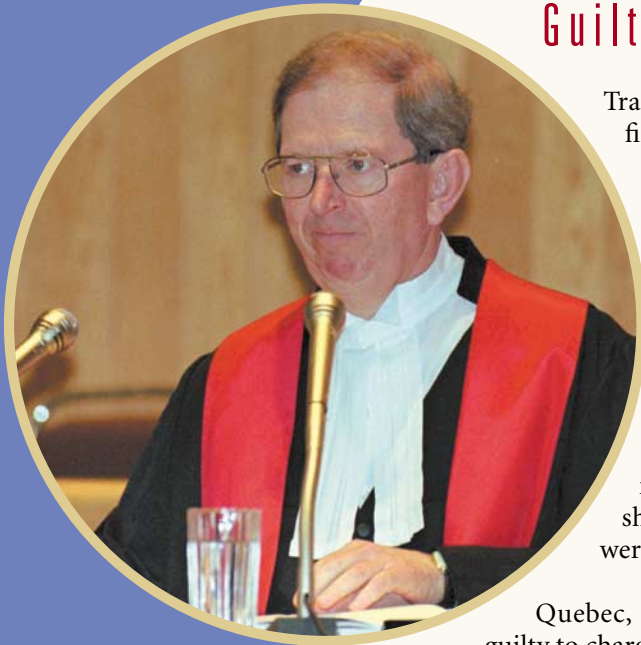


Payroll Liabilities

Guilty



Tracadie–Sheila, March 18, 2003—A Tracadie–Sheila man was fined \$4,000 in provincial court regarding four charges of failing to remit tax deducted from employees' paycheques.

Edmundston, January 14, 2003—CCRA announced that a dentist was fined \$3,000 in Edmundston provincial court after pleading guilty to three charges of failing to remit over \$8,000 in monies deducted and withheld from wages and salaries paid to employees.

Montreal, May 26, 2003—A director on the board of two companies was fined \$541,870 and sentenced to a 12-month prison term following a CCRA investigation that showed payroll deductions from the salaries of employees were not remitted to the Receiver General for Canada.

Quebec, January 16, 2003—The manager of a company pleaded guilty to charges of failing to remit payroll deductions. The company was fined \$3,000 and its manager was also fined the same amount. In addition, the company is still required to remit payroll deductions.

In all of the above cases, unpaid deductions must be paid in addition to the fines. Failure to do so will result in imprisonment. CCRA takes nonpayment of source deductions very seriously, as the amounts deducted from employees are deemed to be held in trust until remitted to CCRA on their behalf. People who deliberately evade taxes force honest Canadians to pay more than their fair share. Canadians have to be confident that the tax system is fair, and know that CCRA will prosecute those individuals who cheat.



Learning Objectives

- LO¹ List the taxes and other items frequently withheld from employees' wages.
- LO² Make the calculations necessary to prepare a Payroll Register and prepare the entries to record and pay payroll liabilities.
- LO³ Calculate the payroll costs levied on employers and prepare the entries to record the accrual and payment of these amounts.
- LO⁴ Calculate and record employee fringe benefit costs and show the effect of these items on the total cost of employing labour.

Chapter Preview

Wages or salaries generally amount to one of the largest expenses incurred by a business. Accounting for employees' wages and salaries is one task that is shared by almost all business entities.

Payroll accounting:

- Records cash payments to employees.
- Provides valuable information regarding labour costs.
- Accounts for amounts withheld from employees' pay.
- Accounts for employee (fringe) benefits and payroll costs paid by the employer.
- Provides the means to comply with governmental regulations on employee compensation.

As you study this chapter, you will learn the general processes that all businesses follow to account for these items.

Items Withheld from Employees' Wages

LO¹ List the taxes and other items frequently withheld from employee's wages.

An understanding of payroll accounting and the design and use of payroll records requires some knowledge of the laws and programs that affect payrolls. Many of these require **payroll deductions**, amounts withheld from the wages of employees, and are discussed in the first portion of this chapter.

Did You Know?



The Canadian Payroll Association (CPA) represents more than 10,000 members of the professional payroll community in Canada, the United States, and abroad. With over 18 million Canadian employees paid through CPA member companies, its mission is to provide payroll leadership through advocacy and education. The three levels of qualifications granted through the country's only nationally recognized Payroll Management Certificate Program are Payroll Administrator (PA), Payroll Supervisor (PS), and Payroll Manager (PM).

SOURCE: www.payroll.ca.

Withholding Employees' Income Tax

Employers are required to calculate, collect, and remit to the Receiver General for Canada the income taxes of their employees. Historically, when the first federal income tax law became effective in 1917, it applied to only a few individuals having high earnings. It was not until the Second World War that income taxes were levied on almost all wage earners. At that time, Parliament recognized that many individual wage earners could not be expected to save the money needed to pay their income taxes once each year, so Parliament began a system of pay-as-you-go withholding of taxes at their source each payday. This pay-as-you-go withholding of employee income taxes requires an employer to act as a tax collecting agent of the federal government. Failure to cooperate results in severe consequences, as illustrated in the opening article.

The amount of income taxes to be withheld from an employee's wages is determined by his or her wages and the amount of **personal tax credits**. Each individual is entitled, in 2003, to some or all of the following annual amounts that are subject to tax credits (as applicable):

- 1. Basic Personal Amount..... \$7,756
- 2. Married or Equivalent..... 6,586
(with maximum earnings stipulated)

The total of each taxpayer's personal tax credits is deducted from income to determine the level of income tax deductions from the individual's gross pay. For example, based on rates effective January 1, 2003, a Saskatchewan resident with a gross weekly salary of \$400 and personal tax credits of \$7,756 (2003 net claim code 1 on the TD1 form) would have \$60.60 of total income taxes withheld. Another individual with the same gross salary but with personal tax credits of \$14,640 (claim code 5) would have \$30.20 withheld.

Employers withhold income tax owed by each employee every payday based on an employee's completed Personal Tax Credit Return, Form TD1. The taxpayer must file a revised Form TD1 each time the exemptions change during a year. The TD1 form is shown in Exhibit 11.1.

Exhibit 11.1

TDI Form

2003 PERSONAL TAX CREDITS RETURN TD1

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

Complete this TD1 form if you have a new employer or payer and you will receive salary, wages, commissions, pensions, Employment Insurance benefits, or any other remuneration. Be sure to sign and date it on the back page and give it to your employer or payer who will use it to determine the amount of your payroll tax deductions.

If you do not complete a TD1 form, your new employer or payer will deduct taxes after allowing the basic personal amount only.

You do not have to complete a new TD1 form every year unless there is a change in your entitlement to personal tax credits. Complete a new TD1 form no later than seven days after the change.

You can get the forms and publications mentioned on this form from our internet site at www.cra.gc.ca/forms or by calling 1-800-959-2221.

Last name	First name and initial(s)	Date of birth (YYYYMMDD)	Employee number
Address including postal code		For non-residents only - Country of permanent residence	Social insurance number

1. Basic personal amount - Every resident of Canada can claim this amount. If you will have more than one employer or payer at the same time in 2003, see the section called "Income from other employers or payers" on the back page. If you are a non-resident, see the section called "Non-residents" on the back page. **7,756**

2. Age amount - If you will be 65 or older on December 31, 2003, and your net income for the year will be \$28,193 or less, enter \$3,787. If your net income will be between \$28,193 and \$53,440 and you want to calculate a partial claim, get the *Worksheet for the 2003 Personal Tax Credits Return (TD1-WS)* and complete the appropriate section.

3. Pension income amount - If you will receive regular pension payments from a pension plan or fund (excluding Canada or Quebec Pension Plans (CPP/QPP), Old Age Security, and guaranteed income supplements), enter \$1,000 or your estimated annual pension income, whichever is less.

4. Tuition and education amounts (full-time and part-time) - If you are a student enrolled at a university, college, or educational institution certified by Human Resources Development Canada, and you will pay more than \$100 per institution in tuition fees, complete this section. If you are enrolled full-time, or if you have a mental or physical disability and are enrolled part-time, enter the total of the tuition fees you will pay, plus \$400 for each month that you will be enrolled. If you are enrolled part-time and do not have a mental or physical disability, enter the total of the tuition fees you will pay plus \$120 for each month that you will be enrolled part-time.

5. Disability amount - If you will claim the disability amount on your income tax return by using Form T2201, *Disability Tax Credit Certificate*, enter \$6,279.

6. Spouse or common-law partner amount - If you are supporting your spouse or common-law partner who lives with you, and his or her net income for the year will be \$659 or less, enter \$6,586. If his or her net income for the year will be between \$659 and \$7,245 and you want to calculate a partial claim, get the *Worksheet for the 2003 Personal Tax Credits Return (TD1-WS)* and complete the appropriate section.

7. Amount for an eligible dependant - If you do not have a spouse or common-law partner and you support a dependant relative who lives with you, and his or her net income for the year will be \$659 or less, enter \$6,586. If his or her net income for the year will be between \$659 and \$7,245 and you want to calculate a partial claim, get the *Worksheet for the 2003 Personal Tax Credits Return (TD1-WS)* and complete the appropriate section.

8. Caregiver amount - If you are taking care of a dependant who lives with you, whose net income for the year will be \$12,509 or less, and who is either your or your spouse's or common-law partner's:
 • parent or grandparent age 65 or older, or
 • relative age 18 or older who is dependent on you because of an infirmity, enter \$3,663. If the dependant's net income for the year will be between \$12,509 and \$16,172 and you want to calculate a partial claim, get the *Worksheet for the 2003 Personal Tax Credits Return (TD1-WS)* and complete the appropriate section.

9. Amount for infirm dependants age 18 or older - If you are supporting an infirm dependant age 18 or older who is your or your spouse's or common-law partner's relative, who lives in Canada, and his or her net income for the year will be \$5,197 or less, enter \$3,663. You cannot claim an amount for a dependant claimed on line 8. If the dependant's net income for the year will be between \$5,197 and \$8,860 and you want to calculate a partial claim, get the *Worksheet for the 2003 Personal Tax Credits Return (TD1-WS)* and complete the appropriate section.

10. Amounts transferred from your spouse or common-law partner - If your spouse or common-law partner will not use all of his or her age amount, pension income amount, tuition and education amounts (maximum \$5,000), or disability amount on his or her income tax return, enter the unused amount.

11. Amounts transferred from a dependant - If your dependant will not use all of his or her tuition and education amounts (maximum \$5,000) or disability amount on his or her income tax return, enter the unused amount.

12. TOTAL CLAIM AMOUNT - Add lines 1 through line 11. Your employer or payer will use this amount to determine the amount of your payroll tax deductions.

Form continues on the back

Deduction for living in a prescribed zone

If you live in the Northwest Territories, Nunavut, Yukon, or another prescribed zone for more than six months in a row beginning or ending in 2003, you can claim:

- \$7.50 for each day that you live in the prescribed zone; or
- \$15 for each day that you live in the prescribed zone, if during that time you live in a dwelling that you maintain, and you are the only person living in that dwelling who is claiming this deduction.

For more information, get Form T2222, *Northern Residents Deductions*, and the publication called *Northern Residents Deductions - Places in Prescribed Zones*.

Additional tax to be deducted

If you receive other income, including non-employment income such as CPP or QPP benefits, or Old Age Security pension, you may want to have more tax deducted. By doing this, you may not have to pay as much tax when you file your income tax return.

To choose this option, state the amount of additional tax you want to have deducted. To change this deduction later, you will have to complete a new *Personal Tax Credits Return*.

Reduction in tax deductions

You can ask for a reduction in tax deductions if you are eligible for deductions or non-refundable tax credits that are not listed on this form (for example, periodic contributions to an RRSP, child care or employment expenses, and charitable donations). To make this request, complete Form T1213, *Request to Reduce Tax Deductions at Source*, to get a letter of authority from your tax services office.

Give the letter of authority to your employer or payer. You do not need a letter of authority if your employer deducts RRSP contributions from your salary.

Non-residents

If you are a non-resident of Canada, tick this box and answer the question below. If you are unsure of your residency status, call the International Tax Services Office at 1-800-267-5177.

Non-resident

Will you include 90% or more of your world income when determining your taxable income earned in Canada in 2003? If yes, complete the front page. If no, enter "0" on line 12 on the front page and do not complete lines 2 to 11 as you are not entitled to the personal tax credits.

Yes No

Income from other employers or payers

Your earnings may not be subject to payroll tax deductions if your total income from all employers and payers for the year will be less than your total claim amount.

Will your total income for the year be less than your total claim amount on line 12 on the front page? Yes No

If you have more than one employer or payer at the same time and you have already claimed personal tax credit amounts on another Form TD1 for 2003, you can choose not to claim them again. By doing this, you may not have to pay as much tax when you file your income tax return. To choose this option, enter "0" on line 12 on the front page and do not complete lines 2 to 11.

Certification

I certify that the information given in this return is, to the best of my knowledge, correct and complete.

Signature _____ Date _____

It is a serious offence to make a false return.

Provincial or Territorial Personal Tax Credits Return

In addition to this Form TD1, you may have to complete a *Provincial or Territorial Personal Tax Credits Return*.

If your claim amount on line 12 on the front page is more than \$7,756, complete a provincial or territorial TD1 form in addition to this form. If you are an employee, use the TD1 form for your province or territory of employment. If you are a pensioner, use the TD1 form for your province or territory of residence. Your employer or payer will use both this form and your most recent provincial or territorial TD1 form to determine your tax deductions.

If you are claiming the basic personal amount only (your claim amount on line 12 on the front page is \$7,756), do not complete a provincial or territorial TD1 form. Your employer or payer will deduct provincial or territorial taxes after allowing the provincial or territorial basic personal amount.

Note: If you are a Saskatchewan resident supporting children under 18 at any time during 2003, you may be entitled to claim the child amount on the *2003 Saskatchewan Personal Tax Credits Return (TD1SK)*. Therefore, you may want to complete the TD1SK form even if you are claiming the basic personal amount only on the front page of this form (your claim amount on line 12 is \$7,756).

If you entered "0" on line 12 on the front page because you are a non-resident and you will not include 90% or more of your world income when determining your taxable income earned in Canada in 2003, do not complete a provincial or territorial TD1. You are not entitled to the provincial or territorial personal tax credits.

In determining the amounts of income taxes to be withheld from the wages of employees, employers normally use payroll deductions tables provided by the Canada Customs and Revenue Agency (CCRA) P.10. The to-be-withheld amounts include both federal and provincial income taxes except for the province of Quebec, which levies and collects its own income tax and its own pension plan contributions. Provincial income tax rates vary from province to province. Therefore, for consistency, all examples and problems making use of tax tables in this chapter will be based on Saskatchewan's tables. Calculation of deductions is simplified for computer users if they request "tables on diskette" from CCRA or download them directly from www.ccra.gc.ca/payroll. Employers are required to remit the withheld taxes to the Receiver General for Canada each month.

