



Canada Revenue  
Agency

Agence du revenu  
du Canada

## Employers' Guide

# Filing the T4 Slip and Summary

## 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;
- fishing income; or
- any other remuneration (see “Box 14 – Employment income,” on page 9, for a detailed list).

### Do not use this guide if:

- you paid pensions, retiring allowances, 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 business activity, and you paid amounts to subcontractors for goods and services rendered in connection with construction activities. Complete 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 completing a T4A-RCA return.

Throughout this guide, we refer to other guides, forms, interpretation bulletins, and information circulars. Generally, if you need any of these, go to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms). You may want to bookmark this address for easier access to our Web site in the future.

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## What's new?

### **Mandatory electronic filing**

Effective January 1, 2010, you **must** file information returns by Internet File Transfer in eXtensible mark-up language (XML) **if you file more than 50 T4 information returns (slips)** for a calendar year. Mandatory electronic filing relates to the date of filing, not the tax year of the returns being filed.

### **Failure to file information returns over the Internet**

Effective January 1, 2010, **if you file more than 50 T4 information returns (slips)** for a calendar year and you do not file the information returns over the Internet, you are liable to a penalty. For more information, see page 5.

### **Internet file transfer**

If you use commercial or in-house-developed payroll software to manage your business, you can now file up to 150 MB. For more information, see "Filing over the Internet" on page 17. If your file 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.

### **New payment method**

My Payment is a new payment option that allows individuals and businesses to make payments online, using the Canada Revenue Agency's Web site, from an

account at a participating Canadian financial institution. For more information on this self-service option, go to [www.cra.gc.ca/mypayment](http://www.cra.gc.ca/mypayment).

### **My Business Account**

The Canada Revenue Agency continues to expand its suite of e-services to provide business owners with convenient and secure online access to their personalized business account information. You can file your T4 information return, verify whether your return has been processed, view your payroll account balance and transactions, view your remitting requirements, and access other services for your payroll account. Business owners can authorize their employees and representatives (for example, payroll service providers) to have online access to their payroll account information. Authorized employees and representatives can use the "Represent a client" service to access information and online services on behalf of business owners.

### **New terminology for Business Number**

The 15-character Account Number that you use to send us your employees' deductions (which appears at the top of your PD7A statement of account) consists of three parts—the nine-digit Business Number (BN), a two-letter Program Identifier, and a four-digit reference number. When we require the whole 15-character number, we now refer to the Payroll Account Number instead of the Business Number.

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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, and income tax from remuneration or other amounts you pay.
- 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.
- Remit these deductions to the Canada Revenue Agency (CRA).
- Report the income and deductions on the T4 information return to the CRA. To do this, complete T4 slips, *Statement of Remuneration Paid*, and the related T4 Summary, *Summary of Remuneration Paid*.
- Give employees their T4 slips on or before the last day of February following the calendar year to which the slips apply.
- Keep records. Keep your paper and electronic records for at least six years after the year to which they relate. If you want to destroy them before the six-year period is over, complete Form T137, *Request for Destruction of Records*. Go to [www.cra.gc.ca/records](http://www.cra.gc.ca/records) or see Guide RC4409, *Keeping Records*.

For more information about employer responsibilities, go to [www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll).

### Penalties and interest

#### Failure to file information returns over the Internet

Effective January 1, 2010, if you file more than 50 T4 information returns (slips) for a calendar year and you do not file the information returns by Internet File Transfer in eXtensible mark-up language (XML), you are liable to a penalty determined as follows:

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

The Canada Revenue Agency (CRA) is providing a one-year transitional period to allow filers time to adapt to these changes. Penalties will be assessed starting in 2011.

### Late filing and failure to file the T4 information return

You have to file the T4 information return and give the T4 slips to the employees on or before the **last day of February following the calendar year to which the information return applies**. If the last day of February is a Saturday or Sunday, your information return is due the next business day.

Effective January 1, 2010, the penalty for failing to file the T4 information return by the due date or for distributing T4 slips to recipients late is the greater of \$100 or a penalty determined as follows:

Number of information returns (slips) by type	Penalty (per day)	Maximum penalty
50 or less	\$10	\$1,000
51 - 500	\$15	\$1,500
501 - 2,500	\$25	\$2,500
2,501 - 10,000	\$50	\$5,000
10,001 or more	\$75	\$7,500

#### Failure to remit and late remittances

We can assess a penalty of up to 20% of the amount you failed to remit when:

- you deduct the amounts, but do not remit them; or
- we receive the amounts you deducted after the due date.

If the remittance due date is a Saturday, Sunday, or public holiday, 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 may apply the penalty to the total amount if the failure was made knowingly or under circumstances of gross negligence.

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

#### Note

We will apply a penalty on a non-sufficient funds (NSF) cheque.

## 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.

## Cancelling or waiving penalties and interest

The taxpayer relief provisions of the *Income Tax Act* give us some discretion to cancel or waive all or part of any interest charges and penalties. This allows us to consider extraordinary circumstances that may have prevented you from fulfilling your obligations under the Act. For details, go to [www.cra.gc.ca/fairness](http://www.cra.gc.ca/fairness) or Information Circular IC07-1, *Taxpayer Relief Provisions*.

