



# **Payroll Deductions Tables**

## **British Columbia**

### **Effective**

### **January 1, 2012**

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**The CPP and EI tables for 2012  
are not part of this publication. However,  
they are available on our Web site.**

**L / T4032-BC**

[www.cra.gc.ca](http://www.cra.gc.ca)



**Canada Revenue  
Agency**

**Agence du revenu  
du Canada**

**Canada**



**NOTE:** In this publication, the text inserted between square brackets represents the regular print information.

## **What's new as of January 1, 2012**

The major changes made to this publication since the last edition are outlined with a dotted line.

This publication reflects some income tax changes recently announced which, if enacted as proposed, would be effective January 1, 2012. At press time, some of these proposals had not yet become law. We recommend that you use the new payroll deductions tables in this publication for withholding starting with the first payroll in January 2012.

There is no change to the federal income tax rates for 2012.

The federal income tax thresholds have been indexed for 2012.

The federal Canada employment credit has been indexed to \$1,095 for 2012.

The federal basic personal amount, the spouse or common-law partner amount and the amount for an eligible dependant have been indexed to \$10,822 for 2012.

There is no change to the British Columbia income tax rates for 2012.

The British Columbia tax reduction for 2012 has been indexed.

The provincial income thresholds and personal amounts have been indexed for 2012.

## **SPECIAL NOTICE**

### **T4032, Payroll Deductions Tables**

As of January 2012, Publication T4032, PAYROLL DEDUCTIONS TABLES, will be available on CD for use on any computer with or without Internet access. You can order a copy at **[www.cra.gc.ca/orderforms](http://www.cra.gc.ca/orderforms)** or by calling **1-800-959-2221**.

Paper copies remain available for employers who do not use a computer. To get a copy, call us at **1-800-959-2221**.

The electronic versions of Publications T4008 and T4032 will continue to be available on our Web site at **[www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll)**.

## **Payroll Deductions Online Calculator**

For your 2012 payroll deductions, you can use our Payroll Deductions Online Calculator (PDOC). The online calculator makes it easier to calculate payroll deductions. PDOC is available at **[www.cra.gc.ca/pdoc](http://www.cra.gc.ca/pdoc)**.

## **Tables on the Web**

You can download Publication T4032, PAYROLL DEDUCTIONS TABLES, from our Web site at **[www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll)** and save it on your computer. You can also choose to print only the pages or information that you need.

## **Let us notify you**

We provide an electronic service that can notify you immediately, **free of charge**, of any changes for payroll deductions.

To subscribe, visit our Web site at **www.cra.gc.ca/lists** and enter your business's email address for each mailing list that you want to join.

## **You have to deduct federal, and provincial income tax**

If you are using the income tax tables in this publication to determine your employees' and pensioners' total tax deductions, you have to look up the amounts in the federal tax table and the provincial tax table.

If not enough taxes have been deducted, employees and pensioners can ask to have more tax withheld at source to adjust any tax shortfall. To do so, employees and pensioners should complete federal Form TD1, 2012 PERSONAL TAX CREDITS RETURN, and return it to you.

New employees and pensioners or employees and pensioners who want to change their federal or provincial claim amounts have to complete federal Form TD1 for 2012 and a provincial Form TD1 for 2012.

### **Example**

You are an employer in British Columbia. Sara, your employee, earns \$1,810 a week in 2012. She has a federal claim code 1 and a provincial claim code 1.

To determine Sara's federal tax deductions, you look at the weekly federal tax deductions table and find the range for her weekly salary, which is 1799-1815. The federal tax deduction for \$1,810 weekly under claim code 1 is \$303.15.

To determine Sara's provincial tax deductions, you use the weekly provincial tax deductions table. In the British Columbia tax deductions table, the provincial tax deduction for \$1,810 weekly under claim code 1 is \$120.55.

Sara's total tax deduction is \$423.70 ( $\$303.15 + \$120.55$ ). This amount of taxes will be included in your remittance to us.