Canada (or Quebec) Pension Plan (CPP or QPP)

Every working person between the ages of 18 and 70 with few exceptions must make contributions in required amounts to the **Canada Pension Plan** (CPP) or Quebec Pension Plan (QPP).

For 2003, contributions are based on earnings as follows:

Canada Pension Plan Contributions		
Effective Jan. 1, 2003	Employee Contributions	Employer Contributions
Rate	4.95%*	4.95%*
Maximum	\$1,801.80	\$1,801.80

**4.95% of earnings greater than \$3,500 and less than \$39,900.*

Employers are responsible for making the proper deductions from their employees' earnings. They remit these deductions each month, together with their own contributions, to the Receiver General for Canada.

Self-employed individuals pay the combined rate for employees and employers, or 9.9% on annual earnings between \$3,500 and the exempt ceiling of \$39,900.

Employment Insurance (EI)

To assist the unemployed, the federal government began an employee/employer-financed unemployment insurance plan. Under the revised 1996 Employment Insurance Act, compulsory **Employment Insurance** (EI) coverage was extended to all Canadian workers who are not self-employed. As of January 1, 2003, over 12.96 million employees, including teachers, hospital workers, and top-level executives, were covered by the insurance plan.

The Employment Insurance fund from which benefits are paid is jointly financed by employees and their employers. For 2003, employers are required to deduct from their employees' wages 2.1% of insured earnings, to add a contribution of 1.4 times the amount deducted from employees' wages, and to remit both amounts to the Receiver General for Canada. The system is summarized as follows:

Employment Insurance Contributions		
Effective Jan. 1, 2003	Employee Contributions	Employer Contributions
Rate	2.1%	1.4 times employee rate
Maximum	\$819.00	\$1,146.60

Note: Maximum insurable earnings for 2003 are \$39,000.

Insured earnings, in most instances, refer to gross earnings. An employee may receive taxable benefits or allowances that would be included in gross earnings but would not be considered insurable earnings. However, in this text, gross earnings will be insurable earnings.

The Employment Insurance Act also requires that an employer complete a “Record of Employment” because of termination of employment, illness, injury, or pregnancy and keep a record for each employee that shows among other things wages subject to employment insurance and taxes withheld.

Use of Withholding Tables

Employers may use **wage bracket withholding tables** in determining Canada Pension Plan and Employment Insurance to be withheld from employees’ gross earnings. These tables are also available in electronic form for computer applications on disk from CCRA or at www.cca-adrc.gc.ca.

Determining the amount of withholdings from an employee’s gross wages is quite easy when electronic tables are used. Exhibit 11.2 shows the screens used to determine withholding amounts. First the gross pay is entered in the “Gross income for the pay period” area. Then the “View Deductions” button is clicked. The “Payroll Deductions for Regular Salary” automatically appears.

Payroll Deductions - Effective January 1, 2003 - Regular Salary1

File View Options Window Help

Regular Salary1

Employee's name (optional): Auer, John

Pay period ending date (optional): 2003-07-11 (YYYY-MM-DD)

Province or territory of employment: Saskatchewan

Pay period: Weekly payments (52)

Gross income for the pay period: 400.00

Deductions to determine taxable income: 0.00

Requested additional tax deduction: 0.00

Year to date CPP deducted (optional): 0.00 Exempt CPP

Year to date EI deducted (optional): 0.00 Exempt EI

Total claim amount (from TD1 federal): Claim Code 1 (Minimum - 7,756.00)

Total claim amount (from TD1 prov or terr): Claim Code 1 (Minimum - 8,000.00)

View Deductions

Exhibit 11.2

2003 Electronic Tables
Screens

Payroll Deductions - Effective January 1, 2003 - Regular Salary1

File View Options Window Help

Regular Salary1

Employee's name (optional):

Pay period ending date (optional):

Province or territory of employment:

Pay period:

Gross salary (or pension income) for the pay period		400.00
Total EI insurable earnings for the pay period		400.00
Taxable salary or pension income		400.00
Canada Pension Plan (CPP) deductions	16.47	
Employment Insurance (EI) deductions	8.40	
Federal tax deductions	36.15	
Provincial or territorial tax deductions	24.45	
Total Tax	60.60	60.60
Requested additional tax deduction	0.00	
Total Deductions	85.47	85.47
Net amount		314.53

Total claim amount (from TD1 federal): Claim Code 1 (Minimum - 7,756.00)

Total claim amount (from TD1 prov or terr): Claim Code 1 (Minimum - 8,000.00)

Employer's pay period: Weekly payments (52)

Province of employment: Saskatchewan

Print Screen Print Tax Page Cancel OK

The T-4 Form

Employers are required to report wages and deductions both to each employee and to the local office of CCRA. On or before the last day of February, the employer must give each employee a T-4 statement that tells the employee:

- Total wages for the preceding year.
- Taxable benefits received from the employer.
- Income taxes withheld.
- Deductions for registered pension plan.
- Canada Pension Plan contributions.
- Employment Insurance deductions.

On or before the last day of February the employer must forward to the district taxation office copies of the employee's T-4 statements plus a T-4 that summarizes the information contained on the employee's T-4 statements. The T-4 form is shown in Exhibit 11.3.

Exhibit 11.3

2003 T-4 Form

4 Employer's name – Nom de l'employeur
Saskatchewan Harvesters
12311-51 Avenue
Lloydminster, Saskatchewan

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

Year / Année: 2003

T4 STATEMENT OF REMUNERATION PAID / ÉTAT DE LA RÉMUNÉRATION PAYÉE

VOID / ANNULÉ	Employment income – line 101 / Revenus d'emploi – ligne 101	Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437
	14 48,100 00	22 11,368 80
Business Number / Numéro d'entreprise	Province of employment / Province d'emploi	Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308
54 999999999RP8888	10 SK	16 1,801 80
Social insurance number / Numéro d'assurance sociale	Employment Code / Code d'emploi	Employee's QPP contributions – line 308 / Cotisations de l'employé au RRQ – ligne 308
12 123456789	29	17
Exempt – Exemption / CPP - QPP / EI		Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312
28		18 819 00
RPC - RRQ / AE		44 Union dues – line 212 / Cotisations syndicales – ligne 212
		44 728 00
Employee's name and address – Nom et adresse de l'employé		RPP contributions – line 207 / Cotisations à un RPA – ligne 207
Last name (in capital letters) – Nom de famille (en lettres majuscules) / First name – Prénom / Initials – Initiales		20
MACLACHLAN SHANNON		46 Charitable donations – Schedule 1 / Dons de bienfaisance – Annexe 1
11949-58 Street		46 1,300 00
Lloydminster, Saskatchewan		52 Pension adjustment – line 206 / Facteur d'équivalence – ligne 206
S9V 0A6		50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB
		50

Other information / renseignements (see the back) / (voir au verso)

Box – Case / Amount – Montant

T4 (01)

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Wages, Hours, and Union Contracts

All provinces have laws establishing maximum hours of work and minimum pay rates. And, while the details vary with each province, generally employers are required to pay an employee for hours worked in excess of 40 in any one week at the employee's regular pay rate plus an overtime premium of at least one-half of his or her regular rate. In addition, employers commonly operate under contracts with their employees' union that provide even better terms.

In addition to specifying working hours and wage rates, union contracts often provide that the employer shall deduct dues from the wages of each employee and remit the amounts deducted to the union.

Other Payroll Deductions

Employees may individually authorize additional deductions such as:

1. Deductions to accumulate funds for the purchase of Canada Savings Bonds.
2. Deductions to pay health, accident, hospital, or life insurance premiums.
3. Deductions to repay loans from the employer or the employees' credit union.
4. Deductions to pay for merchandise purchased from the company.
5. Deductions for donations to charitable organizations such as the United Way.

1. What is the purpose of the federal Employment Insurance scheme?
2. When must T-4 statements be given to employees?
3. What are other typical nonmandatory payroll deductions?



The Payroll Register

Each pay period the total hours worked are summarized in a Payroll Register, an example of which is shown in Exhibit 11.4. The illustrated register is for a weekly pay period and shows the payroll data for each employee on a separate line.

In Exhibit 11.4, the columns under the heading Daily Time show the hours worked each day by each employee. The total of each employee's hours is entered in the column headed Total Hours. If hours include overtime hours, these are entered in the column headed O.T. Hours.

The Regular Pay Rate column shows the hourly pay rate of each employee. Total hours worked multiplied by the regular pay rate equals regular pay. Overtime hours multiplied by the overtime premium rate (50% in this case) equals overtime premium pay. And regular pay plus overtime premium pay is the **employee's gross pay**.

The amounts withheld from each employee's gross pay are recorded in the Deductions columns of the payroll register. For example, you determine the income tax deductions by matching the gross pay of each employee to the tax deduction tables and then enter the results in the tax deduction column. Income tax deductions are based on the gross pay less the amounts deducted for EI and CPP (or QPP). The tax tables allow for these adjustments and separate books are available for each province. Exhibit 11.4 assumes that income tax deductions are based on the tables provided in Exhibit 11.5, assuming the employees are resident in Saskatchewan.

For example, you can use the tables in Exhibit 11.5 to determine the appropriate CPP, EI, and Income Tax deductions for John Auer's \$400 pay. In the CPP table, under the *Pay* column, find \$400. The CPP deduction according to the table is \$16.47 for the pay range \$399.93–\$400.12. Using the EI table, go to the *Insurable Earnings* column and find \$400. The table shows that the EI deduction for the range \$399.77–\$400.23 is \$8.40. Finally, using each of the federal and provincial tax deductions tables, go to the *Pay* column and find \$400. Now follow the numbers across to the claim code 1 column (assume a claim code of 1 unless otherwise specified). The tables show a total income tax to be deducted of \$60.60 (federal tax of \$36.15 + provincial tax of \$24.45). You can use the tables to determine the CPP, EI, and Income Tax deductions for the remaining employees.

LO² Make the calculations necessary to prepare a Payroll Register and prepare the entries to record and pay payroll liabilities.

Exhibit 11.4

Payroll Register

Payroll Week Ended														
Employees	Clock Card No.	Daily Time						Total Hours	O.T. Hours	Earnings				
		M	T	W	T	F	S			Reg. Pay Rate	Regular Pay	O.T. Premium Pay	Gross Pay	
Auer, John	118	8	8	8	8	8		40		10.00	400.00		400.00	1
Cheung, Joen	109	0	8	8	8	8		40		12.00	480.00		480.00	2
Daljit, Moe	121	8	8	8	8	8	4	52	12	15.00	780.00	90.00	870.00	3
Lee, Shannon	104	8	8	8	8	8	4	44	4	14.00	616.00	28.00	644.00	4
Prasad, Sunil	108	8	8	8	8	4	8	44	4	15.00	660.00	30.00	690.00	5
Rupert, Allan	105	8	8	8	8			40		12.00	480.00		480.00	6
Totals											<u>3,416.00</u>	<u>148.00</u>	<u>3,564.00</u>	

Register July 11, 2003										
	Gross Pay	Deductions					Payment		Distribution	
		EI Premium	Income Taxes	Hospital Insurance	CPP	Total Deductions	Net Pay	Cheque Number	Sales Salaries	Office Salaries
1	400.00	8.40	60.60	18.00	16.47	103.47	296.53	754	400.00	
2	480.00	10.08	80.65	18.00	20.43	129.16	350.84	755	480.00	
3	870.00	18.27	200.50	24.00	36.40	279.17	590.83	756		870.00
4	644.00	13.52	123.15	18.00	28.55	183.22	460.78	757		644.00
5	690.00	14.49	137.50	24.00	30.82	206.81	483.19	758	690.00	
6	480.00	10.08	80.65	18.00	20.43	129.16	350.84	759	480.00	
	<u>3,564.00</u>	<u>74.84</u>	<u>683.05</u>	<u>120.00</u>	<u>153.10</u>	<u>1,030.99</u>	<u>2,533.01</u>		<u>2,050.00</u>	<u>1,514.00</u>

Exhibit 11.5

Excerpts From CPP, EI, and Income Tax Tables Effective January 1, 2003.

Employment Insurance Premiums

Cotisations à l'assurance-emploi

Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE	Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE	Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE	Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE
From - De	To - À		From - De	To - À		From - De	To - À		From - De	To - À	
398.81 - 399.28		8.38	471.67 - 472.14		9.91	643.10 - 643.57		13.51	685.96 - 686.42		18.19
399.29 - 399.76		8.39	472.15 - 472.61		9.92	643.58 - 644.04		13.52	686.43 - 686.90		18.20
399.77 - 400.23		8.40	472.62 - 473.09		9.93	644.05 - 644.52		13.53	686.91 - 687.38		18.21
400.24 - 400.71		8.41	473.10 - 473.57		9.94	644.53 - 644.99		13.54	687.39 - 687.85		18.22
400.72 - 401.19		8.42	473.58 - 474.04		9.95	645.00 - 645.47		13.55	687.86 - 688.33		18.23
401.20 - 401.66		8.43	474.05 - 474.52		9.96	645.48 - 645.95		13.56	688.34 - 688.80		18.24
401.67 - 402.14		8.44	474.53 - 474.99		9.97	645.96 - 646.42		13.57	688.81 - 689.28		18.25
402.15 - 402.61		8.45	475.00 - 475.47		9.98	646.43 - 646.90		13.58	689.29 - 689.76		18.26
402.62 - 403.09		8.46	475.48 - 475.95		9.99	646.91 - 647.38		13.59	689.77 - 690.23		18.27
403.10 - 403.57		8.47	475.96 - 476.42		10.00	647.39 - 647.85		13.60	685.96 - 866.42		18.19
403.58 - 404.04		8.48	476.43 - 476.90		10.01	647.86 - 648.33		13.61	866.43 - 866.90		18.20
404.05 - 404.52		8.49	476.91 - 477.38		10.02	648.34 - 648.80		13.62	866.91 - 867.38		18.21
404.53 - 404.99		8.50	477.39 - 477.85		10.03	648.81 - 649.28		13.63	867.39 - 867.85		18.22
405.00 - 405.47		8.51	477.86 - 478.33		10.04	649.29 - 649.76		13.64	867.86 - 868.33		18.23
405.48 - 405.95		8.52	478.34 - 478.80		10.05	649.77 - 650.23		13.65	868.34 - 868.80		18.24
405.96 - 406.42		8.53	478.81 - 479.28		10.06	650.24 - 650.71		13.66	868.81 - 869.28		18.25
406.43 - 406.90		8.54	479.29 - 479.76		10.07	650.72 - 651.19		13.67	869.29 - 869.76		18.26
406.91 - 407.38		8.55	479.77 - 480.23		10.08	651.20 - 651.66		13.68	869.77 - 870.23		18.27