## 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 our 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.

In addition, you have to prepare a *Record of Employment* (ROE) for former employees. Generally, you have to send it to them no later than five days after they stop working for you, but special rules may apply. For more information, visit the Service Canada Web site at [www.servicecanada.gc.ca/roeweb](http://www.servicecanada.gc.ca/roeweb), or see the publication called *How to Complete the Record of Employment (ROE) Form*, which is available 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/QPP contributions, EI premiums, PPIP premiums, and income tax deductions of the former employees within seven days of the day your business ends. For details, see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.
- 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*.
- Complete all T4 slips and the T4 Summary using electronic filing methods or paper, and send them to the Ottawa Technology Centre within 30 days of the date your business ends (or 90 days from the date a partner or the sole proprietor dies). Give copies of the T4 slips to your former employees. If you have to prepare more than 50 slips, you **must** file your return over the Internet, as explained on page 17.
- Prepare and give a *Record of Employment* (ROE) to each former employee. Generally, you have to send it to them

no later than five days after they stop working for you, but special rules may apply. For more information, visit the Service Canada Web site at

[www.servicecanada.gc.ca/roeweb](http://www.servicecanada.gc.ca/roeweb), or see the publication called *How to complete the Record of Employment (ROE) Form*, which is available 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.

## If you change your business status

If you change your legal status (for example, from a sole proprietorship to a corporation), we consider you to be a **new employer**. You may need a new Business Number (BN) and a new payroll account. Call 1-800-959-5525 to let us know if your legal status has changed, or if it will change in the near future.

## If your business changes its structure or organization

A successor employer is one who has acquired all or part of a business, and who has immediately succeeded the former employer as the new employer of an employee. The successor employer may, under certain circumstances, take into consideration the CPP/EI deductions already withheld by the previous employer and continue withholding and remitting such deductions as if there was no change in employer. If employees have already paid the maximum CPP/EI deductions, no further deductions would be taken for the year.

Go to [www.cra.gc.ca/cppeiexplained](http://www.cra.gc.ca/cppeiexplained) for more information.

The above situation may not apply to your business and, therefore, you are still required to deduct CPP/EI. If this is the case, you may want to ask for administrative relief for your employees who have already paid the maximum CPP/EI deductions for the year before the change. For more information, call 1-800-959-5525.

## 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 companies 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 Account Number of the successor BN.

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 an assessment or a ruling

If you receive an assessment for CPP contributions, EI premiums, or income tax that you do not agree with, or you have received a CPP/EI ruling letter and you disagree with the decision, you have 90 days from the date of the assessment or the date of the ruling to appeal. However, before you file an appeal, you may want to call **1-800-959-5525** to clarify the matter. This could solve the problem and save you the time and trouble of appealing.

To appeal the amount of **income tax** that we indicate you owe, you can:

- register a notice of objection or an appeal electronically using My Account ([www.cra.gc.ca/myaccount](http://www.cra.gc.ca/myaccount)) or My Business Account ([www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount));
- file Form T400A, *Objection – Income Tax Act*; or
- write to the Chief of Appeals at your local tax services office or tax centre. The addresses of our tax centres are listed at the end of this guide. They, along with the addresses of our tax services offices, are also available at [www.cra.gc.ca/tso](http://www.cra.gc.ca/tso). Attach a copy of the assessment, state the reasons why you do not agree with the assessment, and give all the related facts.

To appeal the **CPP contributions** or **EI premiums** that we indicate you owe, or to appeal a **CPP/EI rulings decision**, you can:

- register an appeal electronically using My Business Account ([www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount));
- file Form CPT100, *Appeal of a Ruling Under the Canada Pension Plan and/or Employment Insurance Act*, or Form CPT101, *Appeal of an Assessment Under the Canada Pension Plan and/or Employment Insurance Act*; or
- write to the Chief of Appeals at your local tax services office or tax centre. The addresses of our tax centres are listed at the end of this guide. They, along with the addresses of our tax services offices, are also available at [www.cra.gc.ca/tso](http://www.cra.gc.ca/tso). Attach a copy of the assessment or ruling, state the reasons why you do not agree with the assessment or ruling, and give all the related facts.

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

## Chapter 2 – T4 slips

### When to complete a T4 slip

Most amounts paid to an individual are referred to as remuneration. You have to complete 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 9, for a detailed list) you paid to employees during the year (see Note);

- taxable benefits or 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).

#### Note

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 rendered. For example, if a pay cheque dated in January covers income earned in the last days of December, report the income on the T4 slip for the year that starts in January.

You have to complete 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.

#### Notes

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 less than \$500.

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*.

## Types of T4 slips

### Customized T4 slips

For those who complete a large number of slips, we accept slips other than our own. However, we must approve your customized slip before you can use it.

To get our written approval, send **two** samples of your proposed computer-printed slip to:

Business Integration Division  
Electronic and Print Media Directorate  
Canada Revenue Agency  
Place de Ville, Tower A  
320 Queen Street, 9th floor  
Ottawa ON K1A 0L5

For more information, go to [www.cra.gc.ca/customized](http://www.cra.gc.ca/customized).

### Slips for filing over the Internet

For information about completing and filing T4 slips over the Internet, go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet). You can also read the information on page 17.

## Slips for filing on paper

You can order **single-page** slips that have two slips per page intended for laser or ink jet printers, for typing, or to be filled out by hand, at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by calling 1-800-959-2221.

You can print, from our Web site, .pdf copies of T4 slips that you complete by hand.

You can use fillable T4 slips on our Web site. After completing them, you can print them on plain white paper. For information, go to [www.cra.gc.ca/fillable](http://www.cra.gc.ca/fillable).

## Completing T4 slips

Make sure the **social insurance number (SIN)** and name you enter on the T4 slip for each employee are the same as on the employee's SIN card.

An incorrect SIN can affect an employee's CPP/QPP benefits if the record of earnings file is not accurate. Also, if the T4 slip has a pension adjustment (PA) amount, the employee may receive an inaccurate annual RRSP deduction limit statement. In addition, the related information on the employee's notice of assessment will be inaccurate.