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### **Canada Pension Plan Contributions Tables**

The CPP tables are not part of this publication. However, they are available in the January 1, 2012 paper version of this publication and on our Web site.

**C**

**Employment Insurance Premiums Table**

The EI tables are not part of this publication. However, they are available in the January 1, 2012 paper version of this publication and on our Web site.

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This publication uses plain language to explain the most common tax situations. If you need more help, contact your tax services office.

## Who should use this publication?

If you are an employer or a payer, you should use this publication. It contains tables for federal and provincial tax deductions, CPP contributions and EI premiums. This publication will help you determine the payroll deductions for your employees or pensioners.

For more information on deducting, remitting, and reporting payroll deductions, see the following employers' guides:

- T4001, Employers' Guide – Payroll Deductions and Remittances
- T4130, Employers' Guide – Taxable Benefits and Allowances
- RC4110, Employee or Self-employed?
- RC4120, Employers' Guide – Filing the T4 Slip and Summary
- RC4157, Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary

These guides are available on our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). You can also get the guides by completing the order form available on our Web site or by calling **1-800-959-2221**.

## **Note**

You may want to keep the 2011 edition of PAYROLL DEDUCTIONS TABLES until the end of 2012. That edition may help you to resolve any pensionable and insurable earnings review (PIER) deficiencies that we identify in processing your 2011 T4 return.

## **What if your pay period is not in this publication?**

This publication contains the most common pay periods: weekly, biweekly (every two weeks), semi-monthly, and monthly. If you have unusual pay periods, such as daily (240 working days), or 10, 13, or 22 pay periods a year, see the PAYROLL DEDUCTIONS SUPPLEMENTARY TABLES (T4008) or the Payroll Deductions Online Calculator (PDOC) to determine tax deductions

## **Which provincial or territorial tax table should you use?**

Before you decide which tax table to use, you have to determine your employee's province or territory of employment. This depends on whether or not you require the employee to report for work at your place of business.

If the employee reports for work at your place of business, the province or territory of employment is considered to be the province or territory where your business is located.

To withhold payroll deductions, use the tax table for that province or territory of employment.

If you do not require the employee to report for work at your place of business, the province or territory of employment is the province or territory in which your business is located and from which you pay your employee's salary.

For more information and examples, see Chapter 1, "General Information," in Guide T4001, EMPLOYERS' GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES.

## **Federal tax for 2012**

### **Indexing for 2012**

For 2012, the federal income thresholds, the personal amounts and the Canada employment credit have been increased based on

changes in the consumer price index and other increases mentioned on page A-1.

The federal indexing factor for January 1, 2012 is 2.8%. The tax credits corresponding to the claim codes in the tables have been indexed accordingly. Employees will automatically receive the indexing increase, whether or not they file Form TD1, 2012  
PERSONAL TAX CREDITS RETURN.

## **Tax rates and income thresholds**

For 2012, the tax rates and income thresholds are as follows:

- 15% of taxable income less than or equal to \$42,707;
- 22% of taxable income greater than \$42,707 and less than or equal to \$85,414;
- 26% of taxable income greater than \$85,414 and less than or equal to \$132,406; and
- 29% of taxable income greater than \$132,406.

**Chart 1**  
**2012 federal tax rates and income thresholds**

<b>Annual taxable income (\$)</b>			<b>Federal tax rate</b>	<b>Constant (\$)</b>
<b>From</b>		<b>To</b>	<b>R</b>	<b>K</b>
0.00	–	42,707.00	0.15	0
42,707.01	–	85,414.00	0.22	2,989
85,414.01	–	132,406.00	0.26	6,406
132,406.01	–	and over	0.29	10,378

### **Canada employment credit**

The non-refundable Canada employment amount is built into the federal payroll deductions tables. The federal Canada employment amount is the lesser of:

- \$1,095; and

- the individual's employment income for the year.

The maximum annual non refundable tax credit is \$164.25.

Pension income is not eligible for this credit. If you are paying pension income, use the Payroll Deductions Online Calculator to find the tax deduction.