Canada Pension Plan Contributions Weekly (52 pay periods a year)

Cotisations au Régime de pensions du Canada Hebdomadaire (52 périodes de paie par année)

Pay Rémunération		CPP RPC	Pay Rémunération		CPP RPC	Pay Rémunération		CPP RPC	Pay Rémunération		CPP RPC
From - De	To - À		From - De	To - À		From - De	To - À		From - De	To - À	
398.11 - 398.31		16.38	479.93 - 480.12		20.43	643.57 - 643.76		28.53	689.02 - 689.21		30.78
398.32 - 398.51		16.39	480.13 - 480.33		20.44	643.77 - 643.96		28.54	689.22 - 689.42		30.79
398.52 - 398.71		16.40	480.34 - 480.53		20.45	643.97 - 644.16		28.55	689.43 - 689.62		30.80
398.72 - 398.91		16.41	480.54 - 480.73		20.46	644.17 - 644.37		28.56	689.63 - 689.82		30.81
398.92 - 399.11		16.42	480.74 - 480.93		20.47	644.38 - 644.57		28.57	689.83 - 690.02		30.82
399.12 - 399.32		16.43	480.94 - 481.13		20.48	644.58 - 644.77		28.58	690.03 - 690.22		30.83
399.33 - 399.52		16.44	481.14 - 481.34		20.49	644.78 - 644.97		28.59	690.23 - 690.43		30.84
399.53 - 399.72		16.45	481.35 - 481.54		20.50	644.98 - 645.17		28.60	690.44 - 690.63		30.85
399.73 - 399.92		16.46	481.55 - 481.74		20.51	645.18 - 645.38		28.61	690.64 - 690.83		30.86
399.93 - 400.12		16.47	481.75 - 481.94		20.52	645.39 - 645.58		28.62	869.06 - 869.25		36.36
400.13 - 400.33		16.48	481.95 - 482.14		20.53	645.59 - 645.78		28.63	869.26 - 869.45		36.37
400.34 - 400.53		16.49	482.15 - 482.35		20.54	645.79 - 645.98		28.64	869.46 - 869.66		36.38
400.54 - 400.73		16.50	482.36 - 482.55		20.55	645.99 - 646.18		28.65	869.67 - 869.86		36.39
400.74 - 400.93		16.51	482.56 - 482.75		20.56	646.19 - 646.39		28.66	869.87 - 870.06		36.40
400.94 - 401.13		16.52	482.76 - 482.95		20.57	646.40 - 646.59		28.67	870.07 - 870.26		36.41
401.14 - 401.34		16.53	482.96 - 483.15		20.58	646.60 - 646.78		28.68	870.27 - 870.46		36.42
401.35 - 401.54		16.54	483.16 - 483.36		20.59	646.79 - 646.99		28.69	870.47 - 870.67		36.43
401.55 - 401.74		16.55	483.37 - 483.56		20.60	647.00 - 647.19		28.70	870.68 - 870.87		36.44

Exhibit 11.5

Excerpts From CPP, EI, and Income Tax Tables Effective January 1, 2003. (Continued)

Federal tax deductions Effective January 1, 2003 Weekly (52 pay periods a year) Also look up the tax deductions in the provincial table		Retenues d'impôt fédéral En vigueur le 1 ^{er} janvier 2003 Hebdomadaire (52 périodes de paie par année) Cherchez aussi les retenues d'impôt dans la table provinciale										
Pay Rémunération		Federal claim codes/Codes de demande fédéraux										
		0	1	2	3	4	5	6	7	8	9	10
From De	Less than Moins de	Deduct from each pay Retenez sur chaque paie										
386.	- 390.	58.25	34.35	31.70	26.45	21.15	15.85	10.55	5.25			
390.	- 394.	58.85	34.95	32.30	27.00	21.75	16.45	11.15	5.85	.55		
394.	- 398.	59.45	35.55	32.90	27.60	22.30	17.05	11.75	6.45	1.15		
398.	- 402.	60.00	36.15	33.50	28.20	22.90	17.60	12.35	7.05	1.75		
402.	- 406.	60.60	36.75	34.10	28.80	23.50	18.20	12.90	7.65	2.35		
466.	- 470.	70.15	46.25	43.60	38.35	33.05	27.75	22.45	17.15	11.85	6.55	1.25
470.	- 474.	70.75	46.85	44.20	38.90	33.65	28.35	23.05	17.75	12.45	7.15	1.85
474.	- 478.	71.30	47.45	44.80	39.50	34.20	28.95	23.65	18.35	13.05	7.75	2.45
478.	- 482.	71.90	48.05	45.40	40.10	34.80	29.50	24.20	18.95	13.65	8.35	3.05
482.	- 486.	72.50	48.65	46.00	40.70	35.40	30.10	24.80	19.50	14.25	8.95	3.65
606.	- 614.	91.25	67.40	64.75	59.45	54.15	48.85	43.55	38.25	32.95	27.65	22.40
614.	- 622.	92.45	68.60	65.95	60.65	55.35	50.05	44.75	39.45	34.15	28.85	23.55
622.	- 630.	94.05	70.20	67.55	62.25	56.95	51.65	46.35	41.05	35.75	30.50	25.20
630.	- 638.	95.75	71.85	69.20	63.90	58.60	53.35	48.05	42.75	37.45	32.15	26.85
638.	- 646.	97.40	73.55	70.90	65.60	60.30	55.00	49.70	44.40	39.10	33.80	28.50
686.	- 694.	107.40	83.55	80.90	75.60	70.30	65.00	59.70	54.45	49.15	43.85	38.55
694.	- 702.	109.10	85.20	82.55	77.30	72.00	66.70	61.40	56.10	50.80	45.50	40.20
702.	- 710.	110.75	86.90	84.25	78.95	73.65	68.35	63.05	57.75	52.45	47.15	41.90
710.	- 718.	112.40	88.55	85.90	80.60	75.30	70.05	64.75	59.45	54.15	48.85	43.55
718.	- 726.	114.10	90.25	87.60	82.30	77.00	71.70	66.40	61.10	55.80	50.50	45.20
846.	- 854.	141.80	117.95	115.30	110.00	104.70	99.40	94.10	88.80	83.50	78.20	72.95
854.	- 862.	143.55	119.70	117.05	111.75	106.45	101.15	95.85	90.55	85.30	80.00	74.70
862.	- 870.	145.30	121.45	118.80	113.50	108.20	102.90	97.65	92.35	87.05	81.75	76.45
870.	- 878.	147.10	123.20	120.55	115.25	110.00	104.70	99.40	94.10	88.80	83.50	78.20
878.	- 886.	148.85	125.00	122.35	117.05	111.75	106.45	101.15	95.85	90.55	85.25	79.95

Saskatchewan Provincial tax deductions effective January 1, 2003 Weekly (52 pay periods a year) Also look up the tax deductions in the federal table		Saskatchewan Retenues d'impôt provincial en vigueur le 1 ^{er} janvier 2003 Hebdomadaire (52 périodes de paie par année) Cherchez aussi les retenues d'impôt dans la table fédérale										
Pay Rémunération		Provincial claim codes/Codes de demande provinciaux										
		0	1	2	3	4	5	6	7	8	9	10
From De	Less than Moins de	Deduct from each pay Retenez sur chaque paie										
391.	- 395.	40.55	23.65	21.95	18.55	15.15	11.80	8.40	5.00	1.65		
395.	- 399.	40.95	24.05	22.35	18.95	15.55	12.20	8.80	5.40	2.05		
399.	- 403.	41.35	24.45	22.75	19.35	16.00	12.60	9.20	5.85	2.45		
403.	- 407.	41.80	24.85	23.15	19.80	16.40	13.00	9.60	6.25	2.85		
407.	- 411.	42.20	25.25	23.55	20.20	16.80	13.40	10.05	6.65	3.25		
471.	- 475.	48.75	31.80	30.10	26.75	23.35	19.95	16.55	13.20	9.80	6.40	3.05
475.	- 479.	49.15	32.20	30.50	27.15	23.75	20.35	17.00	13.60	10.20	6.85	3.45
479.	- 483.	49.55	32.60	30.95	27.55	24.15	20.80	17.40	14.00	10.60	7.25	3.85
483.	- 487.	49.95	33.05	31.35	27.95	24.55	21.20	17.80	14.40	11.05	7.65	4.25
487.	- 491.	50.35	33.45	31.75	28.35	25.00	21.60	18.20	14.85	11.45	8.05	4.65
611.	- 619.	63.25	46.30	44.65	41.25	37.85	34.50	31.10	27.70	24.30	20.95	17.55
619.	- 627.	64.05	47.15	45.45	42.05	38.70	35.30	31.90	28.55	25.15	21.75	18.35
627.	- 635.	64.90	47.95	46.25	42.90	39.50	36.10	32.75	29.35	25.95	22.60	19.20
635.	- 643.	65.70	48.80	47.10	43.70	40.30	36.95	33.55	30.15	26.80	23.40	20.00
643.	- 651.	66.50	49.60	47.90	44.50	41.15	37.75	34.35	31.00	27.60	24.20	20.85
651.	- 659.	67.35	50.40	48.70	45.35	41.95	38.55	35.20	31.80	28.40	25.05	21.65
659.	- 667.	68.15	51.25	49.55	46.15	42.75	39.40	36.00	32.60	29.25	25.85	22.45
667.	- 675.	68.95	52.05	50.35	46.95	43.60	40.20	36.80	33.45	30.05	26.65	23.30
675.	- 683.	69.90	53.00	51.30	47.90	44.50	41.15	37.75	34.35	31.00	27.60	24.20
683.	- 691.	70.90	53.95	52.25	48.90	45.50	42.10	38.75	35.35	31.95	28.60	25.20
851.	- 859.	92.15	75.20	73.55	70.15	66.75	63.40	60.00	56.60	53.20	49.85	46.45
859.	- 867.	93.20	76.25	74.55	71.20	67.80	64.40	61.05	57.65	54.25	50.90	47.50
867.	- 875.	94.20	77.30	75.60	72.20	68.85	65.45	62.05	58.70	55.30	51.90	48.55
875.	- 883.	95.25	78.35	76.65	73.25	69.90	66.50	63.10	59.75	56.35	52.95	49.55
883.	- 891.	96.30	79.40	77.70	74.30	70.90	67.55	64.15	60.75	57.40	54.00	50.60

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The column headed Hospital Insurance shows the amounts withheld to pay for hospital insurance for the employees and their families. The total withheld from all employees is a current liability of the employer until paid to the insurance company. Likewise, the total withheld for employees' union dues is a current liability until paid to the union.

Additional columns may be added to the Payroll register for any other deductions that occur sufficiently often to warrant special columns. For example, a company that regularly deducts amounts from its employees' pay for Canada Savings Bonds may add a special column for this deduction.

An employee's gross pay less total deductions is the **employee's net pay** and is entered in the Net Pay column. The total of this column is the amount the employees are to be paid. The numbers of the cheques used to pay the employees are entered in the column headed Cheque Number.

The Distribution columns are used to classify the various salaries in terms of different kinds of expense. Here you enter each employee's gross salary in the proper column according to the type of work performed. The column totals then indicate the amounts to be debited to the salary expense accounts.

Recording the Payroll

The entry to record the payroll shown in Exhibit 11.4 is:

July 11	Sales Salaries Expense.....	2,050.00	
	Office Salaries Expense	1,514.00	
	EI Payable		74.84
	Employees' Income Taxes Payable.....		683.05
	Employees' Hospital Insurance Payable		120.00
	CPP Payable.....		153.10
	Salaries Payable		2,533.01
	<i>To record the July 11 payroll.</i>		

The debits of the entry were taken from the Payroll Register's distribution column totals. They charge the employees' gross earnings to the proper salary expense accounts. The credits to EI Payable, Employees' Income Taxes Payable, Employees' Hospital Insurance Payable, and CPP Payable record these amounts as current liabilities. The credit to Salaries Payable (also called Payroll Payable, Wages Payable, or Accrued Salaries Payable, etc.) records as a liability the net amount to be paid to the employees.



4. What constitutes the employee's gross pay?
5. What is the employee's net pay?

Paying the Employees

Almost every business pays its employees by cheque or through electronic funds transfer (EFT). Employers give each employee an earnings statement each payday showing the hours worked, gross pay, deductions, and net pay, as shown in Exhibit 11.6.

Exhibit 11.6

A Payroll Cheque

<i>John Auer</i>	40		10.00	400.00		400.00	8.40	60.60	16.47	18.00	103.47	296.53
Employee	Total Hours	O.T. Hours	Reg. Pay Rate	Reg-ular Pay	O.T. Prem. Pay	Gross Pay	EI Pre-mium	Income Taxes	CP Plan	Hosp. Ins.	Total Deduc-tions	Net Pay

STATEMENT OF EARNINGS AND DEDUCTIONS FOR EMPLOYEE'S RECORDS—DETACH BEFORE CASHING CHEQUE

GRASSLAND INDUSTRIES
Loon Lake, Saskatchewan

No. 1517

PAY TO THE
ORDER OF John Auer Date July 11, 2003 \$ 296.53

Two hundred ninety - six - fifty three cents - - - - -

Lloydminster Credit Union
Lloydminster, Saskatchewan

GRASSLAND INDUSTRIES
Jane R. Morris

Employee's Individual Earnings Record

An **Employee's Individual Earnings Record**, as shown in Exhibit 11.7, provides for each employee, in one record, a full year's summary of the employee's working time, gross earnings, deductions, and net pay. In addition, it accumulates information that:

1. Serves as a basis for the employer's payroll tax returns.
2. Indicates when an employee's earnings have reached the maximum amounts for CPP and EI deductions.
3. Supplies data for the T4 slip, which must be given to the employee at the end of the year.

The payroll information on an Employee's Individual Earnings Record is posted from the Payroll Register. Note the last column of the record. It shows an employee's earnings to date and is used to determine when the earnings reach the maximum amounts taxed and are no longer subject to the various payroll taxes.