If the individual does not give you his or her SIN, you should be able to show that you made a reasonable effort to get it. For example, if you contact an individual by mail to ask for his or her SIN, record the date of your request and keep a copy of any correspondence that relates to it. If you do not make a reasonable effort to get a SIN, you may be subject to a penalty of \$100 for each failure. If you cannot obtain a SIN from the recipient, file your information return, without the SIN, on or before the last day of February. If you do not, you may be subject to a penalty.

For more information, see Information Circular IC82-2, *Social Insurance Number Legislation that Relates to the Preparation of Information Slips*, or visit the Service Canada Web site at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca).

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

If you give employees multiple slips, either because they were employed in more than one province or territory, or were on different payrolls, report the PA proportionately on each T4 slip. If you are not able to apportion the PA this way, you can report it on one slip.

## Follow these guidelines to complete your T4 slips:

- Complete the slips clearly and in alphabetical order.
- Use a standard 10- or 12-character-per-inch font if typed or computer-generated.
- 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.

- Do not enter hyphens or dashes between numbers or names.
- 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 18.
- 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 complete T4 slips. Refer to additional guidelines in the section called "Special situations" on page 19 for:

- amounts paid to **barbers and hairdressers** (page 19);
- amounts paid to **drivers of taxis and other passenger-carrying vehicles** (page 19);
- amounts paid to **employees with power saws or tree trimmers** (page 20);
- amounts paid to **employees outside Canada** (page 20);
- amounts paid to **fishers** (page 20);
- amounts paid to **placement or employment agency workers** (page 21);
- **repayment of salary or wages by an employee** (page 22);
- **salary deferral arrangements** (page 22);
- **prescribed plans or arrangements** (page 22);
- **salary paid in error** (page 23);
- **Seasonal Agricultural Workers Program** (page 23); or
- amounts paid to **Status Indians** (page 23).

## 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.

## Employee's name and address

Enter the employee's last name, 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" box. If you enter only the employee's initials, enter them at the beginning of the "First name" box. 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

Enter one of the following abbreviations to indicate where the employee reported to work:

AB	Alberta
BC	British Columbia
MB	Manitoba
NB	New Brunswick
NL	Newfoundland and Labrador
NS	Nova Scotia
NT	Northwest Territories
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).

The province or territory of employment you enter depends on where your employee has to report for work. For more details, see “Which provincial or territorial tax tables should you use?” in Chapter 1 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

For any employee who worked in or whose employment was located in **more than one province or territory** in the year, complete 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 tax.

### Box 12 – Social insurance number

Enter the employee’s social insurance number (SIN) as it appears on the employee’s SIN card. If you do not have the SIN, enter nine zeros. See “Completing 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).

#### Note

If you are paying amounts to placement or employment agency workers, drivers of taxis or other passenger-carrying vehicles, barbers or hairdressers, or fishers (self-employed), see the information on “Special situations” on page 19 and under Box 29 on page 11.

A deduction from taxable income can be claimed for the amount of employment income earnings (including taxable allowance) by certain **Canadian Forces personnel** and police. See the explanation under Code 43 on page 14.

Director’s fees paid to a **non-resident director** for services rendered in Canada must also be reported in box 14 of a T4 slip. 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.

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.

Include amounts paid under a **supplementary unemployment benefit plan (SUBP)** (such as employer-paid maternity, parental, and compassionate care top-up amounts) that do not qualify as a SUBP under the *Income Tax Act*.

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 Interpretation Bulletin IT-502, *Employee Benefit Plans and Employee Trusts*, and its Special Release.

For emergency volunteers (such as **firefighters or ambulance technicians**), do not include in box 14 the first **\$1,000**. However, if you employed the individual (other than as a volunteer) for the same or similar duties, the **whole** payment is taxable and should be included in box 14.

### Boxes 16 and 17 – Employee’s CPP or QPP contributions

Enter the amount you deducted from the employee for contributions to the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP). Make your entry under “CPP” (box 16) or “QPP” (box 17), depending on the province or territory of employment. 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.

If an employee contributed to CPP **and** QPP, the total contribution to both plans **should not be more than** the maximum contribution for the year. If an employee contributed to both plans, you have to prepare **two** T4 slips as follows:

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

If you over-deducted contributions from the employee:

- **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.

- Complete 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.

You can request a refund up to four years after the end of the year in which the CPP overpayment occurred.

### 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.

If you over-deducted premiums from an employee:

- **Do not adjust** the amounts you report on the 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.
- Complete 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.

You can request a refund up to three years after the end of the year in which the EI overpayment occurred.

### 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.

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 Interpretation Bulletin IT-167, *Registered Pension Funds or Plans – Employee’s Contributions*.

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

#### Note

Do not use box 20 to show what you contributed to an employee’s registered retirement savings plan (RRSP). The **employer’s RRSP contribution** is a taxable benefit to the employee. Enter code 40 in the “Other information” area and the corresponding amount in the box. 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, provide these copies to the employees. The receipts will show the employee and employer contribution amounts. Do not report these amounts in box 20.

### Box 22 – Income tax deducted

Enter the **total** income tax you deducted from the employee’s remuneration. 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

Enter the **total** amount you used to calculate the employee’s EI premiums. 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.

Leave the box blank if:

- there are no insurable earnings (for exempt employment, see Box 28 on page 11);
- insurable earnings are the same as the employment income in box 14 (see Exception below); or
- insurable earnings are over the maximum for the year (except for some of the special situations that are detailed starting on page 19).

#### Exception

When the same employer issues more than one T4 slip to an employee, the employer can report the insurable earnings amount for each period of employment in box 24 of each T4 slip. Reporting these amounts can reduce unnecessary pensionable and insurable earnings review (PIER) reports for EI deficiency calculations, especially if the employee worked both inside and outside of Quebec.

