



Canada Revenue Agency
Agence du revenu du Canada

Employers' Guide

Remitting Payroll Deductions

Is this publication for you?

You should use this publication if you deduct Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, and income tax from amounts you pay to your employees.

You have to remit these deductions to the Canada Revenue Agency (CRA) with your share of CPP contributions and EI premiums that you have to pay throughout the year on your employees' behalf.

Note

In Quebec, remit the provincial deductions and your share of the Quebec Pension Plan contributions to:

Gouvernement du Québec
Ministère du revenu
3800 Marly Street
Sainte-Foy QC G1X 4A5

Remittance methods

There are several methods to choose from when remitting your payroll deductions.

Electronically

You may be able to pay electronically through your financial institution's telephone or Internet banking

services. For more information, contact your financial institution.

At your financial institution

You can make your payment at your Canadian financial institution. Complete the remittance voucher and present it with your payment. The financial institution will date stamp the bottom part and return the top part to you as a receipt.

Do you use an automated teller machine?

If you use an automated teller machine (ATM) to send us a payment, allow time for the financial institution to process the payment. The institution will debit your account when you use the ATM. However, you should allow time for us to receive the payment. An ATM receipt is **not** proof of payment by the due date.

By mail

You can mail a cheque or money order payable to the Receiver General to the address listed in your package or on the back of your remittance voucher. Complete and include the bottom part of your remittance voucher with your payment. Allow sufficient mailing time to ensure that we receive your payment by the due date. **Do not send cash in the mail.**

In this publication, we use the name "Canada Revenue Agency" and the acronym "CRA" to represent the Canada Customs and Revenue Agency. This reflects recent changes in the structure of the Agency.

Publications

You can find our publications on our Web site at www.cra.gc.ca/forms or by calling 1-800-959-2221.

Visually impaired persons can get our publications in braille, large print, or etext (computer diskette), or on audio cassette by visiting our Web site at www.cra.gc.ca/alternate or by calling 1-800-267-1267 weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

La version française de cette publication est intitulée *Versement des retenues sur la paie*.

When and how to remit deductions

If the remittance due date is a Saturday, Sunday or holiday

If your remittance due date is a Saturday, Sunday or holiday, the remittance is due on the next business day. For a list of holidays, see www.cra.gc.ca/duedates.

Late or deficient remittances/failure to remit

If your remittance is late, we may apply a **late-remitting penalty**. In addition, we consider an **NSF cheque** to be a failure to remit. We will automatically apply a penalty.

We may apply a penalty of up to 20% for late or deficient remittances, depending on the circumstances of the failure to remit or the delay in remitting.

Are you a new remitter?

If you have never remitted Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, or income tax deductions before, contact any tax services office or tax centre. We will give you a Business Number and tell you how to remit your deductions. **New employers** are considered **regular remitters**.

When you make your first payment, send a cheque or money order to any tax centre. Make the cheque or money order payable to the Receiver General, and include a letter stating:

- that you are a new remitter;
- the period your remittance covers;
- your complete employer name, address, and business telephone number; and
- your Business Number, if you have one.

We will send you a remittance form in the mail each month after you make your first remittance and then following each subsequent remittance. If you do not receive a form in time for your next payment, send in the payment as described above. In your letter, be sure to indicate that you did not receive your remittance form.

Remitter types and information

Regular remitter

If your average monthly remittance two years ago was less than \$15,000, you are a regular remitter and have to remit your deductions so we receive them on or before the 15th day of the month following the month you made the deductions. Remit your payment to your Canadian financial institution or any tax centre.

We consider a remittance that was due on January 15 of the current year (for deductions you made in December of the previous year) to be late if it is paid with the previous year's T4 information return, and this return is filed after January 15.

Quarterly remitter

Quarterly remitting gives small employers the option of remitting source deductions once every three months.

To qualify for quarterly remitting, an employer has to:

- have an average monthly withholding amount of less than \$1,000 in either the first or the second preceding calendar year;
- have a perfect compliance history in the previous 12 months; and
- have no outstanding GST/HST returns or T4 information returns for the previous 12 months.

Note

We consider an employer to have a perfect compliance history when all deductions, withholdings, and remittances of income tax, GST/HST, CPP contributions, and EI premiums have been made on time, and T4 information returns and GST/HST returns are also filed on time.

You do not have to apply to remit quarterly. If you are a new eligible employer, we will notify you by mail that you have the option to remit quarterly, and we will provide more information on quarterly remitting. Employers who remain eligible to remit quarterly from one year to the next will not be re-notified by letter. If you are currently an eligible quarterly remitter, and you have not been notified to the contrary, you may continue to remit quarterly.

The quarters are January to March, April to June, July to September, and October to December. Remittances are due the 15th day of the month immediately following the end of each quarter.

Notes

We conduct an annual review to identify employers who qualify to be quarterly remitters. However, if at any time after 12 months of business an employer feels they have met the conditions mentioned above, they can contact their tax services office and apply to remit quarterly.

