must ensure it has a written policy in place for all employees with respect to disconnecting from work that includes the date the policy was prepared and the date any changes were made to the policy. Keep in mind that the 25 threshold includes total employees for associated employers. <https://www.ontario.ca/document/employment-standard-act-policy-and-interpretation-manual/part-vii01-written-policy-on-disconnecting-from-work>

**ELECTRONIC MONITORING OF EMPLOYEES:** Any employer that, on January 1 of any year, employs 25 or more employees shall, before March 1 of that year, must ensure it has a written policy in place for all employees with respect to electronic monitoring of employees that includes the purposes for which the information will be used by the employer, the date the policy was prepared and the date any changes were made to the policy. <https://www.ontario.ca/document/your-guide-employment-standards-act-0/written-policy-electronic-monitoring-employees>

## **OTHER REMINDERS:**

**Statutory Holidays in Ontario:** There are nine 'Public Holidays' as required under the Employment Standards Act. There are specific rules for how pay is calculated, vacation time during those holidays, industries affected and other considerations: <https://www.ontario.ca/document/your-guide-employment-standards-act-0/public-holidays#section-3>

**Severance and termination pay:** There are many changes and current cases that may affect employers post-pandemic. Before terminating an employee, it is recommended you contact a lawyer experienced in Labour Law in Ontario as this is an ever-changing area.

**Workplace Hazardous Materials Information System (WHIMIS):** Every employer in Ontario is required to provide appropriate WHIMIS training, regardless to the number of employees and/or size of the business.  
Visit: <https://www.canada.ca/en/health-canada/services/environmental-workplace-health/occupational-health-safety/workplace-hazardous-materials-information-system.html>

**Ontario Accessibility Act:** Are your employees trained? Do you require upgrades to your business location to be in compliance? Can you accommodate customers with hearing or visual impairment?  
Visit: <https://www.ontario.ca/page/accessibility-laws> for more information on compliance.

**Human Rights in Ontario and Canada:** Ensure you have the correct notices posted in your workplace and are in compliance.  
Visit: <http://www.ohrc.on.ca/en> and [Canadian Human Rights Commission - Canada.ca](http://www.canada.ca/en/department-of-human-resources-development/canadian-human-rights-commission/canadian-human-rights-commission-canada.html)

**ROE WEB:** The process for signing-up, accessing and preparing electronic ROEs is easier than ever.  
Call 1-800-367-5693 or visit: <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe/access-roe.html> for more information.

**WSIB compliance:** All subcontractors need to provide contractors with clearance certificates. Register on-line so your company can download those required. Remember to post WSIB posters and keep first aid boxes complete! Starting January 1, 2023 paper statements will not be mailed to employers. Register on-line at: <https://www.wsib.ca/en/onlineservices> for all sources of WSIB information. Small businesses can sign up for the WSIB Health and Safety Excellence program and earn double the rebates plus \$1,000 toward a health and safety plan in 2022 and 2023.

**Employment standards** do not apply to all industries in Ontario.  
Visit: <https://www.ontario.ca/document/industries-and-jobs-exemptions-or-special-rules> for more clarification.

**Upcoming:** Future changes to CPP will allow for additional contribution above the maximum allowed starting 2024.

**Payroll formulas:** CRA has published the payroll formulas for 2023:  
Visit: <https://www.canada.ca/en/revenue-agency/services/forms-publications/payroll/t4127-payroll-deductions-formulas/t4127-jan.html>

***If you require assistance in filing your payroll returns or remittances, reconciling payroll, calculating taxable benefits or have other T4/T5 slip issues, contact our office for assistance.***

***If you have not signed up for our new secure web portal, please contact our office to sign up!***

**519-432-1155**

**Visit our new website: [www.valentecpas.com](http://www.valentecpas.com)**

*This information is provided as a summary and for general guidance purposes. Refer to specific legislation and regulations for more details, or obtain advanced rulings where application and interpretation are an issue. We maintain that the information is accurate at date of publishing for reference purposes and assume no liability or fault for misuse or misinterpretation.*