For example, an employee has two T4 slips from the same employer. He earned \$25,000 working in Ontario from January 2009 to June 2009. He then earned \$25,000 working in Quebec for the remainder of the year. The T4 slip for Ontario will report \$25,000 in box 14 (“Employment income”) and \$25,000 in box 24 (“EI insurable earnings”). The T4 slip for Quebec will report \$25,000 in box 14 and \$17,300 in box 24 (\$25,000 + \$17,300 = \$42,300, which is the maximum insurable earnings for 2009).

### Box 26 – CPP/QPP pensionable earnings

In most cases, you will leave the box blank. **However, you have to complete the box in the following situations:**

**CPP** – Complete box 26 if you included any of the following types of remuneration in box 14, “Employment income”:

- 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 CPP or QPP; or
  - after a **CPP** retirement pension became payable. (The requirements for a retirement pension paid under the QPP are different. For information, see Guide TP-1015.G-V, *Guide for Employers – Source Deductions and Contributions*, which you can get from Revenu Québec.)
- b) Remuneration paid to the employee while the employee worked in “excluded employment” (defined in Chapter 2 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*).
- 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).
- d) Any excluded income, benefits, or payments as described in Chapter 2 of Guide T4001, *Employers’ Guide – Payroll Deductions and Remittances*.

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

Taxable benefits only – If you provide pensionable taxable benefits (non-cash) and no other remuneration is paid in a pay period (for example, an employee is on an unpaid leave of absence and the employer continues to provide benefits during the leave), leave box 26 blank. Do not code the slip CPP-exempt in box 28, since the employee may want to elect to pay CPP on the amount.

Special rules may apply in certain situations. Please refer to the “Special situations” section, which begins on page 19, if you are paying amounts for prescribed plans or arrangements, to placement or employment agency workers, or to Status Indians.

**QPP** – Regardless of the employee’s province or territory of residence, complete box 26 if the employee is subject to QPP and the pensionable earnings are more than the employment earnings in box 14. If the maximum QPP pensionable earnings for the year have been reached on the Relevé 1 for the employee, but the income in box 14 of the T4 is less than the maximum pensionable amount, enter the maximum pensionable earnings amount in box 26. Only leave the box blank if the maximum QPP pensionable earnings for the year have been reached and box 14 is equal to or greater than the maximum pensionable earnings.

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

- 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 details, 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.

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

**CPP/QPP (Canada Pension Plan/Quebec Pension Plan)** – Leave this box blank if you entered an amount in box 16, 17, or 26. Enter an “X” only if the earnings were exempt for the **entire** period of employment.

**EI (Employment Insurance)** – Leave this box blank if you entered an amount in box 18 or 24. Enter an “X” only if the earnings were exempt for the **entire** period of employment.

**PPIP (provincial parental insurance plan)** – Leave this box blank if you entered an amount in box 55 or 56. Enter an “X” only if the earnings were exempt for the **entire** period of employment **in the province of Québec**.

### Box 29 – Employment code

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

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

- 11 – Placement or employment agency workers
- 12 – Drivers of taxis or 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

#### Note

When CPP is paid by the employer on behalf of **detached employees** under employment code 16, box 14 is left blank if no other type of income is reported. Boxes 16 and 26 are completed with the appropriate amounts and boxes 18 and 24 are left blank. Do not enter an “X” in the EI exempt box.

- 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. In this case, include a certificate of agreement with the T4 information return. If you file electronically, you have to 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** the union paid to union members in this box.

For more information, see 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 registered charities 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 you made contributions to **more than one plan** on behalf of the employee, 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 work location, report the PA proportionately on each T4 slip. If you cannot apportion the PA, report it on one slip.

If an employee participates in different pension plans that you sponsored (such as an RPP and a DPSP), you have to calculate his or her PA using the **total** amount of all pension credits accumulated by the employee under all these pension plans for the year.

If an employee is on a leave of absence and is still accruing pensionable service or credits under the plan, there is a requirement to 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) would 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**

Measures ensure that the uniform limits on tax-deferred retirement savings take into consideration savings under 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, call our Registered Plans Directorate at **1-800-267-3100** or **613-954-0419** (in Ottawa).

#### **Box 54 – Payroll Account Number**

Enter the 15-character Account Number that you use to send us your employees' deductions. This number appears at the top of your PD7A statement of account and consists of three parts—the nine-digit Business Number (BN), a two-letter Program Identifier, and a four-digit reference number. Your Payroll 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 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 \$62,000 for 2009.

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 that apply to the employee.

### Example

40	2400 98
Box – Case	Amount – Montant

#### 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 complete the required boxes in the "Other information" area. Report each code and amount only once.

### Codes 30 to 85 – 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
- 53 – Deferred security option benefits
- 70 – Municipal officer's expense allowance
- 71 – Status Indian employee
- 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 earnings
- 79 – Fishers net partnership amount
- 80 – Fishers shareperson amount
- 81 – Placement or employment agency workers gross earnings
- 82 – Drivers of taxis and other passenger-carrying vehicles gross earnings
- 83 – Barbers or hairdressers gross earnings
- 84 – Public transit pass
- 85 – Employee-paid premiums for private health services plans

### Detailed instructions for taxable benefits

The following instructions explain how to report each of the benefits in the above list. 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 are subject to 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.

#### 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 completed Form TD4, *Declaration of Exemption – Employment at a Special Work Site*, enter code 31 and the corresponding amount (enter only the exempt portion that relates to work sites within 30 kilometres from the nearest urban area having at least 40,000 persons). 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 (resulting from the reduced interest). Include this amount in box 14. If any amount was for a home-relocation loan, see code 37. For more information, see 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.