Exhibit 11.7

Employee's Individual Earnings Record

Employee's Name John Auer SIN No. 123-456-789 Employee No. 114

Home Address Box 68, Loon Lake Notify in Case of Emergency Margaret Auer Phone No. 964-9834

Employed May 15, 1999 Date of Termination _____ Reason _____

Date of Birth June 6, 1972 Date Becomes 65 June 6, 2037 Male (X) Female () Married () Single (X) Number of Exemptions 0 Pay Rate \$10.00

Occupation Clerk Place Warehouse

Per. Ends	Paid	Hrs.	Reason	Total	O.T. Hours	Reg. Pay	O.T. Pay	Gross Pay	EI Prem	Income Taxes	Hosp. Ins.	CPP	Total Deductions	Net Pay	Cheque No.	Cumulative Earnings
3-Jan	3-Jan			40		400.00		400.00	8.40	60.60	18.00	16.47	103.47	296.53	673	400.00
10-Jan	10-Jan			40		400.00		400.00	8.40	60.60	18.00	16.47	103.47	296.53	701	800.00
17-Jan	17-Jan			40		400.00		400.00	8.40	60.60	18.00	16.47	103.47	296.53	743	1,200.00
24-Jan	24-Jan	4	Sick	36		360.00		360.00	7.56	50.55	18.00	14.49	90.60	269.40	795	1,560.00
31-Jan	31-Jan			40		400.00		400.00	8.40	60.60	18.00	16.47	103.47	296.53	839	1,960.00
7-Feb	7-Feb			40		400.00		400.00	8.40	60.60	18.00	16.47	103.47	296.53	854	2,360.00
11-Jul	11-Jul			40		400.00		400.00	8.40	60.60	18.00	16.47	103.47	296.53	1517	9,560.00



Judgement Call

Answer—p. 588

Lawn Worker

You take a summer job working for a family friend who runs a small lawn mowing service. When the time arrives for your first paycheque, the owner slaps you on the back, gives you full payment in cash, winks, and adds: "No need to pay those high taxes, eh?" What are your responsibilities in this case? Do you take any action?



Answer—p. 588

6. What is the purpose of the employee's earnings record?

Mid-Chapter Demonstration Problem

On January 24, the end of its fourth weekly pay period in the year, Saskat Company's payroll record showed that its one office employee and two sales employees had earned \$646 (claim code 2), \$645 (claim code 3), and \$399 (claim code 4) respectively. Each employee has \$40 of hospital insurance premiums withheld plus \$15 of union dues.

Required

- Prepare a schedule similar to the register in Exhibit 11.4 to summarize deductions by employee and in total. Use the tables in Exhibit 11.5 to determine the appropriate CPP, EI, and income tax to be withheld.
- Give the journal entry to record the payroll on January 24.

SOLUTION TO Mid-Chapter Demonstration Problem

a.

	Deductions						Payment	Distribution		
	Gross Pay	EI Premium	Income Taxes	Hospital Insurance	CPP	Union Dues	Total Deductions	Net Pay	Office Salaries	Sales Salaries
1	646.00	13.57	118.80	40.00	28.65	15.00	216.02	429.98	646.00	
2	645.00	13.55	110.10	40.00	28.60	15.00	207.25	437.75		645.00
3	399.00	8.38	38.90	40.00	16.42	15.00	118.70	280.30		399.00
	<u>1,690.00</u>	<u>35.50</u>	<u>267.80</u>	<u>120.00</u>	<u>73.67</u>	<u>45.00</u>	<u>541.97</u>	<u>1,148.03</u>	<u>646.00</u>	<u>1,044.00</u>

b.

January 24	Office Salaries Expense	646.00	
	Sales Salaries Expense.....	1,044.00	
	EI Payable		35.50
	Employees' Income Taxes Payable.....		267.80
	Employees' Hospital Insurance Payable		120.00
	CPP Payable.....		73.67
	Employees' Union Dues Payable.....		45.00
	Salaries Payable		1,148.03
	<i>To record payroll deductions for pay period ending January 24.</i>		

LO³ Calculate the payroll costs levied on employers and prepare the entries to record the accrual and payments of these amounts.

Payroll Deductions Required of the Employer

Under the previous discussion of the Canada (or Quebec) Pension Plan (CPP or QPP), it was pointed out that pension deductions are required in like amounts on both employed workers and their employers. A covered employer is required by law to deduct from the employees' pay the amounts of their CPP (or QPP), but in addition, the employer must pay an amount equal to the sum of the employees' CPP (or QPP). Commonly, the amount deducted by the employer is recorded at the same time as the payroll to which it relates is recorded. Also, since both the employees' and employer's shares are reported on the same form and are paid in one amount, the liability for both is normally recorded in the same liability account, the CPP (or QPP) Payable account.

An employer is also required to pay Employment Insurance (EI) that is 1.4 times the sum of the employees' EI deductions. Most employers record both of these payroll deductions with a journal entry that is made at the time of recording the payroll to which they relate. For example, the entry to record the employer's amounts on the payroll in Exhibit 11.4 is:

July 11	EI Expense (1.4 × \$74.84)	104.78	
	CPP (or QPP) Expense	153.10	
	EI Payable		104.78
	CPP (or QPP) Payable		153.10
	<i>To record the employer's payroll taxes.</i>		

The debit in the entry records as an expense the payroll taxes levied on the employer, and the credits record the liabilities for the taxes.

Paying the Payroll Deductions

Income tax, EI, and CPP (or QPP) amounts withheld each payday from the employees' pay plus the employer's portion of EI and CPP (or QPP) are current liabilities until paid to the Receiver General for Canada. The normal method of payment is to pay the amounts due at any chartered bank or remit directly to the Receiver General for Canada. Payment of these amounts is usually required to be made before the 15th of the month following the month that deductions were made from the earnings of the employees. Large employers are required to remit on the 10th and 25th of each month.

For simplicity, we assume the payment of the July 11 amounts recorded above is made the following day. Recall, however, that the employer must remit the amounts withheld from the employee as determined in Exhibit 11.4 *plus* the employer's portion recorded above. The following T-accounts summarize all of these amounts:

EI Payable		Employees' Income Taxes Payable	
	74.84*		683.05*
	104.78**		
	179.62		
Hospital Insurance Payable		CPP (or QPP) Payable	
	120.00*		153.10*
			153.10**
			306.20

*Employees' portion per Exhibit 11.4 **Employer's portion

The entry to record remittance to the Receiver General for Canada is then:

July 12	El Payable.....	179.62	
	Employees' Income Taxes Payable.....	683.05	
	CPP (or QPP) Payable.....	306.20	
	Cash.....		1,168.87
	<i>To record the remittance of payroll liabilities to the Receiver General for Canada.</i>		

The entry to record remittance to the hospital insurance plan authority is then:

July 12	Employment Hospital Insurance Payable.....	120.00	
	Cash.....		120.00
	<i>To record the remittance of employees' hospital insurance premiums.</i>		

Notice that the payment of payroll liabilities is recorded in the same manner as payment of any other liabilities.

Accruing Payroll Deductions on Wages

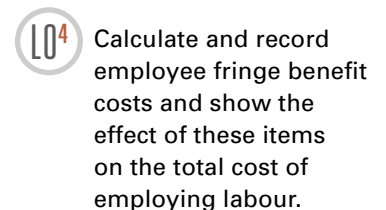
Mandatory payroll deductions are levied *only on wages actually paid*. Accrued wages are not subject to payroll deductions until they are paid. However, to satisfy the matching principle, both accrued wages and the related accrued deductions should be recorded at the end of an accounting period. In reality, because the amounts of such deductions vary little from one accounting period to the next and often are small in amount, many employers apply the materiality principle and do not accrue payroll deductions.

7. When are the payments for employee deductions due to the Receiver General for Canada?



Employee (Fringe) Benefit Costs

Many companies pay for a variety of benefits called **employee fringe benefits** in addition to the wages earned by employees and the related amounts paid by the employer. For example, an employer may pay for part (or all) of the employees' medical insurance, life insurance, and disability insurance. Another typical employee benefit involves employer contributions to a retirement income plan. Workers' compensation and vacation pay are required to be paid by employers according to the legislation in each province.



Workers' Compensation

Legislation is in effect in all provinces for payments to employees for an injury or disability arising out of or in the course of their employment. Under the provincial workers' compensation acts, employers are required to insure their employees against injury or disability that may arise as a result of employment. Premiums are normally based on (1) accident experience of the industrial classification to which each business is assigned and (2) the total payroll.

Procedures for payment are as follows:

1. At the beginning of each year, every covered employer is required to submit to the Workers' Compensation Board¹ an estimate of his or her expected payroll for the coming year.
2. Provisional premiums are then established by the board relating estimated requirements for disability payments to estimated payroll. Provisional premium notices are then sent to all employers.
3. Provisional premiums are normally payable in three to six installments during the year.
4. At the end of each year, actual payrolls are submitted to the board, and final assessments are made based on actual payrolls and actual payments. Premiums are normally between 1% and 3% of gross payroll and are borne by the employer.

Employer Contributions to Employee Insurance and Retirement Plans

The entries to record employee benefits costs depend on the nature of the benefit. Some employee retirement plans are quite complicated and involve accounting procedures that are too complex for discussion in this introductory course. In other cases, however, the employer simply makes periodic cash contributions to a retirement fund for each employee and records the amounts contributed as expense. Other employee benefits that require periodic cash payments by the employer include employer payments of insurance premiums for employees.

In the case of employee benefits that simply require the employer to make periodic cash payments, the entries to record the employer's obligations are similar to those used for payroll deductions.² For example, assume that an employer with five employees has agreed to pay medical insurance premiums of \$40 per month for each employee. The employer will also contribute 10% of each employee's salary to a retirement program. If each employee earns \$2,500 per month, the entry to record these employee benefits for the month of July is:

July 31	Benefits Expense	1,450
	Employees' Medical Insurance Payable.....	200
	Employees' Retirement Program Payable.....	1,250
	<i>To record employee benefits; (\$2,500 × 5) × 10% = \$1,250.</i>	

¹ In Ontario, the Workers' Compensation Board is called the Workplace Safety and Insurance Board (WSIB).

² Some payments of employee benefits must be added to the gross salary of the employee for the purpose of calculating income tax, CPP, and EI payroll deductions. However, in this chapter and in the problems at the end of the chapter, the possible effect of employee benefit costs on payroll taxes is ignored to avoid undue complexity in the introductory course.

Vacation Pay

Employers are required to allow their employees paid vacation time (at a minimum rate of 4% of gross earnings) as a benefit of employment. For example, many employees receive two weeks' vacation in return for working 50 weeks each year. The effect of a two-week vacation is to increase the employer's payroll expenses by 4% ($2/50 = 0.04$). After five years of service, most employees are entitled to a three-week vacation (i.e., $3/49 = 6.12\%$). However, new employees often do not begin to accrue vacation time until after they have worked for a period of time, perhaps as much as a year. The employment contract may say that no vacation is granted until the employee works one year, but if the first year is completed, the employee receives the full two weeks. Contracts between the employer and employee may allow for vacation pay in excess of the 4% minimum.

To account for vacation pay, an employer should estimate and record the additional expense during the weeks the employees are working and earning the vacation time. For example, assume that a company with a weekly payroll of \$20,000 grants two weeks' vacation after one year's employment. The entry to record the estimated vacation pay is:

Date	Benefits Expense	800	
	Estimated Vacation Pay Liability.....		800
	<i>To record estimated vacation pay;</i>		
	<i>\$20,000 × 0.04 = \$800.</i>		

As employees take their vacations and receive their vacation pay, the entries to record the vacation payroll take the following general form:

Date	Estimated Vacation Pay Liability	xxx	
	EI and CPP (or QPP) Payable		xxx
	Employees' Income Taxes Payable.....		xxx
	Other Withholding Liability Accounts		
	Such as Employees' Hospital		
	Insurance Payable		xxx
	Salaries Payable		xxx
	<i>To record payroll.</i>		

Mandatory payroll deductions and employee benefits costs are often a major category of expense incurred by a company. They may amount to well over 25% of the salaries earned by employees.

8. How is the cost of Workers' Compensation determined?



Answer—p. 588

Summary

LO1 List the taxes and other items frequently withheld from employees' wages. Amounts withheld from employees' wages include federal income taxes, Canada (or Quebec) Pension Plan (CPP or QPP) and employment insurance (EI). Payroll costs levied on employers include EI and CPP (or QPP).

An employee's gross pay may be the employee's specified wage rate multiplied by the total hours worked plus an overtime premium rate multiplied by the number of overtime hours worked. Alternatively, it may be the given periodic salary of the employee. Taxes withheld and other deductions for items such as union dues, insurance premiums, and charitable contributions are subtracted from gross pay to determine the net pay.

LO2 Make the calculations necessary to prepare a Payroll Register and prepare the entries to record and pay payroll. A Payroll Register is used to summarize all employees' hours worked, regular and overtime pay, payroll deduc-

tions, net pay, and distribution of gross pay to expense accounts during each pay period. It provides the necessary information for journal entries to record the accrued payroll and to pay the employees.

LO3 Calculate the payroll costs levied on employers and prepare the entries to record the accrual and payment of these amounts. When a payroll is accrued at the end of each pay period, payroll deductions and levies should also be accrued with debits and credits to the appropriate expense and liability accounts.

LO4 Calculate and record employee fringe benefit costs and show the effect of these items on the total cost of employing labour. Fringe benefit costs that involve simple cash payments by the employer should be accrued with an entry similar to the one used to accrue payroll levies. Legislated employee benefits related to Workers' Compensation and vacation pay are paid for by the employer.

GUIDANCE ANSWERS TO Judgement Call



Lawn Worker

You need to be concerned about being an accomplice to unlawful payroll activities. Not paying federal and provincial taxes on wages earned is unlawful and unethical. Such pay-

ments won't provide CPP and EI contributions. The best course of action is to request payment by cheque. If this fails to change the owner's payment practices, you must consider quitting this job.

GUIDANCE ANSWERS TO Flashback



1. Employment insurance is designed to alleviate hardships caused by interruptions in earnings through unemployment.
2. On or before the last day in February.
3. Deductions for Canada Savings Bonds, health or life insurance premiums, loan repayments, and donations to charitable organizations.
4. Regular pay plus overtime pay.
5. Gross pay less all the deductions.
6. An employee's earnings record serves as a basis for the employer's tax returns, indicates when the maximum CPP (or QPP) and EI deductions have been reached and supplies the data for the employees' T-4 slips.
7. Normally by the 15th of the following month; large employers must remit on the 10th and 25th of each month.
8. Premiums are based on the accident experience in the specific industry and on the size of the employer's payroll.

Demonstration Problem

Presented below are various items of information about three employees of the Saskatchewan Consulting Company for the week ending November 21, 2003.

	Billings	Dephir	Singe
Wage rate (per hour).....	\$ 15.00	\$ 30.00	\$ 18.00
Overtime premium	50%	50%	50%
Annual vacation	2.5 weeks	2.5 weeks	2.5 weeks
Cumulative wages as of			
November 14, 2003:.....	\$28,500.00	\$52,600.00	\$14,800.00
For the week (pay period) ended			
November 21, 2003:			
Hours worked	40	44	48
Medical insurance:			
Employer's contribution	\$ 25.00	\$ 25.00	\$ 25.00
Withheld from employee	18.00	18.00	18.00
Union dues withheld.....	50.00	70.00	50.00
Income tax withheld	110.90	382.80	221.90
Employment Insurance withheld.....	12.60	—	19.66
Canada Pension withheld	26.37	—	43.00
Payroll deduction rates:			
Employment Insurance.....	2.1% to an annual maximum of \$819.00		
Canada Pension Plan	4.95% less annual exemption of \$3,500; maximum per year is \$1,801.80		

Required

In solving the following requirements, *round all amounts to the nearest whole penny*. Prepare schedules that determine, for each employee and for all employees combined, the following information:

1. Wages earned for the regular 40-hour week, total overtime pay, and gross wages.
2. Vacation pay accrued for the week.
3. Costs imposed on the employer.
4. Employees' net pay for the week.
5. Employer's total payroll-related cost (wages, mandatory deductions, and fringe benefits).