## Personal amounts

Most of the federal personal amounts for 2012 are revised. For more detailed information on the personal amounts, see Form TD1.

Basic personal amount	\$ 10,822
Spouse or common-law partner amount	\$ 10,822
Amount for an eligible dependant	\$ 10,822

# Provincial tax for 2012

## Provincial indexing for 2012

For 2012, the provincial income thresholds and the British Columbia tax reduction are indexed. They have been increased based on changes in the consumer price index.

The indexing factor for January 1, 2012, is 2.4%. The tax credits corresponding to the claim codes in the tables have been indexed accordingly. Employees will automatically receive the indexing increase, whether or not they file Form TD1BC, 2012

BRITISH COLUMBIA PERSONAL TAX CREDITS RETURN.

## Tax rates and income thresholds

For 2012, the provincial's tax rates and income thresholds are revised as follows:

- 5.06% on taxable income less than or equal to \$37,013;

- 7.70% on taxable income greater than \$37,013 and less than or equal to \$74,028;
- 10.50% on taxable income greater than \$74,028 and less than or equal to \$84,993;
- 12.29% on taxable income greater than \$84,993 and less than or equal to \$103,205; and
- 14.70% on taxable income greater than \$103,205.

**Chart 2**  
**2012 British Columbia tax rates and income thresholds**

Annual taxable income (\$)			Provincial tax rate	Constant (\$)
From		To	V	KP
0.00	–	37,013.00	0.0506	0
37,013.01	–	74,028.00	0.0770	977
74,028.01	–	84,993.00	0.1050	3,050

Annual taxable income (\$)		Provincial tax rate	Constant (\$)
From	To	V	KP
84,993.01	– 103,205.00	0.1229	4,571
103,205.01	and over	0.1470	7,059

## British Columbia tax reduction

For 2012, British Columbia's tax reduction has been revised as follows:

- Taxes payable will be reduced by up to \$403 for individuals with annual income of \$17,913 or less.
- Individuals with an annual income between \$17,913 and \$30,506.75 will be eligible for a partial reduction.
- The reduction of \$403 will be decreased by 3.2% of income above \$17,913, resulting in a nil reduction for an annual income of \$30,506.75 or more.

There is no need to apply for the British Columbia tax reduction. Individuals that are eligible will see the benefit in their paycheques or pension benefits through a lower withholding of British Columbia personal income tax.

## Personal amounts

For 2012, most of the provincial non-refundable personal tax credits are revised. For more detailed information on the personal amounts, see Form TD1BC, 2012 BRITISH COLUMBIA PERSONAL TAX CREDITS RETURN.

Basic personal amount	\$ 11,354
Spouse or common-law partner amount	\$ 9,964
Amount for an eligible dependant	\$ 9,964

# Canada Pension Plan (CPP) and Employment Insurance (EI)

## CPP Reform

For 2012, Canada Pension Plan (CPP) changes affect employees who are in the age bracket of 60 to 69 years of age, and are working and receiving CPP or Quebec Pension Plan payments.

For more information, see Chapter 2, "Canada Pension Plan contributions" in Guide T4001, EMPLOYERS' GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES, or go to [www.cra.gc.ca/cppchanges-employers](http://www.cra.gc.ca/cppchanges-employers).

## CPP contributions for 2012

Maximum pensionable earnings	\$	50,100
Annual basic exemption	\$	3,500
Maximum contributory earnings	\$	46,600

Contribution rate (4.95%)	0.0495
Maximum employee contribution	\$ 2,306.70
Maximum employer contribution	\$ 2,306.70

You stop deducting CPP when the employee reaches the maximum annual contribution for the year.

**Note**

As an employer, you have to remit these deductions along with your share of CPP contributions.

For more information, see Chapter 2, "Canada Pension Plan contributions," in Guide T4001, EMPLOYER'S GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES.

## EI premiums for 2012

Maximum annual insurable earnings	\$ 45,900
Premium rate (1.83%)	0.0183
Maximum annual employee premium	\$ 839.97

You stop deducting EI when the employee reaches the maximum annual premium.