**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](http://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. For more information, go to [www.cra.gc.ca/stockoptions](http://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. For more information, go to [www.cra.gc.ca/stockoptions](http://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**

A deduction from taxable income can be claimed for the amount of employment earnings (including taxable allowance) of Canadian Forces personnel and police who are deployed outside Canada on a high-risk or current moderate-risk operational mission. This deduction can be claimed by the employee if those earnings have been included in calculating income, up to the maximum rate of pay earned by a non-commissioned member of the Canadian Forces (approximately \$6,000 per month).

**Code 53 – Deferred security option benefits**

If an employee receives a taxable benefit under a corporation's agreement to issue its eligible publicly listed shares or units of mutual fund trusts to the employee, and he or she wants to defer the taxable benefit until the disposition of the eligible securities, enter code 53 and the corresponding amount. Do not include this amount in box 14.

**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 – Status Indian employee**

If you are an employer paying non-taxable salary or wages to a Status Indian, see page 23.

**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, in accordance with section 122.3 of the *Income Tax Act*, enter the qualifying amount under code 72. See page 20.

**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 20.

**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 10.

**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 10.

**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.

**Code 78 – Fishers gross earnings**

See page 21.

**Code 79 – Fishers net partnership amount**

See page 21.

**Code 80 – Fishers shareperson amount**

See page 21.

**Code 81 – Placement or employment agency workers gross earnings**

See page 21.

**Code 82 – Drivers of taxis and other passenger-carrying vehicles gross earnings**

See page 19.

**Code 83 – Barbers or hairdressers gross earnings**

See page 19.

**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 there are at least 4 consecutive weekly passes in a 28-day period. Each weekly pass must give the holder the right to unlimited public transit use within an uninterrupted period of 5 to 7 days; and
- the use of an eligible cost-per-trip electronic payment card. An eligible cost-per-trip electronic payment card is a card that 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 the cost and usage and provides a receipt to that effect.

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).

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

An employee can claim, as a qualifying medical expense, premiums he or she paid to a private health services plan. The use of code 85 is optional; however, if you do not use this code, we may ask the employee to provide supporting documents.

## **How to avoid common reporting errors**

The most common reporting errors occur when you do not correctly complete the following boxes on the T4 slip:

- Box 24, EI insurable earnings
- Box 26, CPP/QPP pensionable earnings
- Box 28, Exempt (CPP/QPP, EI, and PPIP)

The following questions and answers may help you avoid these reporting errors and can serve as a checklist before you file your information return.

### **CPP/QPP questions**

#### **Was the employee exempt from CPP/QPP for the entire reporting period?**

If **yes**, put an "X" in box 28. Leave boxes 16 or 17 and 26 blank.

If **no**, make sure that you deducted contributions for each type of remuneration that is subject to **CPP/QPP**.

#### **Did the employee turn 18 or 70 years old during the reporting period?**

If **yes**, make sure that you:

- started to calculate the CPP contributions and pensionable earnings effective the first pay dated on or after the first of the month following the employee's 18th birthday; or
- stopped calculating the CPP contributions and pensionable earnings after the last pay date in the month of the employee's 70th birthday.

### **Note**

The requirements are different for QPP. For more information, see Guide TP-1015.G-V, *Guide for Employers – Source Deductions and Contributions*, which you can get from Revenu Québec.

#### **Did the employee receive CPP or QPP pension benefits during the reporting period?**

If **yes**, make sure that you calculated the CPP contributions and pensionable earnings based on the number of months before the pension became payable.

### **Note**

The requirements are different for QPP. For more information, see Guide TP-1015.G-V, *Guide for Employers – Source Deductions and Contributions*, which you can get from Revenu Québec.

If **no**, leave box 26 blank.

#### **Did you deduct contributions from an employee's vacation pay, bonuses, director's fees, or other taxable benefits?**

If **yes**, see Chapter 6 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*, for information on calculating contributions for vacation pay, bonuses, and director's fees. For information on taxable benefits, see Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*.

If **no**, make sure that you deducted contributions for each type of remuneration that is subject to CPP or QPP.

For more information about CPP contributions, see Appendices 1 and 2 in Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

### **Employment Insurance (EI) questions**

#### **Was the employee exempt from EI for the entire reporting period?**

If **yes**, put an "X" in box 28. Leave boxes 18 and 24 blank.

If **no**, make sure that you deducted premiums for each type of remuneration that is subject to EI.

#### **Was the employee a student?**

If **yes**, make sure that you deducted premiums for each type of remuneration that is subject to EI, like you do for an ordinary employee. There is no age limit for deducting EI premiums.

## **Filing T4 slips**

### **Filing over the Internet**

For a description of the methods available for filing over the Internet, see "Chapter 4 – T4 information return" on page 17. For an explanation of the technical specifications and instructions you need to file over the Internet, go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet).

Do not send a printed copy to us. You can print **one copy** to keep for your file.

## Filing on electronic media

For an explanation of the technical specifications and instructions you need to file on electronic media (DVD, CD, or diskette), go to [www.cra.gc.ca/electronicmedia](http://www.cra.gc.ca/electronicmedia).

Do not send a printed copy to us. You can print **one copy** to keep for your file.

### Note

In future years, the CRA will be discontinuing the use of electronic media (DVDs, CDs and diskettes).

## Filing on paper

Complete **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. This will allow us to process your information return faster. You can keep a copy of the T4 slips and the T4 Summary for your files.

## Distributing T4 slips to your employees

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

- two copies, sent by mail to their last known address;
- two copies, delivered in person; or
- one copy distributed electronically (for example, by email) if you have received the employee's consent in writing or electronic format.

Print the two T4 slips that you have to give to each employee on one sheet. For security purposes, **do not print** your Payroll Account Number (box 54) on these copies.

### Note

If T4 slips are returned as undeliverable, we suggest that you retain the slips with the employee's file.

## Chapter 3 – T4 Summary

If you are filing electronically, **do not** send us a paper copy.

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.