Present journal entries to record the following:

6. Payroll expense.
7. Payroll deductions and employees' benefits expense.

Planning the Solution

- Calculate the gross pay for each employee.
- Compute the amounts deducted for all employees and their net pay.
- Compute the employer's share of payroll deductions.
- Prepare the necessary journal entries.

SOLUTION TO **Demonstration Problem****1. The gross wages (including overtime) for the week:**

	Billings	Dephir	Singe	Total
Regular wage rate.....	\$ 15.00	\$ 30.00	\$ 18.00	
Regular hours.....	× 40	× 44	× 48	
Regular pay.....	<u>\$600.00</u>	<u>\$1,320.00</u>	<u>\$864.00</u>	\$2,784.00
Overtime premium.....	\$7.50	\$15.00	\$9.00	
Overtime hours.....	—	× 4	× 8	
Total overtime pay.....	<u>\$-0-</u>	<u>\$60.00</u>	<u>\$ 72.00</u>	\$ 132.00
Gross wages.....	<u>\$600.00</u>	<u>\$1,380.00</u>	<u>\$936.00</u>	<u>\$2,916.00</u>

2. The vacation pay accrued for the week:

	Billings	Dephir	Singe	Total
Annual vacation.....	2.5 weeks	2.5 weeks	2.5 weeks	
Weeks worked in year.....	49.5 weeks	49.5 weeks	49.5 weeks	
Vacation pay as a percentage of regular pay.....	5.05%	5.05%	5.05%	
Regular pay this week.....	× \$600.00	× \$1,380.00	× \$936.00	
Vacation pay this week.....	<u>\$ 30.30</u>	<u>\$ 69.69</u>	<u>\$ 47.27</u>	<u>\$147.26</u>

The information in the following table is needed for part 3:

Employees	Earnings Through November 14	Earnings This Week	Earnings Subject to	
			CPP	Employment Insurance
Billings.....	\$28,500.00	\$ 600.00	\$ 532.69*	\$ 600.00
Dephir ¹	52,600.00	1,380.00	—	—
Singe ²	14,800.00	<u>936.00</u>	<u>868.69*</u>	<u>936.00</u>
Totals.....		<u>2,916.00</u>	<u>1,402.00</u>	<u>1,536.00</u>

*Recall that the first \$3,500 of income is exempt from CPP. This represents \$67.31/week (= 3,500/52 weeks).

3. The costs imposed on the employer.

	Billings	Dephir	Singe	Total
CPP (1.0).....	\$26.37	—	\$43.00	\$ 69.37
Employment Insurance (1.4).....	<u>17.64</u>	<u>—</u>	<u>27.52</u>	<u>45.16</u>
Totals.....	<u>44.01</u>	<u>—</u>	<u>70.52</u>	<u>114.53</u>

¹ Dephir's earnings have exceeded the CPP maximum of \$39,900 and EI maximum of \$39,000 and the maximum deductions of \$1,801.80 (CPP) and \$819.00 (EI). Therefore, neither CPP nor EI is deducted.

² EI deduction calculations from the diskette ignore the maximum weekly earnings of \$750. Deductions would cease when the yearly maximum deduction of \$819.00 is reached.

4. The net amount paid to the employees:

	Billings	Dephir	Singe	Total
Regular pay	\$600.00	\$1,320.00	\$864.00	\$2,784.00
Overtime pay	<u>-0-</u>	<u>60.00</u>	<u>72.00</u>	<u>132.00</u>
Gross pay	<u>\$600.00</u>	<u>\$1,380.00</u>	<u>\$936.00</u>	<u>\$2,916.00</u>
Withholdings:				
Income tax withholding.....	\$110.90	\$ 382.80	\$221.90	\$ 715.60
CPP withholding.....	26.37	—	43.00	69.37
EI withholding	12.60	—	19.66	32.26
Medical insurance	18.00	18.00	18.00	54.00
Union dues	<u>50.00</u>	<u>70.00</u>	<u>50.00</u>	<u>170.00</u>
Total withholdings	<u>\$217.87</u>	<u>\$ 470.80</u>	<u>\$352.56</u>	<u>\$1,041.23</u>
Net pay to employees.....	<u><u>\$382.13</u></u>	<u><u>\$ 909.20</u></u>	<u><u>\$583.44</u></u>	<u><u>\$1,874.77</u></u>

5. The total payroll-related cost to the employer.

	Billings	Dephir	Singe	Total
Regular pay	\$600.00	\$1,320.00	\$ 864.00	\$2,784.00
Overtime pay	<u>-0-</u>	<u>60.00</u>	<u>72.00</u>	<u>132.00</u>
Gross pay	<u>\$600.00</u>	<u>\$1,380.00</u>	<u>\$ 936.00</u>	<u>\$2,916.00</u>
Deductions and fringe benefits:				
CPP	\$ 26.37	\$ —	\$ 43.00	\$69.37
EI.....	17.64	—	27.52	45.16
Vacation.....	30.30	69.69	47.27	147.26
Medical insurance	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>	<u>75.00</u>
Total deductions and fringe benefits.....	<u>\$ 99.31</u>	<u>\$ 94.69</u>	<u>\$ 142.79</u>	<u>\$ 336.79</u>
Total payroll-related cost	<u><u>\$699.31</u></u>	<u><u>\$1,474.69</u></u>	<u><u>\$1,078.79</u></u>	<u><u>\$3,252.79</u></u>

6. Journal entry for payroll expense:

2003			
Nov. 21	Salary Expense	2,916.00	
	Employees' Income Taxes Payable.....		715.60
	CPP Payable.....		69.37
	EI Payable		32.36
	Employees' Medical Insurance Payable		54.00
	Employees' Union Dues Payable.....		170.00
	Salaries Payable		1,874.77
	<i>To record payroll expense.</i>		

7. Journal entry for payroll deductions and employees' benefit expense:

2003			
Nov. 21	CPP Expense.....	69.37	
	EI Expense	45.16	
	Benefits Expense	222.26	
	CPP Payable.....		69.37
	EI Payable		45.16
	Accrued Vacation Pay Payable		147.26
	Employees' Medical Insurance Payable.....		75.00
	<i>To record employer's share of payroll deductions and benefits expense.</i>		

Glossary

Canada Pension Plan A national contributory retirement pension scheme. (p. 574)

Employee fringe benefits Payments by an employer, in addition to wages and salaries, that are made to acquire employee benefits such as insurance coverage and retirement income. (p. 585)

Employment Insurance An employee/employer-financed unemployment insurance plan. (p. 574)

Employee's gross pay The amount an employee earns before any deductions for taxes or other items such as union dues or insurance premiums. (p. 577)

Employee's Individual Earnings Record A record of an employee's hours worked, gross pay, deductions, net pay, and certain personal information about the employee. (p. 581)

Employee's net pay The amount an employee is paid, determined by subtracting from gross pay all deductions for taxes and other items that are withheld from the employee's earnings. (p. 580)

Payroll deductions Amounts deducted from an employee's pay, usually based on the amount of an employee's gross pay. (p. 572)

Personal tax credits Amounts that may be deducted from an individual's income taxes and that determine the amount of income taxes to be withheld. (p. 572)

Wage bracket withholding table A table showing the amounts to be withheld from employees' wages at various levels of earnings. (p. 575)



For more study tools, quizzes, and problem material,
refer to the Online Learning Centre at
www.mcgrawhill.ca/college/larson

Questions

- Who pays the contributions to the Canada Pension Plan?
- Who pays premiums under the Workers' Compensation laws?
- Who pays federal Employment Insurance? What is the rate?
- What are the objectives of Employment Insurance laws?
- To whom and when are payroll deductions remitted?
- What determines the amount that must be deducted from an employee's wages for income taxes?
- What is a tax withholding table?
- What is the Canada Pension Plan deduction rate for self-employed individuals?
- What information is accumulated on an employee's individual earnings record? Why must this information be accumulated? For what purposes is the information used?
- What payroll charges are levied on the employer? What amounts are deducted from the wages of an employee?
- What are employee fringe benefits? Name some examples.

Quick Study

QS 11-1

Payroll expenses

LO¹

A company deducts \$260 in Employment Insurance and \$205 in Canada Pension from the weekly payroll of its employees. How much is the company's expense for these items for the week?

QS 11-2

Preparing payroll journal entries

LO²

Tracon Co. has six employees, each of whom earns \$3,000 per month. Income taxes are 20% of gross pay and the company deducts EI and CPP. Prepare the March 31 journal entry to record payroll for the month.

QS 11-3

Paying employees

LO²

Use the information in QS 11-2 to record the payment of the wages to the employees for March.

QS 11-4

Completing a payroll register

LO²

Employee	Deductions				Deductions Total	Pay	Distribution	
	Gross Pay	EI Premium	Taxes	CPP		Net Pay	Office Salaries	Sales Salaries
Johnson, S.	1,200.00	25.20	244.70	56.19				
Waverley, N.	530.00	11.13	92.85	22.90				
Zender, B.	675.00	14.18	133.20	30.08				
Totals	2,405.00	50.51	470.75	109.17				

Required

Prairie Rigging's three employees are paid **weekly**. Waverley works in the office and Johnson and Zender are sales representatives. Complete the payroll register above for the week ended October 24, 2003.

**QS 11-5**

Completing a payroll register using tables

LO²

Employee	Deductions				Deductions Total	Pay	Salaries Expense
	Gross Pay	EI Premium	Taxes	CPP		Net Pay	
Bentley, A.	2,010.00						
Craig, T.	2,115.00						
Totals	4,125.00						

Required

Meadow Lake Groceries has two employees who are paid **monthly**. Using the tables beginning on page 602, complete the payroll register above for the month ended September 30, 2003, assuming both employees' TD1 claim code is 1.

**QS 11-6**

Completing a payroll register by calculating deductions

LO²

Employee	Deductions				Total Deductions	Pay	Distribution	
	Gross Pay	EI Premium	Income Taxes	CPP		Net Pay	Office Salaries	Sales Salaries
Withers, S.	2,500.00						2,500.00	
Volt, C.	1,800.00							1,800.00
Totals								

Required

Maidstone Plumbing Services' two employees are paid **biweekly**. Assuming a tax rate of 30%, complete the payroll register above for the two-week period ended November 14, 2003.



QS 11-7

Payroll journal entry

LO²

Racon Co. has eight employees, each of whom earns \$3,500 per month. Income taxes are 20% of gross pay and the company deducts EI and CPP. Prepare the September 30, 2003, journal entry to record Racon's salaries expenses for the month.

QS 11-8

Payroll journal entry

LO²

Chandler Tailors pays its three part-time employees **monthly**. The following information is available for the September 2003 payroll:

Employee	Deductions				Total Deductions	Pay	Distribution	
	Gross Pay	EI Premium	Income Taxes	CPP		Net Pay	Office Salaries	Sales Salaries
Berkley, M.	575.00	12.08	0.00	14.03	26.11	548.89	575.00	
Cander, O.	840.00	17.64	23.35	27.14	68.13	771.87		840.00
Meister, P.	720.00	15.12	5.55	21.20	41.87	678.13		720.00
Totals	<u>2,135.00</u>	<u>44.84</u>	<u>28.90</u>	<u>62.37</u>	<u>136.11</u>	<u>1,998.89</u>	<u>575.00</u>	<u>1,560.00</u>

Required

Prepare the journal entry to record payroll expenses for the month.

QS 11-9

Recording employer's payroll deductions

LO³

Refer to the information in QS 11-8. Prepare a journal entry to record Chandler Tailors' share of payroll deductions.

QS 11-10

Payment of payroll deductions

LO³

Refer to the information in QS 11-8 and QS 11-9. Prepare a journal entry to record payment by Chandler Tailors to the Receiver General for Canada on October 15.

QS 11-11

Recording fringe benefit costs

LO⁴

Racon Co. (see QS 11-7) contributes 8% of an employee's salary to a retirement program, medical insurance premiums of \$60 per employee, and vacation allowance equivalent to 5% of the employee's salary. Prepare a journal entry to record the fringe benefit costs for September.

Exercises

Exercise 11-1

Calculating gross and net pay

LO²

Julie Leung, an employee of the Import Company, worked 172 hours during the month of October 2003. Her pay rate is \$12.50 per hour, and her wages are subject to no deductions other than income taxes, EI, and CPP. The overtime premium is 50% and is applicable to any time greater than 160 hours per month. Calculate her regular pay, overtime premium pay, gross pay, total deductions, and net pay. Use the tables beginning on page 602 to determine the EI, CPP, and income tax deductions (assume claim code 1).

Check figure:

Net pay = \$1,699.12

The following information as to earnings and deductions for the pay period ended July 18 was taken from a company's payroll records:

Employees' Names	Weekly Gross Pay	Earnings to End of Previous Week	Income Taxes	Health Insurance Deductions
Hellena Chea	\$ 720	\$12,510	\$148.15	\$ 24.00
Joseph Lim	610	10,320	112.90	24.00
Dino Patelli	830	15,500	186.50	36.00
Sharl Qulnata	<u>1,700</u>	29,500	<u>509.40</u>	<u>24.00</u>
.....	<u>\$3,860</u>		<u>\$956.95</u>	<u>\$108.00</u>

Exercise 11-2

Calculating payroll deductions and recording the payroll

LO²

Required

Calculate the employees' EI and CPP withholdings, the amounts paid to each employee, and prepare a General Journal entry to record the payroll. Assume all employees work in the office.

Check figure:

Total CPP withholding = \$177.74

Lendrum Servicing's four employees are paid every two weeks. Akerley runs the office and the remaining employees are sales representatives.

Exercise 11-3

Completing a payroll register

LO²

Employee	Deductions					Total Deductions	Pay		Distribution	
	Gross Pay	EI Premium	Income Taxes	United Way	CPP		Net Pay	Admin. Salaries	Sales Salaries	
Akerley, D.	1,900.00	39.90	457.05	80.00	87.39					
Nesbitt, M.	1,260.00	26.46	239.30	50.00	55.71					
Trent, F.	1,680.00	35.28	378.30	40.00	76.50					
Vacon, M.	3,000.00	63.00	858.75	300.00	141.84					
Totals	7,840.00	164.64	1,933.40	470.00	361.44					

Required

Complete the payroll register above for the biweekly period ended March 14, 2003.