### Note

As an employer, you have to remit these deductions along with your share of EI premiums.

For more information, see Chapter 3, "Employment Insurance premiums," in Guide T4001, EMPLOYER'S GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES.

## **Personal tax credits returns (TD1 forms)**

You may have to ask your employees or your pensioners to complete a federal and a provincial personal tax credits return using a federal Form TD1 and a provincial Form TD1.

For more information, see Chapter 5, "Deducting income tax," in Guide T4001, EMPLOYERS' GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES.

### **Claim codes**

The total personal amount an employee claims on a TD1 form will determine which claim code you use. For 2012, the claim amounts that correspond to the federal claim codes are not the same as the claim amounts that correspond to the provincial claim codes. See charts 3 and 4 on pages A-27 and A-28 [11].

## **Explanation of claim codes**

### **Claim code 0**

This code represents **no claim amount allowed**. If the federal claim code is "0" because the employee is a non-resident, the provincial claim code must also be "0."

### **Claim codes 1 to 10**

The claim code amounts do not appear on either the federal or the provincial TD1 form.

You match the "Total claim amount" reported on your employee's or pensioner's TD1 forms with the appropriate claim codes. Then, you look up the tax for the employee's pay under the claim code in the federal and provincial tax tables for the pay period.

### **Indexing of claim codes amounts**

The credits that apply to each federal and provincial claim code have been automatically increased in the tax tables by the indexing factor for the current year. If your employee did not complete the

federal and provincial TD1 forms for 2012, you continue to deduct income tax using the same claim code that you used last year.

**Chart 3**  
**2012 federal claim codes**

<b>Total claim amount (\$)</b>			<b>Claim code</b>
No claim amount			0
Minimum	–	10,822.00	1
10,822.01	–	12,890.00	2
12,890.01	–	14,958.00	3
14,958.01	–	17,026.00	4
17,026.01	–	19,094.00	5
19,094.01	–	21,162.00	6
21,162.01	–	23,230.00	7

Total claim amount (\$)			Claim code
23,230.01	–	25,298.00	8
25,298.01	–	27,366.00	9
27,366.01	–	29,434.00	10
29,434.01		and over	X
The employer has to calculate the tax manually.			
No withholding			E

**Chart 4**  
**2012 British Columbia claim codes**

Total claim amount (\$)			Claim code
No claim amount			0
Minimum	–	11,354.00	1
11,354.01	–	13,540.00	2

Total claim amount (\$)			Claim code
13,540.01	–	15,726.00	3
15,726.01	–	17,912.00	4
17,912.01	–	20,098.00	5
20,098.01	–	22,284.00	6
22,284.01	–	24,470.00	7
24,470.01	–	26,656.00	8
26,656.01	–	28,842.00	9
28,842.01	–	31,028.00	10
31,028.01		and over	X
The employer has to calculate the tax manually.			
No withholding			E

# **Form TD1X, Statement of Commission Income and Expenses for Payroll Tax Deductions**

If your employees want you to adjust their tax deductions to allow for commission expenses, they have to complete Form TD1X, STATEMENT OF COMMISSION INCOME AND EXPENSES FOR PAYROLL TAX DEDUCTIONS.

You deduct tax from your employees' commission pay using the "Total claim amount" on their TD1 forms in the following situations:

- if your employees do **not** complete a Form TD1X; or
- if they tell you in writing that they want to cancel a previously completed Form TD1X.

## **Payroll Deductions Online Calculator**

For your 2012 payroll deductions, we encourage you to take advantage of our electronic deductions services.

You can use our Payroll Deductions Online Calculator (PDOC) to calculate your payroll deductions. PDOC calculates payroll deductions

for the most common pay periods, as well as the applicable province (except Quebec) or territory. The calculation is based on exact salary figures.

You can use PDOC by going to [www.cra.gc.ca/pdoc](http://www.cra.gc.ca/pdoc).

## **How to you use the tables in this publication**

Use the tables in this publication to determine the CPP contributions, EI premiums, federal tax, and provincial tax that you will deduct from your employees' remuneration.