As part of our continuing efforts toward sustainable development, we no longer mail out the pre-printed T4 Summary. You can get a T4 Summary from our Web site at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by calling 1-800-959-2221.

## Completing the T4 Summary

Report amounts in Canadian dollars and cents, even if they were paid in another currency. See Information Sheet RC4152, *Average Exchange Rates for 2009*.

Complete a separate T4 Summary for each of your payroll 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.

## Detailed instructions

In the area at the top of the T4 Summary, enter the 15-digit Payroll Account Number that you use to send us your employees' deductions, your operating or trade name, and your address.

### 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 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.

#### Amount enclosed

**Filing electronically** – Remit any balance owing separate from your electronic filing. You may be able to pay online using the CRA's My Payment option, or pay through your financial institution's telephone banking, Internet banking, or automated bank machines. You can also send the payment to any tax centre, with a letter that indicates the tax year for which the payment applies, the amount covering your outstanding balance, and your Payroll Account Number. If you do not pay electronically, your payment should be in the form of a cheque or money order payable to the Receiver General. The addresses of our tax centres are listed at the end of this guide.

**Filing on paper** – If you have a balance due, enclose with your T4 return a cheque or money order payable to the Receiver General for the balance owing. If you remit your payment late, any balance owing may be subject to penalties and interest at the prescribed rate.

#### Note

Regardless of the filing method, Threshold 2 remitters must remit any balance due electronically or in person at their Canadian financial institution. Threshold 2 remittances due on or after February 26, 2008 that are received by the CRA at least one day before the amount is due will be considered to be received by a financial institution. See Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*, for more information about Threshold 2 remitting requirements.

#### 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 to which the information return applies**. If the last day of February is a Saturday or Sunday, your information return is due the next business day.

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

#### 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 and for any balance owing.

#### 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.

### Filing methods

If you file 1 to 50 T4 slips, we encourage you to file over the Internet in eXtensible mark-up language (XML) by Internet File Transfer. However, you can file up to 50 T4 slips on electronic media (DVD, CD, or diskette) or on paper.

Effective January 1, 2010, if you file more than 50 T4 slips for a calendar year, you **must** file the return over the Internet. If you do not, you are liable to a penalty. For more information, see page 5.

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. For example, a service bureau can file multiple T4 returns in one submission, provided 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 these filing methods, go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet).

### Filing over the Internet

■ **Internet File Transfer** – This convenient filing method is for employers who use commercial or in-house-developed payroll software to manage their business. Internet File Transfer allows you to transmit a 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 T4 information return in XML format. For information about this filing method, contact your software publisher or go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet).

■ **T4 Desktop application** – This convenient filing method is for employers who have to file **1 to 70** T4 slips. This downloadable desktop application lets you create, save, print, and submit your electronic T4 information return, which includes the T4 slips and the related T4 Summary. For information about this filing method, go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet).

■ **T4 Web forms** – This convenient filing method is for employers who have to file **1 to 3** T4 slips. With T4 Web forms, all you need is a compatible Web browser to complete, print, and transmit your T4 information return, which includes the T4 slips and the related T4 Summary.

For information about this filing method, go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet).

Internet filing is available from January 11, 2010, to early December 2010.

### Web access code

To file your return using Internet File Transfer, T4 Desktop application, or T4 Web forms, you need a Web access code (WAC). If you qualify, you will receive a letter providing you with your WAC. If you do not receive a WAC, call our help desk at 1-877-322-7849.

#### Note

Service bureaus use their own Payroll Account Number and Web access code (WAC)—**not** the WAC of each of the T4 information returns in the submission—to submit the file.

### My Business Account (MyBA)

MyBA allows you to file your T4 information return (up to 3.5 MB) over the Internet **without a Web access code**, using T4 Web forms or Internet File Transfer. You can also verify whether your return has been processed, view your payroll account balance and transactions, view your remitting requirements, and access other services for your payroll account.

Business owners can authorize their employees and representatives (for example, service bureaus) to have online access to their payroll account information. Authorized employees and representatives use the “Represent a client” service to access information and online services on behalf of business owners.

Log in to MyBA using your epass user ID and password. If you do not have an epass, you will have to register for one at [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount). Please note that it may take up to five business days to get your CRA security code in the mail.

For details, go to [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount).

### Filing on paper

If you file 1 to 50 T4 slips, we encourage you to file over the Internet in eXtensible mark-up language (XML) by Internet File Transfer. However, you can file up to 50 T4 slips on paper.

After you complete your **paper** return, mail it to:

Ottawa Technology Centre  
Canada Revenue Agency  
875 Heron Road  
Ottawa ON K1A 1G9

## Chapter 5 – After you file

**W**hen 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*.

## Amending, cancelling, adding, or replacing slips

### Amending slips

**After you file your information return**, you may notice that you made an error when preparing the T4 slips. If so, you will have to prepare amended slips to correct the information.

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*.

### Amending slips electronically

No matter how you originally filed, the method for filing an amended return (cancelling or amending slips) is based on the number of amended slips. Go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet) and select the “Amending returns” option.

### Amending paper slips

Clearly identify the new slips as amended slips by writing “AMENDED” at the top of each slip. Make sure you complete all the necessary boxes, including the information that was correct on the original slip. Send two copies of the amended slips to the employee in the same way you sent the originals.

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.

### Cancelling slips

#### Cancelling slips electronically

A cancelled slip is considered to be the same as an amended slip. See “Amending slips electronically” above.

#### Cancelling paper slips

Send us a copy of the original clearly marked “CANCELLED.” The addresses of our tax centres are listed at the end of this guide. Do not file a cancelled T4 Summary. Send two copies of the cancelled slip to the employee in the same way you sent the originals.