Check figure:

Total deductions = \$2,929.48

D&D Stockyards' four employees are paid monthly. Each employee donates 5% of gross pay to the United Way through payroll deductions. Crimson and Peterson purchase Canada Savings Bonds through monthly payroll deductions of \$150 and \$200 respectively.

Exercise 11-4

Completing a payroll register using tables

LO²

Employee	Deductions						Total Deductions	Pay		Distribution	
	Gross Pay	EI Premium	Income Taxes	Canada Savings Bonds	CPP	United Way		Net Pay	Office Salaries	Sales Salaries	
Crimson, L.	1,995.00								1,995.00		
Long, M.	2,040.00									2,040.00	
Morris, P.	2,000.00									2,000.00	
Peterson, B.	2,280.00									2,280.00	
Totals											

Required

Using the tables beginning on page 602, complete the payroll register above for the month ended April 30, 2003, assuming the following TD1 claim codes for each employee: Crimson (2), Long (1), Morris (1), and Peterson (3).



Check figure:

Total EI premiums = \$174.62

Exercise 11-5

Completing a payroll register by calculating deductions

LO²

Employee	Gross Pay	Deductions					Total Deductions	Pay Net Pay	Distribution	
		EI Premium	Income Taxes	Medical Ins.	CPP	United Way			Office Salaries	Guide Salaries
Crimson, L.	1,995.00			65.00		40.00				1,995.00
Long, M.	2,040.00			65.00		100.00			2,040.00	
Morris, P.	2,000.00			65.00		-0-				2,000.00
Peterson, B.	2,350.00			65.00		50.00				2,350.00
Totals										

Check figure:
Total deductions
= \$3,498.89

**Required**

Piperel Lake Resort's four employees are paid monthly. Assuming a tax rate of 30%, complete the payroll register above for the month ended May 31, 2003.

Exercise 11-6

Other payroll deductions

LO²

Check figure:
Monthly United Way
contribution = \$31.56

Sharon Von Hatton is the only employee of a self-employed businessperson. She earned a monthly salary of \$2,050 in December 2003, her first month of employment. In response to a citywide effort to obtain charitable contributions to the local United Way programs, Von Hatton has requested that her employer withhold 2% of her salary (after CPP, EI, and income taxes have been deducted).

Required

Prepare the journal entry to record payroll expenses for the month of December 2003. Use the tables beginning on page 602 to determine CPP, EI, and income tax deductions (assume claim code 1).

Exercise 11-7

Payroll journal entry

LO³

Paradise Hills Berry Farm has 25 employees who are paid biweekly. The payroll register showed the following payroll deductions for the pay period ending August 25, 2003.

Gross Pay	EI Premium	Income Taxes	CPP	Medical Ins.	United Way
65,950.00	1,384.95	22,458.75	3,097.93	1,150.00	1,319.00

Required

Using the information provided, prepare the journal entry to record the payroll expenses.

Exercise 11-8

Recording employer's payroll deductions

LO³

Refer to the information in Exercise 11-7. Prepare a journal entry to record the employer's share of payroll deductions.

Exercise 11-9

Payment of payroll deductions

LO³

Refer to the information in Exercise 11-7 and Exercise 11-8. Prepare a journal entry to record payment by the employer to the Receiver General for Canada on September 15.

Use the information provided in Exercise 11-2 to complete the following requirements:

1. Prepare a General Journal entry to record the employer's payroll costs resulting from the payroll.
2. Prepare a General Journal entry to record the following employee benefits incurred by the company: (a) health insurance costs equal to the amounts contributed by each employee and (b) contributions equal to 10% of gross pay for each employee's retirement income program.

Exercise 11-10
Calculating and recording payroll deductions

LO^{3,4}

O'Riley Company's payroll costs and fringe benefit expenses include the normal CPP and EI contributions, retirement fund contributions of 10% of total earnings, and health insurance premiums of \$120 per employee per month. Given the following list of employees' annual salaries, payroll costs and fringe benefits are what percentage of salaries?

Doherty.....	\$ 36,000
Fane.....	61,000
Kahan.....	59,000
Martin.....	37,000
Poon.....	48,000
Total.....	<u>\$241,000</u>

Exercise 11-11
Analyzing total labour costs

LO^{2,3,4}

Check figure:
Total CPP contributions
= \$8,672.40

Milly's Drive-In's 12 employees earn a gross pay of \$2,080 each per month. Milly's Drive-In contributes 8% of gross pay to a retirement program for employees and pays a medical insurance premium of \$50 per month per employee.

Required

Prepare the entries to record the employer's payroll costs for the month of April 2003. Use the tables beginning on page 602 to determine CPP, EI, and income tax deductions (assume claim code 1).

Exercise 11-12
Calculating and recording payroll costs (using tables)

LO^{2,3,4}

Bellward Company grants vacation time of two weeks to those employees who have worked for the company one complete year. After 10 years of service, employees receive four weeks of vacation. The monthly payroll for January totals \$320,000, of which 70% is payable to employees with 10 or more years of service. On January 31, record the January expense arising from the vacation policy of the company.

Exercise 11-13
Calculating fringe benefits costs

LO⁴

Problems

The payroll records of Brownlee Company provided the following information for the **weekly** pay period ended October 17, 2003:

Problem 11-1A
Payroll Register and payroll deductions

LO^{2,3}

Employees	Employee No.	Daily Time							Pay Rate	Hospital Insurance	Union Dues	Earnings to End of Previous Week
		M	T	W	T	F	S	S				
		Payroll Week Ended										
Ray Loran	11	8	8	8	8	8	4	0	20.00	40.00	16.00	42,000
Kathy Sousa	12	7	8	6	7	8	4	0	18.00	40.00	15.00	46,000
Gary Smith	13	8	8	0	8	8	4	4	16.00	40.00	14.00	21,000
Nicola Parton	14	8	8	8	8	8	0	0	20.00	40.00	16.00	32,000
Diana Wood	15	0	6	6	6	6	8	8	18.00	40.00	15.00	36,000
Totals										200.00	76.00	

Check figure:

Total deductions = \$1,178.29

Required

1. Enter the relevant information in the proper columns of a Payroll Register and complete the register; calculate CPP and EI deductions. Charge the wages of Kathy Sousa to Office Wages Expense and the wages of the remaining employees to Service Wages Expense. Calculate income tax deductions at 20% of gross pay. Employees are paid an overtime premium of 50% for all hours in excess of 40 per week.
2. Prepare General Journal entries to record the Payroll Register information, including the employer's expenses.

Problem 11-2A

Payroll Register and journal entries

LO 2.3

On January 10, at the end of the second weekly pay period of the year, a company's Payroll Register showed that its 30 employees had earned \$19,570 of sales salaries and \$6,230 of office salaries. Withholdings from the employees' salaries were to include \$541.80 of EI, \$1,177.14 of CPP, \$5,310 of income taxes, \$930 of hospital insurance, and \$420 of union dues.

Required

1. Prepare the General Journal entry to record the January 10 payroll.
2. Prepare a General Journal entry to record the employer's payroll expenses resulting from the January 10 payroll.

Problem 11-3A

Journal entries—payroll taxes, and employee fringe benefits

LO 2.3, 4

A company showed the following information in its Payroll Register for the week ended November 28, 2003:

Deductions					Pay		Distribution		
EI Premium	CPP	Income Taxes	Medical Ins.	Union Dues	Total Deductions	Net Pay	Sales Salaries Expense	Office Salaries Expense	Shop Salaries Expense
0.00	0.00	228.70	47.50	19.00	295.20	654.80	950.00		
0.00	0.00	262.30	52.50	21.00	335.80	714.20			1,050.00
10.50	21.42	85.60	25.00	10.00	152.52	347.48			500.00
14.70	31.32	141.10	35.00	14.00	236.12	463.88		700.00	
<u>25.20</u>	<u>52.74</u>	<u>717.70</u>	<u>160.00</u>	<u>64.00</u>	<u>1,019.64</u>	<u>2,180.36</u>	<u>950.00</u>	<u>700.00</u>	<u>1,550.00</u>

1. Prepare a General Journal entry to record the Payroll Register information.
2. Prepare a General Journal entry to record the employer's payroll expenses resulting from the payroll.
3. Prepare General Journal entries to accrue employee fringe benefit costs for the week. Assume that the company matches the employees' payments for medical insurance and contributes an amount equal to 8% of each employee's gross pay to a retirement program. Also, each employee accrues vacation pay at the rate of 6% of the wages and salaries earned. The company estimates that all employees eventually will be paid their vacation pay.

Problem 11-4A

Journal entries for payroll transactions

LO 2.3, 4

A company has three employees, each of whom has been employed since January 1, earns \$2,600 per month, and is paid on the last day of each month. On March 1, the following accounts and balances appeared in its ledger.

- a. Employees' Income Taxes Payable, \$1,442.40 (liability for February).
- b. EI Payable, \$393.12 (liability for February).
- c. CPP Payable, \$685.58 (liability for February).
- d. Employees' Medical Insurance Payable, \$1,560.00 (liability for January and February).

During March and April, the company completed the following related to payroll.

- Mar. 14 Issued cheque #320 payable to Receiver General for Canada. The cheque was in payment of the February employee income taxes, EI, and CPP amounts due.
28 Prepared a General Journal entry to record the March Payroll Record, which had the following column totals:

Income Taxes	EI	CPP	Medical Insurance	Total Deductions	Net Pay	Office Salaries	Shop Salaries
\$1,442.40	\$163.80	\$342.79	\$390.00	\$2,338.99	\$5,461.01	\$2,600	\$5,200

- 28 Recorded the employer's \$390.00 liability for its 50% contribution to the medical insurance plan of employees and 6% vacation pay accrued to the employees.
28 Prepared a General Journal entry to record the employer's costs resulting from the March payroll.
Apr. 15 Issued cheque #375 payable to the Receiver General for Canada in payment of the March mandatory deductions.
15 Issued cheque #376 payable to All Canadian Insurance Company in payment of the employee medical insurance premiums for the first quarter.

Required

Prepare the entries to record the transactions.

Alternate Problems

The payroll records of Wailee Company provided the following information for the **weekly** pay period ended November 21, 2003:

Employees	Employee No.	Daily Time							Pay Rate	Hospital Insurance	Union Dues	Earnings to End of Previous Week
		M	T	W	T	F	S	S				
		Ben Amoko	31	8	8	8	8	8				
Auleen Carson	32	7	8	8	7	8	4	0	18.00	30.00	12.00	39,900
Mitali De	33	8	8	0	8	8	4	4	18.00	30.00	12.00	28,000
Gene Deszca	34	8	8	8	8	8	0	0	15.00	30.00	12.00	32,000
Ysong Tan	35	0	6	6	6	6	8	8	15.00	30.00	12.00	36,000
Totals										<u>150.00</u>	<u>60.00</u>	

Required

- Enter the relevant information in the proper columns of a Payroll Register and complete the register; calculate CPP and EI deductions. Charge the wages of Auleen Carson to Office Wages Expense and the wages of the remaining employees to Service Wages Expense. Calculate income tax deductions at 20% of gross pay. Employees are paid an overtime premium of 50% for all hours in excess of 40 per week.
- Prepare General Journal entries to record the Payroll Register information, including the employer's expenses.

Check figure:
Total deductions = \$1,010.17

On January 10, at the end of the second weekly pay period of the year, a company's Payroll Register showed that its 45 employees had earned \$23,400 of sales salaries and \$5,820 of office salaries. Withholdings from the employees' salaries were to include \$613.62 of EI, \$1,296.46 of CPP, \$6,180 of income taxes, \$920 of hospital insurance, and \$490 of union dues.

Required

- Prepare the General Journal entry to record the January 10 payroll.
- Prepare a General Journal entry to record the employer's payroll expenses resulting from the January 10 payroll.

Problem 11-1B

Payroll Register and payroll deductions

LO^{2,3}

Problem 11-2B

Payroll Register and journal entries

LO^{2,3}

Problem 11-3B

Journal entries—payroll taxes, and employee fringe benefits

A company showed the following information in its Payroll Register for the week ended October 17, 2003:

LO 2, 3, 4

Deductions					Pay	Distribution			
EI Premium	CPP	Income Taxes	Medical Ins.	Union Dues	Total Deductions	Net Pay	Sales Salaries Expense	Office Salaries Expense	Shop Salaries Expense
0.00	0.00	334.45	62.50	25.00	421.95	828.05	1,250.00		
0.00	0.00	238.65	49.00	19.60	307.25	672.75			980.00
15.96	34.29	161.40	38.00	15.20	264.85	495.15			760.00
15.12	32.31	148.15	36.00	14.40	245.98	474.02		720.00	
<u>31.08</u>	<u>66.60</u>	<u>882.65</u>	<u>185.50</u>	<u>74.20</u>	<u>1,240.03</u>	<u>2,469.97</u>	<u>1,250.00</u>	<u>720.00</u>	<u>1,740.00</u>

1. Prepare a General Journal entry to record the Payroll Register information.
2. Prepare a General Journal entry to record the employer's payroll expenses resulting from the payroll.
3. Prepare General Journal entries to accrue employee fringe benefits costs for the week. Assume that the company matches the employees' payments for medical insurance and contributes an amount equal to 8% of each employee's gross pay to a retirement program. Also, each employee accrues vacation pay at the rate of 6% of the wages and salaries earned. The company estimates that all employees eventually will be paid their vacation pay.

Problem 11-4B

Journal entries for payroll transactions

LO 2, 3, 4

A company has three employees, each of whom has been employed since January 1, earns \$2,300 per month, and is paid on the last day of each month. On March 1, the following accounts and balances appeared in its ledger:

- a. Employees Income Taxes Payable, \$1,212.00 (liability for February).
- b. EI Payable, \$347.76 (liability for February).
- c. CPP Payable, \$595.58 (liability for February).
- d. Employees' Medical Insurance Payable, \$1,380.00 (liability for January and February).

During March and April, the company completed the following transactions related to payroll:

- Mar. 14 Issued cheque #635 payable to Receiver General for Canada. The cheque was in payment of the February employee income taxes, EI, and CPP amounts due.
- 28 Prepared a General Journal entry to record the March Payroll Record, which had the following column totals:

Income Taxes	EI	CPP	Medical Insurance	Total Deductions	Net Pay	Office Salaries	Shop Salaries
\$1,212.00	\$144.90	\$297.79	\$345.00	\$1,999.69	\$4,900.31	\$2,300	\$4,600

- 31 Recorded the employer's \$345.00 liability for its 50% contribution to the medical insurance plan of employees and 6% vacation pay accrued to the employees.
- 31 Prepared a General Journal entry to record the employer's payroll costs resulting from the March payroll.
- Apr. 13 Issued cheque #764 payable to the Receiver General for Canada in payment of the March mandatory deductions.
- 13 Issued cheque #765 payable to National Insurance Company in payment of the employee medical insurance premiums for the first quarter.