### **CPP tables (Section B)**

The annual basic exemption is built into the CPP tables.

- Find the pages in Section B that correspond to your pay period.
- To find the range that includes your employee's gross pay (this includes any taxable benefits), look down the "Pay" column.

- In the shaded column next to the "Pay" column, you will find the CPP contribution that you should withhold from your employee's pay.

## **EI table (Section C)**

- Find the page in Section C that corresponds to the "Insurable earnings" of your employee.
- To find the range that includes your employee's insurable earnings, look down the "Insurable earnings" column. When you use the table in this publication to determine the EI premiums, look up the insurable earnings for the period not the gross remuneration.
- In the shaded column next to the "Insurable earnings" column, you will find the EI premium that you should withhold from your employee's pay.

## **Tax deductions tables**

To determine the total tax you deduct for the pay period, you must add the federal and provincial tax amounts.

Even if the period of employment for which you pay a salary is less than a full pay period, you must continue to use the tax deductions table that corresponds to your regular pay period.

### **Federal (Section D)**

- Find the pages in Section D that correspond to your pay period.
- To find the range that corresponds to your employee's taxable income (this includes any taxable benefits), look down the "Pay" column.
- In the row under the applicable claim code, you will find the amount of federal tax that you should withhold from your employee's pay (for more information, see the section called "Claim codes" on page A-25 [10] and chart 3 on page A-27 [11] ).

### **Provincial (Section E)**

- Find the pages in Section E that correspond to your pay period.
- To find the range that includes your employee's taxable income (this includes any taxable benefits), look down the "Pay" column.

- In the row under the applicable claim code, you will find the amount of provincial tax that you should withhold from your employee's pay (for more information, see the section called "Claim codes" on page A-25 [10] and chart 4 on page A-28 [11] ).

## **Some information about payroll deductions**

Use the information in this publication with our employers' guides. Those guides will give you all the information you need for deducting, remitting, and reporting amounts.

### **Deducting tax from income not subject to CPP contributions or EI premiums**

We have built the tax credits for CPP contributions and EI premiums into the federal and provincial tax deductions tables in this publication. However, certain types of income, such as pension income, are not subject to CPP contributions and EI premiums. As a result, you will have to adjust the amount of federal and provincial income tax you are deducting.

To determine the amount of tax to deduct from income not subject to CPP contributions or EI premiums, use the Payroll Deductions Online Calculator, available at [www.cra.gc.ca/pdoc](http://www.cra.gc.ca/pdoc). On the "Salary calculation" and/or on the "Commission calculation" screen, go to Step 3 and select the "CPP exempt" and/or "EI exempt" option before clicking on the "Calculate" button.

## **Step-by-step calculation of tax deductions**

You can use the following step-by-step calculations to calculate the tax deductions for any employee or pensioner who earns more than the maximum amounts included in the tax deductions tables.

The example shows you how to determine the amount of tax to deduct from all income.

However, if you design your own payroll program or spreadsheets to calculate tax deductions, do not use either of these calculations. Instead, see Publication T4127, PAYROLL DEDUCTIONS FORMULAS FOR COMPUTER PROGRAMS.

## Example

### Tax to deduct for all income

This example applies to a person who earns \$1,100 weekly and contributes \$80 to a registered retirement savings plan (RRSP).

This person claims the basic personal amount plus the full claim amount for a dependent spouse.

### Calculate annual taxable income

(1)	Gross remuneration for the pay period (weekly)		\$ 1,100.00
<hr/>			
(2)	<b>Minus</b>		
	• the other amounts authorized by a tax services office	0.00	
<hr/>			
	• the RRSP contributions*	80.00	
<hr/>			
			— 80.00
<hr/>			

**\*This amount has to be deducted at source.**

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**\*Note**

If you have an employee you paid by commission, subtract the total expenses reported on Form TD1X from the gross remuneration reported on Form TD1X if applicable.