#### Note

If you notice errors on the slips **before** you file them with us, you can correct them by preparing new information slips and **removing** any incorrect copies from the return. If you do not prepare a new slip, initial any changes you make on the slip. Be sure to also correct the T4 Summary.

### Adding slips

After you file your T4 information return, you may discover that you need to send us additional T4 slips. If you have original slips that were not filed with your return, file them separately either electronically or on paper. If there are more than 50 slips, they must be filed electronically.

#### Adding slips electronically

We accept additional original T4 slips in electronic format. Go to [www.cra.gc.ca/t4internet](http://www.cra.gc.ca/t4internet).

#### Adding slips on paper

When submitting additional slips on paper, clearly identify the new slips by writing “ADDITIONAL” at the top of each slip. Send a copy of the slips to any tax centre. The addresses of our tax centres are listed at the end of this guide. Do not file an additional T4 Summary.

### Replacing slips

If you issue T4 slips to replace copies your employees lost or destroyed, do not send us a copy. Clearly identify them as **duplicate copies**, and keep a copy for your records.

### Pension adjustment (PA)

You have to recalculate a pension adjustment (PA) when both of the following conditions are met:

- an employee returns from a leave of absence or a period of reduced services; and
- benefits are retroactively provided for the period concerned.

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, Human Resources and Skills Development Canada (HRSDC) 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 HRSDC determines the CPP benefits that a person will receive.

### Barbers and hairdressers, and drivers of taxis and other passenger-carrying vehicles

If these workers **are** your employees, you have to deduct CPP contributions, EI premiums, PPIP premiums, and income tax as you would for regular employees. If these workers **are not** your employees, you have to complete a T4 slip for EI and PPIP purposes only. Complete the following entries on the 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 to show where the worker reported for work (see the list on page 9).

#### Box 12 – Social insurance number

Enter the social insurance number (SIN) shown on the worker’s SIN card.

#### 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 part only).

#### Box 24 – EI insurable earnings

Enter the amount of the worker’s insurable earnings on which you calculated the EI premium.

#### Box 29 – Employment code

Enter the appropriate code for the occupation of the worker. In box 29, enter **code 13** for a **barber** or **hairdresser** or **code 12** for a **taxi driver** or **driver of another passenger-carrying vehicle**.

#### Box 55 – Employee’s PPIP premiums

Enter the PPIP premiums remitted on behalf of the worker (worker’s part 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 workers’ PPIP premiums, up to a maximum of \$62,000 for 2009.

#### Other information

Enter the amounts that relate to the gross earnings of the worker, using **code 83** for a **barber** or **hairdresser** and **code 82** for a **taxi driver** or **driver of another passenger-carrying vehicle**.

## 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 page 11, "Box 29 – Employment code," for specific T4 reporting instructions.

## 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 business outside Canada. See Interpretation Bulletin IT-497, *Overseas Employment Tax Credit*, and Chapter 7 of Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

## How to complete 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

73	089
Box – Case	Amount – Montant

## Fisher earnings

Fisher earnings are reported on the T4 slip. The T4F slip is no longer available or accepted.

Fisher earnings (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 fisher earnings paid to a self-employed fisher. For instructions on paying employment income to an employee, see the detailed instructions that start on page 8.

### Note

Do not use code 78, 79, or 80 to report employment income. Use box 14. See "Box 14 – Employment income" on page 9.

For more information on fisher earnings, see Guide T4005, *Fishers and Employment Insurance*.

### 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 to indicate where the fisher reported for work (see the list on page 9).

### Box 12 – Social insurance number

Enter the social insurance number (SIN) shown on the fisher's SIN card.

### Box 14 – Employment income

Leave blank. Fisher earnings are reported using codes 78, 79, and 80. See the "Other information – Fisher earnings" section below.

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

Do not complete this box. Fisher earnings are not subject to CPP/QPP contributions.

### Box 18 – Employee's EI premiums

Enter the EI premiums you deducted from the fisher's gross earnings.

### Box 24 – EI insurable earnings

Enter the amount of the fisher's insurable earnings on which you calculated the EI premiums.

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

Enter an "X" under CPP/QPP (fisher's earnings are not pensionable).

### Box 29 – Employment code

Enter employment code 17.

### Box 55 – Employee's PPIP premiums

Enter the PPIP premiums you deducted from gross earnings 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 \$62,000 for 2009.

## Other information – Fisher earnings

### Code 78 – Fishers gross earnings

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

These earnings do 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 earnings amount (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, *Fishers and Employment Insurance*.) Include this amount in box 24 (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 (box 56 for fishers in Quebec) and with code 78. **Do not** include this amount in box 14.

## Placement or employment agency workers

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

- agency that hires the employee;
- agency that pays the worker;
- agency whose client pays the worker; or
- agency that hires a worker under a contract for service.

### 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 workers in Quebec) from amounts paid to these employees. The agency also has to report these amounts on a T4 slip for the employee.

### 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.

### 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.

### Agency that hires a worker under a contract for service

An agency that hires a worker under a contract for service (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*.

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

#### 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 to show where the employee reported to work (see the list on page 9).

#### Box 12 – Social insurance number

Enter the social insurance number (SIN) shown on the employee's/worker's SIN card.

#### 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" below.

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

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

#### Box 18 – Employee's EI premiums

Enter the EI premiums you deducted from the employee's/worker's gross earnings, unless the **agency's client paid the worker**, in which case you leave this box blank.

### Box 22 – Income tax deducted

Enter the total income tax you deducted from the employee's/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's/worker's insurable earnings on which you calculated the EI premiums. If the **agency's client paid the worker**, leave this box blank.

### Box 26 – CPP/QPP pensionable earnings

Enter the amount of the employee's/worker's pensionable earnings on which you calculated the CPP/QPP contributions.