Required

Prepare the entries to record the transactions.

Analytical and Review Problems

Using the current year's withholding tables for Canada Pension Plan, employment insurance, and income tax, update the Payroll Register of Exhibit 11.4. In computing income tax withholdings, state your assumption as to each employee's personal deductions. Assume that hospital insurance deductions continue at the same amounts as in Exhibit 11.4.

A & R Problem 11-1

The following data were taken from the Payroll Register of Eastcoastal Company:

Gross Salary	xxx
Employees' Income Tax Deductions.....	xxx
EI Deductions	xxx
CPP Deductions	xxx
Hospital Insurance Deductions	xxx
Union Dues Deductions	xxx

Eastcoastal contributes an equal amount to the hospital insurance plan, in addition to the statutory payroll taxes, and 6% of the gross salaries to a pension retirement program.

Required

Record in General Journal form the payroll, payment of the employees, and remittance to the appropriate persons amounts owing in connection with the payroll. (Note: All amounts are to be indicated as xxx.)

A & R Problem 11-2

Ethics Challenge

Moe Daljit is the accountant for Valley Sales Company, which is currently experiencing a cash shortage because its Pacific Rim customers have not been paying their accounts on a timely basis. The owner has been unable to arrange adequate bank financing to cover the cash shortage and has suggested that Moe delay sending the amounts withheld from employees to the Receiver General for Canada for a few months, "until things clear up." Then he adds, "After all, we will be sending the money to the Receiver General eventually."

EC 11-1



Required

1. What are the company's responsibilities with respect to amounts withheld from employees' wages and salaries?
2. What are the ethical factors in this situation?
3. Would you recommend that Moe follow the owner's "suggestion"?
4. What alternatives might be available to the owner if Moe does not delay sending the amounts to the Receiver General for Canada?

Employment Insurance Premiums

Cotisations à l'assurance-emploi

Insurable Earnings Rémunération assurable		El premium Cotisation d'AE	Insurable Earnings Rémunération assurable		El premium Cotisation d'AE	Insurable Earnings Rémunération assurable		El premium Cotisation d'AE	Insurable Earnings Rémunération assurable		El premium Cotisation d'AE
From - De	To - À		From - De	To - À		From - De	To - À		From - De	To - À	
1988.81 - 1989.28		41.77	2023.10 - 2023.57		42.49	2070.24 - 2070.71		43.48	2211.67 - 2212.14		46.45
1989.29 - 1989.76		41.78	2023.58 - 2024.04		42.50	2070.72 - 2071.19		43.49	2212.15 - 2212.61		46.46
1989.77 - 1990.23		41.79	2024.05 - 2024.52		42.51	2071.20 - 2071.66		43.50	2212.62 - 2213.09		46.47
1990.24 - 1990.71		41.80	2024.53 - 2024.99		42.52	2071.67 - 2072.14		43.51	2213.10 - 2213.57		46.48
1990.72 - 1991.19		41.81	2025.00 - 2025.47		42.53	2072.15 - 2072.61		43.52	2213.58 - 2214.04		46.49
1991.20 - 1991.66		41.82	2025.48 - 2025.95		42.54	2072.62 - 2073.09		43.53	2214.05 - 2214.52		46.50
1991.67 - 1992.14		41.83	2025.96 - 2026.42		42.55	2073.10 - 2073.57		43.54	2214.53 - 2214.99		46.51
1992.15 - 1992.61		41.84	2026.43 - 2026.90		42.56	2073.58 - 2074.04		43.55	2215.00 - 2215.47		46.52
1992.62 - 1993.09		41.85	2026.91 - 2027.38		42.57	2074.05 - 2074.52		43.56	2215.48 - 2215.95		46.53
1993.10 - 1993.57		41.86	2027.39 - 2027.85		42.58	2074.53 - 2074.99		43.57	2215.96 - 2216.42		46.54
1993.58 - 1994.04		41.87	2027.86 - 2028.33		42.59	2075.00 - 2075.47		43.58	2216.43 - 2216.90		46.55
1994.05 - 1994.52		41.88	2028.34 - 2028.80		42.60	2075.48 - 2075.95		43.59	2216.91 - 2217.38		46.56
1994.53 - 1994.99		41.89	2028.81 - 2029.28		42.61	2075.96 - 2076.42		43.60	2217.39 - 2217.85		46.57
1995.00 - 1995.47		41.90	2029.29 - 2029.76		42.62	2076.43 - 2076.90		43.61	2217.86 - 2218.33		46.58
1995.48 - 1995.95		41.91	2029.77 - 2030.23		42.63	2076.91 - 2077.38		43.62	2218.34 - 2218.80		46.59
1995.96 - 1996.42		41.92	2030.24 - 2030.71		42.64	2077.39 - 2077.85		43.63	2218.81 - 2219.28		46.60
1996.43 - 1996.90		41.93	2030.72 - 2031.19		42.65	2077.86 - 2078.33		43.64	2219.29 - 2219.76		46.61
1996.91 - 1997.38		41.94	2031.20 - 2031.66		42.66	2078.34 - 2078.80		43.65	2219.77 - 2220.23		46.62
1997.39 - 1997.85		41.95	2031.67 - 2032.14		42.67	2078.81 - 2079.28		43.66	2220.24 - 2220.71		46.63
1997.86 - 1998.33		41.96	2032.15 - 2032.61		42.68	2079.29 - 2079.76		43.67	2220.72 - 2221.19		46.64
1998.34 - 1998.80		41.97	2032.62 - 2033.09		42.69	2079.77 - 2080.23		43.68	2221.20 - 2221.66		46.65
1998.81 - 1999.28		41.98	2033.10 - 2033.57		42.70	2080.24 - 2080.71		43.69	2221.67 - 2222.14		46.66
1999.29 - 1999.76		41.99	2033.58 - 2034.04		42.71	2080.72 - 2081.19		43.70	2222.15 - 2222.61		46.67
1999.77 - 2000.23		42.00	2034.05 - 2034.52		42.72	2081.20 - 2081.66		43.71	2222.62 - 2223.09		46.68
2000.24 - 2000.71		42.01	2034.53 - 2034.99		42.73	2081.67 - 2082.14		43.72	2223.10 - 2223.57		46.69
2000.72 - 2001.19		42.02	2035.00 - 2035.47		42.74	2082.15 - 2082.61		43.73	2223.58 - 2224.04		46.70
2001.20 - 2001.66		42.03	2035.48 - 2035.95		42.75	2082.62 - 2083.09		43.74	2224.05 - 2224.52		46.71
2001.67 - 2002.14		42.04	2035.96 - 2036.42		42.76	2083.10 - 2083.57		43.75	2224.53 - 2224.99		46.72
2002.15 - 2002.61		42.05	2036.43 - 2036.90		42.77	2083.58 - 2084.04		43.76	2225.00 - 2225.47		46.73
2002.62 - 2003.09		42.06	2036.91 - 2037.38		42.78	2084.05 - 2084.52		43.77	2225.48 - 2225.95		46.74
2003.10 - 2003.57		42.07	2037.39 - 2037.85		42.79	2084.53 - 2084.99		43.78	2225.96 - 2226.42		46.75
2003.58 - 2004.04		42.08	2037.86 - 2038.33		42.80	2085.00 - 2085.47		43.79	2226.43 - 2226.90		46.76
2004.05 - 2004.52		42.09	2038.34 - 2038.80		42.81	2085.48 - 2085.95		43.80	2226.91 - 2227.38		46.77
2004.53 - 2004.99		42.10	2038.81 - 2039.28		42.82	2085.96 - 2086.42		43.81	2227.39 - 2227.85		46.78
2005.00 - 2005.47		42.11	2039.29 - 2039.76		42.83	2086.43 - 2086.90		43.82	2227.86 - 2228.33		46.79
2005.48 - 2005.95		42.12	2039.77 - 2040.23		42.84	2086.91 - 2087.38		43.83	2228.34 - 2228.80		46.80
2005.96 - 2006.42		42.13	2040.24 - 2040.71		42.85	2087.39 - 2087.85		43.84	2228.81 - 2229.28		46.81
2006.43 - 2006.90		42.14	2040.72 - 2041.19		42.86	2087.86 - 2088.33		43.85	2229.29 - 2229.76		46.82
2006.91 - 2007.38		42.15	2041.20 - 2041.66		42.87	2088.34 - 2088.80		43.86	2229.77 - 2230.23		46.83
2007.39 - 2007.85		42.16	2041.67 - 2042.14		42.88	2088.81 - 2089.28		43.87	2230.24 - 2230.71		46.84
2007.86 - 2008.33		42.17	2042.15 - 2042.61		42.89	2089.29 - 2089.76		43.88	2230.72 - 2231.19		46.85
2008.34 - 2008.80		42.18	2042.62 - 2043.09		42.90	2089.77 - 2090.23		43.89	2231.20 - 2231.66		46.86
2008.81 - 2009.28		42.19	2043.10 - 2043.57		42.91	2090.24 - 2090.71		43.90	2231.67 - 2232.14		46.87
2009.29 - 2009.76		42.20	2043.58 - 2044.04		42.92	2090.72 - 2091.19		43.91	2232.15 - 2232.61		46.88
2009.77 - 2010.23		42.21	2044.05 - 2044.52		42.93	2091.20 - 2091.66		43.92	2232.62 - 2233.09		46.89
2010.24 - 2010.71		42.22	2044.53 - 2044.99		42.94	2113.10 - 2113.57		44.38	2280.24 - 2280.71		47.89
2010.72 - 2011.19		42.23	2045.00 - 2045.47		42.95	2113.58 - 2114.04		44.39	2280.72 - 2281.19		47.90
2011.20 - 2011.66		42.24	2045.48 - 2045.95		42.96	2114.05 - 2114.52		44.40	2281.20 - 2281.66		47.91
2011.67 - 2012.14		42.25	2045.96 - 2046.42		42.97	2114.53 - 2114.99		44.41	2281.67 - 2282.14		47.92
2012.15 - 2012.61		42.26	2046.43 - 2046.90		42.98	2115.00 - 2115.47		44.42	2282.15 - 2282.61		47.93
2012.62 - 2013.09		42.27	2046.91 - 2047.38		42.99	2115.48 - 2115.95		44.43	2282.62 - 2283.09		47.94
2013.10 - 2013.57		42.28	2047.39 - 2047.85		43.00	2115.96 - 2116.42		44.44	2283.10 - 2283.57		47.95
2013.58 - 2014.04		42.29	2047.86 - 2048.33		43.01	2116.43 - 2116.90		44.45	2283.58 - 2284.04		47.96
2014.05 - 2014.52		42.30	2048.34 - 2048.80		43.02	2116.91 - 2117.38		44.46	2284.05 - 2284.52		47.97
2014.53 - 2014.99		42.31	2048.81 - 2049.28		43.03	2117.39 - 2117.85		44.47	2284.53 - 2284.99		47.98
2015.00 - 2015.47		42.32	2049.29 - 2049.76		43.04	2117.86 - 2118.33		44.48	2285.00 - 2285.47		47.99
2015.48 - 2015.95		42.33	2049.77 - 2050.23		43.05	2118.34 - 2118.80		44.49	2285.48 - 2285.95		48.00
2015.96 - 2016.42		42.34	2050.24 - 2050.71		43.06	2118.81 - 2119.28		44.50	2285.96 - 2286.42		48.01
2016.43 - 2016.90		42.35	2050.72 - 2051.19		43.07	2119.29 - 2119.76		44.51	2286.43 - 2286.90		48.02
2016.91 - 2017.38		42.36	2051.20 - 2051.66		43.08	2119.77 - 2120.23		44.52	2286.91 - 2287.38		48.03
2017.39 - 2017.85		42.37	2051.67 - 2052.14		43.09	2120.24 - 2120.71		44.53	2287.39 - 2287.85		48.04
2017.86 - 2018.33		42.38	2052.15 - 2052.61		43.10	2120.72 - 2121.19		44.54	2287.86 - 2288.33		48.05
2018.34 - 2018.80		42.39	2052.62 - 2053.09		43.11	2121.20 - 2121.66		44.55	2288.34 - 2288.80		48.06
2018.81 - 2019.28		42.40	2053.10 - 2053.57		43.12	2121.67 - 2122.14		44.56	2288.81 - 2289.28		48.07
2019.29 - 2019.76		42.41	2053.58 - 2054.04		43.13	2122.15 - 2122.61		44.57	2289.29 - 2289.76		48.08
2019.77 - 2020.23		42.42	2054.05 - 2054.52		43.14	2122.62 - 2123.09		44.58	2289.77 - 2290.23		48.09
2020.24 - 2020.71		42.43	2054.53 - 2054.99		43.15	2123.10 - 2123.57		44.59	2290.24 - 2290.71		48.10
2020.72 - 2021.19		42.44	2055.00 - 2055.47		43.16	2123.58 - 2124.04		44.60	2290.72 - 2291.19		48.11
2021.20 - 2021.66		42.45	2055.48 - 2055.95		43.17	2124.05 - 2124.52		44.61	2291.20 - 2291.66		48.12
2021.67 - 2022.14		42.46	2055.96 - 2056.42		43.18	2124.53 - 2124.99		44.62	2291.67 - 2292.14		48.13
2022.15 - 2022.61		42.47	2056.43 - 2056.90		43.19	2125.00 - 2125.47		44.63	2292.15 - 2292.61		48.14
2022.62 - 2023.09		42.48	2056.91 - 2057.38		43.20	2125.48 - 2125.95		44.64	2292.62 - 2293.09		48.15

**Canada Pension Plan Contributions
Monthly (12 pay periods a year)**
**Cotisations au Régime de pensions du Canada
Mensuel (12 périodes de paie par année)**