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(3) Net remuneration for the pay period (line 1 minus line 2)	\$ 1,020.00
(4) Annual net income (\$1,020 × 52 weeks)	\$ 53,040.00
(5) <b>Minus</b> the annual deduction for living in a prescribed zone, reported on the federal Form TD1	— N/A
(6) Annual taxable income (line 4 minus line 5)	\$ 53,040.00

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**Calculate federal tax**

(7) <b>Multiply</b> the amount on line 6 by the federal tax rate based on chart 1 on page A-16 [6]	× 0.22
	\$ 11,668.80

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(8) <b>Minus</b> the federal constant based on the annual taxable income on line 6 (see chart 1)		– 2,989.00
<hr/>		<hr/>
(9) Federal tax (line 7 minus line 8)		\$ 8,679.80
<hr/>		
(10) <b>Minus</b> the federal tax credits:		
• the total of personal tax credit amounts reported on the federal Form TD1		\$ 21,644.00
<hr/>		
• the CPP contributions for the pay period <b>multiplied by</b> the number of pay periods in the year (annual maximum \$2,306.70)*		2,306.70
<hr/>		
• the EI premiums for the pay period <b>multiplied by</b> the number of pay periods in the year (annual maximum \$839.97)*		839.97
<hr/>		
• the Canada employment credit (annual maximum \$1,095.00)		1,095.00
<hr/>		<hr/>
Total		\$ 25,885.67
<hr/>		

**\*Note**

When the maximum CPP contributions or EI premiums for the year is reached, use the maximum amount for later calculations

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(11) <b>Multiply</b> the total on line 10 by the lowest federal tax rate for the year.	×	0.15	
<hr/>			
(12) Total federal tax credits			– 3,882.85
<hr/>			
(13) Total federal tax payable for the year (line 9 minus line 12)			\$ 4,796.95
<hr/>			

**Calculate provincial tax**

(14) Basic provincial tax for British Columbia: <b>Multiply</b> the amount on line 6 by the provincial tax rate based on chart 2 on page A-19 [8]			\$ 4,084.08
<hr/>			
(15) <b>Minus</b> the provincial constant based on the annual taxable income on line 6 (see chart 2)			– 977.00
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(16) Provincial tax on income for British Columbia  
(line 14 minus line 15) \$ 3,107.08

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(17) **Minus** the provincial tax credits:

- the total of personal tax credit amounts reported on Form TD1BC \$ 21,318.00

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- the CPP contributions for the pay period **multiplied by** the number of pay periods in the year (annual maximum \$2,306.70)\* 2,306.70

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- the EI premiums for the pay period **multiplied by** the number of pay periods in the year (annual maximum \$839.97)\* 839.97

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Total \$ 24,464.67

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**\*Note**

When the maximum CPP contributions or EI premiums for the year is reached, use the maximum amount for later calculations

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(18) <b>Multiply</b> the total on line 17 by the lowest provincial tax rate for the year.	×	<u>0.0506</u>	
(19) Total provincial tax credits			– <u>1,237.91</u>
(20) Provincial tax payable before reduction (line 16 minus line 19)			\$ 1,869.17

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(21) **Minus** the British Columbia tax reduction:

- where net income (line 4) is less than or equal to \$17,913, the tax reduction is \$403

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- where net income (line 4) is greater than \$17,913 and less than or equal to \$30,506.75, the tax reduction is \$403 minus 3.2% of the income greater than \$17,913

- 
- where net income (line 4) is greater than \$30,506.75, the tax reduction is \$0

– \$ 0.00

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(22) Total provincial tax payable for the year  
(line 20 minus line 21)

\$ 1,869.17

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**Calculate total tax and the tax deduction for the pay period**

(23) Total federal and provincial tax deductions for the year (line 13 plus line 22).

If the result is negative, substitute \$0.

\$ 6,666.12

(24) Tax deduction for the pay period:  
**Divide** the amount on line 23 by the number  
of pay periods in the year (52). \$ 128.19

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## **Your opinion counts!**

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

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Canada Revenue Agency  
750 Heron Road  
Ottawa ON K1A 0L5