### 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's/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/workers working in Quebec, enter the **total** amount used to calculate the employee's PPIP premiums, up to a maximum of \$62,000 for 2009. 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.

## Repayment of salary or wages by an employee

When an employee repays an employer, in the same or a later year, for salary or wages paid when the employee did not perform his or her duties (for example, the employee was ill and received payments from a wage-loss replacement plan), the repayment is considered to be a repayment of salary and wages. It may be claimed as a deduction on the employee's income tax and benefit return. You should give the employee a letter confirming the date and the amount repaid.

#### Note

You cannot adjust the employee's T4 slip to reduce the total employment income or the CPP pensionable and EI insurable earnings. In addition, you cannot adjust your pay records to reflect the amount of the repayment. Your part for CPP pensionable and EI insurable earnings is not refundable.

### Example

In September 2009, Peter became ill and was unable to work. You continue to pay his regular salary. In February 2010, he begins to receive payments from a wage-loss replacement plan and repays you the amount of salary he received from September 2009 to February 2010. Do not adjust his 2009 T4 slip to reduce the total employment income and CPP pensionable and EI insurable earnings or the current-year pay records to reflect the amount of repayment. Peter can claim a deduction for the repayment on his 2010 income tax and benefit return by providing a copy of the letter you gave him confirming the date and the amount repaid.

## 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 described in advance income tax ruling ATR39, *Deferred Salary Leave Plan*, 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 complete 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 employee'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 employee's EI premiums.

**Box 26 – CPP/QPP pensionable earnings**

Enter the amount of the participant's pensionable earnings on which you calculated the CPP/QPP contributions.

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

Do not complete the CPP/QPP, EI, or PPIP part of this box, 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 employees working in Quebec, enter the **total** amount used to calculate the employee's PPIP premiums, up to a maximum of \$62,000 for 2009.

**Deferred amounts paid to the participant during the leave period****How to complete 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 employee's remuneration. This includes the federal, provincial (except Quebec), and territorial taxes that apply.

**Box 24 – EI insurable earnings**

Leave this box blank.

**Box 26 – CPP/QPP pensionable earnings**

Enter the amount of the participant's pensionable earnings on which you calculated the CPP/QPP contributions.

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

Enter an "X" under EI. Do not complete the CPP/QPP or PPIP part of this box, 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 paid in error**

If, by mistake, you make a payment or an overpayment to an employee who is not entitled to receive it, we will not consider this amount to be salary, wages, or an advance. Do not include the amount in the employee's income for the year it is received. If, after issuing a T4 slip for the employee, you determine that you made a payment by mistake, you must issue an amended T4 slip for that year to exclude this amount. When the employee repays the amount in the same or a later year, he or she is not allowed to deduct it from income.

**Example**

In 2009, because of a calculation error, you overpaid your employee \$300. She agrees to repay this amount in 2010. You may amend the 2009 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 2010 tax year for the repayment, but she can amend her 2009 return.

However, the amount should be included on a T4 slip in the following situations:

- The employee says that he or she will not repay the amount. The amount should be included in employment income in the year of the overpayment.
- The employer forgoes his or her right to the amount. The amount should be included in employment income in the year of forgiveness.
- The error was obvious. If it should have been obvious to the employee that there was an error in the amount received and the employee made no effort to correct the error, the amount should be included in employment income in the year of the overpayment.
- There was knowledge or collusion. The amount should be included in employment income in the year of the overpayment.

**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 information, see Guide RC4004, *Seasonal Agricultural Workers Program*.

**Status Indians**

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

## Taxable salary or wages

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

## Tax-exempt salary or wages

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

### How to complete the T4 slip

Prepare the T4 slip in the following way when you pay a tax-exempt salary to a Status Indian.

### 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 in the year.

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

The employment of a Status Indian whose income is exempt from tax is excluded from pensionable earnings.

If you **did not** elect to provide CPP/QPP coverage to all your Status 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.

### Box 18 – Employee’s EI premiums

Tax-exempt salary or wages paid to a Status Indian are insurable earnings subject to 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 the employee.

### Box 24 – EI insurable earnings

Enter the amount of insurable earnings on which you calculated the EI premiums.

### Box 26 – CPP/QPP pensionable earnings

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

If you **did** elect to provide CPP/QPP coverage, enter the amount of pensionable earnings on which you calculated the CPP/QPP contributions.

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

Do not complete the CPP/QPP part of this box if you entered an amount in box 16, 17, or 26. Enter an “X” 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 the Status Indian employee.

### Box 52 – Pension adjustment

Tax-exempt salary is included when determining the pension adjustment amount. See page 12 for details.

### Box 55 – Employee’s PPIP premiums

Tax-exempt salary or wages paid to a Status Indian in Quebec are insurable earnings subject to 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 \$62,000 for 2009.

## Partly tax-exempt salary and wages

### How to complete the T4 slip

Prepare the T4 slip in the following way when you pay a partly tax-exempt salary to a Status Indian.

### Box 14 – Employment income

Enter the taxable salary or wages paid to the Status 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 Status Indian employees on their tax-exempt employment income, enter the CPP/QPP contributions you deducted from the employee’s taxable earnings.

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

### Box 18 – Employee’s EI premiums

Taxable and tax-exempt salary or wages paid to a Status Indian are insurable earnings subject to 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.

**Box 26 – CPP/QPP pensionable earnings**

Enter the amount of pensionable earnings on which you calculated the CPP/QPP contributions.

**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 12 for details.

**Box 55 – Employee's PPIP premiums**

Taxable and tax-exempt salary or wages paid to a Status Indian in Quebec are insurable earnings subject to 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 \$62,000 for 2009.

## For more information

To get the most up-to-date payroll information and products, go to [www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll).

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### Publications for employers

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

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### Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



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## Notes