Pay Rémunération		CPP RPC	Pay Rémunération		CPP RPC	Pay Rémunération		CPP RPC	Pay Rémunération		CPP RPC
From - De	To - À		From - De	To - À		From - De	To - À		From - De	To - À	
1993.38	- 1993.57	84.24	2038.84	- 2039.03	86.49	2077.02	- 2077.21	88.38	2220.65	- 2220.85	95.49
1993.58	- 1993.78	84.25	2039.04	- 2039.23	86.50	2077.22	- 2077.41	88.39	2220.86	- 2221.05	95.50
1993.79	- 1993.98	84.26	2039.24	- 2039.43	86.51	2077.42	- 2077.61	88.40	2221.06	- 2221.25	95.51
1993.99	- 1994.18	84.27	2039.44	- 2039.63	86.52	2077.62	- 2077.82	88.41	2221.26	- 2221.45	95.52
1994.19	- 1994.38	84.28	2039.64	- 2039.84	86.53	2077.83	- 2078.02	88.42	2221.46	- 2221.65	95.53
1994.39	- 1994.58	84.29	2039.85	- 2040.04	86.54	2078.03	- 2078.22	88.43	2221.66	- 2221.86	95.54
1994.59	- 1994.79	84.30	2040.05	- 2040.24	86.55	2078.23	- 2078.42	88.44	2221.87	- 2222.06	95.55
1994.80	- 1994.99	84.31	2040.25	- 2040.44	86.56	2078.43	- 2078.62	88.45	2222.07	- 2222.26	95.56
1995.00	- 1995.19	84.32	2040.45	- 2040.64	86.57	2078.63	- 2078.83	88.46	2222.27	- 2222.46	95.57
1995.20	- 1995.39	84.33	2040.65	- 2040.85	86.58	2078.84	- 2079.03	88.47	2222.47	- 2222.67	95.58
1995.40	- 1995.59	84.34	2040.86	- 2041.05	86.59	2079.04	- 2079.23	88.48	2222.68	- 2222.87	95.59
1995.60	- 1995.80	84.35	2041.06	- 2041.25	86.60	2079.24	- 2079.43	88.49	2222.88	- 2223.07	95.60
1995.81	- 1996.00	84.36	2041.26	- 2041.45	86.61	2079.44	- 2079.63	88.50	2223.08	- 2223.27	95.61
1996.01	- 1996.20	84.37	2041.46	- 2041.65	86.62	2079.64	- 2079.84	88.51	2223.28	- 2223.47	95.62
1996.21	- 1996.40	84.38	2041.66	- 2041.86	86.63	2079.85	- 2080.04	88.52	2223.48	- 2223.68	95.63
1996.41	- 1996.60	84.39	2041.87	- 2042.06	86.64	2080.05	- 2080.24	88.53	2223.69	- 2223.88	95.64
1996.61	- 1996.81	84.40	2042.07	- 2042.26	86.65	2080.25	- 2080.44	88.54	2223.89	- 2224.08	95.65
1996.82	- 1997.01	84.41	2042.27	- 2042.46	86.66	2080.45	- 2080.64	88.55	2224.09	- 2224.28	95.66
1997.02	- 1997.21	84.42	2042.47	- 2042.67	86.67	2113.38	- 2113.57	90.18	2224.29	- 2224.48	95.67
1997.22	- 1997.41	84.43	2042.68	- 2042.87	86.68	2113.58	- 2113.78	90.19	2224.49	- 2224.69	95.68
1997.42	- 1997.61	84.44	2042.88	- 2043.07	86.69	2113.79	- 2113.98	90.20	2224.70	- 2224.89	95.69
1997.62	- 1997.82	84.45	2043.08	- 2043.27	86.70	2113.99	- 2114.18	90.21	2224.90	- 2225.09	95.70
1997.83	- 1998.02	84.46	2043.28	- 2043.47	86.71	2114.19	- 2114.38	90.22	2225.10	- 2225.29	95.71
1998.03	- 1998.22	84.47	2043.48	- 2043.68	86.72	2114.39	- 2114.58	90.23	2225.30	- 2225.49	95.72
1998.23	- 1998.42	84.48	2043.69	- 2043.88	86.73	2114.59	- 2114.79	90.24	2225.50	- 2225.70	95.73
1998.43	- 1998.62	84.49	2043.89	- 2044.08	86.74	2114.80	- 2114.99	90.25	2225.71	- 2225.90	95.74
1998.63	- 1998.83	84.50	2044.09	- 2044.28	86.75	2115.00	- 2115.19	90.26	2225.91	- 2226.10	95.75
1998.84	- 1999.03	84.51	2044.29	- 2044.48	86.76	2115.20	- 2115.39	90.27	2277.02	- 2277.21	98.28
1999.04	- 1999.23	84.52	2044.49	- 2044.69	86.77	2115.40	- 2115.59	90.28	2277.22	- 2277.41	98.29
1999.24	- 1999.43	84.53	2044.70	- 2044.89	86.78	2115.60	- 2115.80	90.29	2277.42	- 2277.61	98.30
1999.44	- 1999.63	84.54	2044.90	- 2045.09	86.79	2115.81	- 2116.00	90.30	2277.62	- 2277.82	98.31
1999.64	- 1999.84	84.55	2045.10	- 2045.29	86.80	2116.01	- 2116.20	90.31	2277.83	- 2278.02	98.32
1999.85	- 2000.04	84.56	2045.30	- 2045.49	86.81	2116.21	- 2116.40	90.32	2278.03	- 2278.22	98.33
2000.05	- 2000.24	84.57	2045.50	- 2045.70	86.82	2116.41	- 2116.60	90.33	2278.23	- 2278.42	98.34
2000.25	- 2000.44	84.58	2045.71	- 2045.90	86.83	2116.61	- 2116.81	90.34	2278.43	- 2278.62	98.35
2000.45	- 2000.64	84.59	2045.91	- 2046.10	86.84	2116.82	- 2117.01	90.35	2278.63	- 2278.83	98.36
2009.75	- 2009.94	85.05	2046.11	- 2046.30	86.85	2117.02	- 2117.21	90.36	2278.84	- 2279.03	98.37
2009.95	- 2010.14	85.06	2046.31	- 2046.50	86.86	2117.22	- 2117.41	90.37	2279.04	- 2279.23	98.38
2010.15	- 2010.34	85.07	2046.51	- 2046.71	86.87	2117.42	- 2117.61	90.38	2279.24	- 2279.43	98.39
2010.35	- 2010.54	85.08	2046.72	- 2046.91	86.88	2117.62	- 2117.82	90.39	2279.44	- 2279.63	98.40
2010.55	- 2010.75	85.09	2046.92	- 2047.11	86.89	2117.83	- 2118.02	90.40	2279.64	- 2279.84	98.41
2010.76	- 2010.95	85.10	2047.12	- 2047.31	86.90	2118.03	- 2118.22	90.41	2279.85	- 2280.04	98.42
2010.96	- 2011.14	85.11	2047.32	- 2047.51	86.91	2118.23	- 2118.42	90.42	2280.05	- 2280.24	98.43
2011.15	- 2011.35	85.12	2047.52	- 2047.72	86.92	2118.43	- 2118.62	90.43	2280.25	- 2280.44	98.44
2011.36	- 2011.55	85.13	2047.73	- 2047.92	86.93	2118.63	- 2118.83	90.44	2280.45	- 2280.64	98.45
2011.56	- 2011.76	85.14	2047.93	- 2048.12	86.94	2118.84	- 2119.03	90.45	2280.65	- 2280.85	98.46
2011.77	- 2011.96	85.15	2048.13	- 2048.32	86.95	2119.04	- 2119.23	90.46	2280.86	- 2281.05	98.47
2011.97	- 2012.16	85.16	2048.33	- 2048.52	86.96	2119.24	- 2119.43	90.47	2281.06	- 2281.25	98.48
2012.17	- 2012.36	85.17	2048.53	- 2048.73	86.97	2119.44	- 2119.63	90.48	2281.26	- 2281.45	98.49
2012.37	- 2012.56	85.18	2048.74	- 2048.93	86.98	2119.64	- 2119.84	90.49	2281.46	- 2281.65	98.50
2012.57	- 2012.77	85.19	2048.94	- 2049.13	86.99	2119.85	- 2120.04	90.50	2281.66	- 2281.86	98.51
2012.78	- 2012.97	85.20	2049.14	- 2049.33	87.00	2120.05	- 2120.24	90.51	2281.87	- 2282.06	98.52
2012.98	- 2013.17	85.21	2049.34	- 2049.53	87.01	2120.25	- 2120.44	90.52	2282.07	- 2282.26	98.53
2013.18	- 2013.37	85.22	2049.54	- 2049.74	87.02	2120.45	- 2120.64	90.53	2282.27	- 2282.46	98.54
2013.38	- 2013.57	85.23	2049.75	- 2049.94	87.03	2120.65	- 2120.85	90.54	2282.47	- 2282.67	98.55
2013.58	- 2013.78	85.24	2049.95	- 2050.14	87.04	2120.86	- 2121.05	90.55	2282.68	- 2282.87	98.56
2013.79	- 2013.98	85.25	2050.15	- 2050.34	87.05	2121.06	- 2121.25	90.56	2282.88	- 2283.07	98.57
2013.99	- 2014.18	85.26	2050.35	- 2050.54	87.06	2121.26	- 2121.45	90.57	2283.08	- 2283.27	98.58
2014.19	- 2014.38	85.27	2050.55	- 2050.75	87.07	2121.46	- 2121.65	90.58	2283.28	- 2283.47	98.59
2014.39	- 2014.58	85.28	2050.76	- 2050.95	87.08	2121.66	- 2121.86	90.59	2283.48	- 2283.68	98.60
2014.59	- 2014.79	85.29	2050.96	- 2051.14	87.09	2121.87	- 2122.06	90.60	2283.69	- 2283.88	98.61
2014.80	- 2014.99	85.30	2051.15	- 2051.35	87.10	2122.07	- 2122.26	90.61	2283.89	- 2284.08	98.62
2015.00	- 2015.19	85.31	2051.36	- 2051.55	87.11	2122.27	- 2122.46	90.62	2284.09	- 2284.28	98.63

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Saskatchewan
 Provincial tax deductions effective January 1, 2003
 Monthly (12 pay periods a year)
 Also look up the tax deductions
 in the federal table

Saskatchewan
 Retenues d'impôt provincial en vigueur le 1^{er} janvier 2003
 Mensuelle (12 périodes de paie par année)
 Cherchez aussi les retenues d'impôt
 dans la table fédérale

Pay		Provincial claim codes/Codes de demande provinciaux										
Rémunération		0	1	2	3	4	5	6	7	8	9	10
From De	Less than Moins de	Deduct from each pay Retenez sur chaque paie										
1944. - 1962.		201.25	127.95	120.60	105.95	91.25	76.60	61.95	47.25	32.60	17.95	3.25
1962. - 1980.		203.10	129.80	122.45	107.80	93.10	78.45	63.80	49.10	34.45	19.80	5.10
1980. - 1998.		204.95	131.60	124.30	109.60	94.95	80.30	65.60	50.95	36.30	21.60	6.95
1998. - 2016.		206.80	133.45	126.15	111.45	96.80	82.15	67.45	52.80	38.15	23.45	8.80
2016. - 2034.		208.65	135.30	127.95	113.30	98.65	83.95	69.30	54.65	39.95	25.30	10.65
2034. - 2052.		210.45	137.15	129.80	115.15	100.45	85.80	71.15	56.45	41.80	27.15	12.45
2052. - 2070.		212.30	139.00	131.65	117.00	102.30	87.65	73.00	58.30	43.65	29.00	14.30
2070. - 2088.		214.15	140.80	133.50	118.80	104.15	89.50	74.80	60.15	45.50	30.80	16.15
2088. - 2106.		216.00	142.65	135.35	120.65	106.00	91.35	76.65	62.00	47.35	32.65	18.00
2106. - 2124.		217.85	144.50	137.15	122.50	107.85	93.15	78.50	63.85	49.15	34.50	19.85
2124. - 2158.		220.50	147.15	139.85	125.15	110.50	95.85	81.15	66.50	51.85	37.15	22.50
2158. - 2192.		223.95	150.65	143.30	128.65	113.95	99.30	84.65	69.95	55.30	40.65	25.95
2192. - 2226.		227.45	154.10	146.80	132.10	117.45	102.80	88.10	73.45	58.80	44.10	29.45
2226. - 2260.		230.90	157.60	150.25	135.60	120.90	106.25	91.60	76.90	62.25	47.60	32.90
2260. - 2294.		234.40	161.05	153.75	139.05	124.40	109.75	95.05	80.40	65.75	51.05	36.40

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Federal tax deductions
 Effective January 1, 2003
 Monthly (12 pay periods a year)
 Also look up the tax deductions
 in the provincial table

Retenues d'impôt fédéral
 En vigueur le 1^{er} janvier 2003
 Mensuelle (12 périodes de paie par année)
 Cherchez aussi les retenues d'impôt
 dans la table provinciale

Pay		Federal claim codes/Codes de demande fédéraux										
Rémunération		0	1	2	3	4	5	6	7	8	9	10
From De	Less than Moins de	Deduct from each pay Retenez sur chaque paie										
1923. - 1941.		289.65	186.20	174.75	151.80	128.85	105.90	82.95	60.00	37.05	14.10	
1941. - 1959.		292.30	188.90	177.45	154.50	131.55	108.60	85.65	62.70	39.75	16.80	
1959. - 1977.		295.00	191.60	180.10	157.15	134.20	111.25	88.30	65.35	42.40	19.50	
1977. - 1995.		297.65	194.25	182.80	159.85	136.90	113.95	91.00	68.05	45.10	22.15	
1995. - 2013.		300.35	196.95	185.45	162.50	139.55	116.60	93.65	70.75	47.80	24.85	1.90
2013. - 2031.		303.00	199.60	188.15	165.20	142.25	119.30	96.35	73.40	50.45	27.50	4.55
2031. - 2049.		305.70	202.30	190.80	167.85	144.90	121.95	99.05	76.10	53.15	30.20	7.25
2049. - 2067.		308.40	204.95	193.50	170.55	147.60	124.65	101.70	78.75	55.80	32.85	9.90
2067. - 2085.		311.05	207.65	196.15	173.20	150.25	127.35	104.40	81.45	58.50	35.55	12.60
2085. - 2103.		313.75	210.30	198.85	175.90	152.95	130.00	107.05	84.10	61.15	38.20	15.25
2103. - 2137.		317.60	214.20	202.70	179.75	156.80	133.85	110.90	88.00	65.05	42.10	19.15
2137. - 2171.		322.65	219.25	207.75	184.80	161.85	138.95	116.00	93.05	70.10	47.15	24.20
2171. - 2205.		327.70	224.30	212.80	189.90	166.95	144.00	121.05	98.10	75.15	52.20	29.25
2205. - 2239.		332.75	229.35	217.90	194.95	172.00	149.05	126.10	103.15	80.20	57.25	34.30
2239. - 2273.		337.80	234.40	222.95	200.00	177.05	154.10	131.15	108.20	85.25	62.30	39.35
2273. - 2307.		342.90	239.45	228.00	205.05	182.10	159.15	136.20	113.25	90.30	67.35	44.40
2307. - 2341.		347.95	244.50	233.05	210.10	187.15	164.20	141.25	118.30	95.35	72.40	49.45
2341. - 2375.		353.00	249.60	238.10	215.15	192.20	169.25	146.30	123.35	100.40	77.50	54.55
2375. - 2409.		358.05	254.65	243.15	220.20	197.25	174.30	151.40	128.45	105.50	82.55	59.60
2409. - 2443.		363.10	259.70	248.20	225.25	202.35	179.40	156.45	133.50	110.55	87.60	64.65

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