An employer who fails to comply with all the required conditions loses the quarterly remitting privilege. To regain the privilege, the employer has to re-establish a 12-month history of compliance. Also, an employer with multiple payroll deductions accounts must meet the compliance requirements for all accounts. If one payroll deductions account is ineligible, the employer loses the quarterly remitting privilege for all accounts.

Payments can be remitted to your Canadian financial institution or any tax centre.

Accelerated remitter

We determine if you are an accelerated remitter by adding up all the CPP, EI, and tax amounts you had to send us for your payroll accounts two calendar years ago. We divide the total by the number of months (maximum 12) that you had to make payments in that year. This will be your **average monthly withholding amount**. Each December, we will advise you in writing when we have to receive your deductions for the following year.

There are two groups of accelerated remitters (also called thresholds).

Threshold 1

This group includes employers, including those with associated corporations, who had a total average monthly withholding amount of \$15,000 to \$49,999.99 two calendar years ago.

Amounts you deduct or withhold from remuneration paid in the first 15 days of the month are due by the 25th of the same month. Amounts you withhold from the 16th to the end of the month are due by the 10th day of the following month.

Threshold 1 employers can make payments at their Canadian financial institution or any tax centre.

Threshold 2

This group includes employers, including those with associated corporations, who had a total average monthly withholding amount of \$50,000 or more two calendar years ago.

Amounts you deduct or withhold from remuneration you pay any time during the month are due by the third working day (not counting Saturdays, Sundays, or holidays) after the end of the following periods:

- from the 1st through the 7th day of the month;
- from the 8th through the 14th day of the month;
- from the 15th through the 21st day of the month; and
- from the 22nd through the last day of the month.

Threshold 2 employers have to make payments at their **Canadian financial institution**. They cannot make their payments at a tax services office or tax centre.

Threshold 1 and Threshold 2 accelerated remitters are considered to be monthly accelerated remitters if they have a payroll frequency of only once a month.

Associated corporations

If a corporation is associated with one or more corporations in the current year, and the total average monthly withholding amount in the second preceding calendar year before the current calendar year of all the associated corporations was \$15,000 or more, we consider **all** the associated corporations to be accelerated remitters. The definition of associated corporations in the *Income Tax Act* applies in this situation.

Note

Under the *Income Tax Act*, employers have the option of changing their remitting frequency based on their average monthly withholding amount in the previous year. If you want to use this option, contact any tax services office or tax centre. We will review your account and let you know in writing when we have to receive your deductions.

Which remittance form should you use?

To make your remittance, you must use one of the following forms:

- Form PD7A, *Statement of Account for Current Source Deductions*, for regular, quarterly, and monthly accelerated remitters; or
- Form PD7A(TM), *Statement of Account for Current Source Deductions*, or Form PD7A-RB, *Remittance Voucher for Current Source Deductions*, for accelerated remitters (other than monthly accelerated remitters who use Form PD7A).

It is important that you complete your remittance voucher (which corresponds to the bottom part of the remittance form) correctly so we can apply your remittance to your account.

Form PD7A

We will issue Form PD7A to each eligible regular, quarterly, and monthly accelerated remitter to remit payments.

Form PD7A has three parts:

Top part – This part is a statement of account from us. It shows:

- the date of your statement of account;
- your account number (Business Number);
- your business name;
- balances on your last statement:
 - **amounts paid for (year indicated)**, which are payments we received for your deductions for the year indicated; and
 - **assessed amount owing**, which is the amount you had to pay on assessments of deductions, including penalties and interest;
- current balances:
 - **amounts paid for (year indicated)**, which are the amounts you paid for your deductions for the year indicated; and
 - **assessed amount owing**, which is your balance owing on assessments of deductions, including penalties and interest; and
- an explanation of changes.

For more information about accounting entries and remitting procedures, see the back of Form PD7A.

Bottom part – This part is your remittance voucher for current remittances.

When you complete the bottom part, ensure that the following information is correct:

- Your name, address, and account number (Business Number).
- The gross payroll for the remitting period (rounded to the nearest dollar). This represents all remuneration that

you pay before you make any deductions, such as income tax. It includes regular wages, commissions, overtime pay, paid leave, taxable benefits and allowances, piecework payments, and special payments. It is the same as the monthly total of all amounts that would appear in box 14, "Employment income," on your employees' T4 slips. (For quarterly remitters, it is the total of these amounts for the last month of the quarter.)

- The number of employees in the last pay period. This includes any employee for whom you will prepare a T4 slip, such as part-time and temporary employees, and employees absent with pay. Do not include people for whom you will not complete a T4 slip. Do not include those you did not pay in the last pay period in the month or quarter, such as employees on unpaid leave.
- The end of the remitting period for which deductions were withheld. Enter the month and year for which you are remitting (for regular remitters) or the last month and the year of the quarter for which you are remitting (for quarterly remitters).
- The amount paid. This is the total tax, CPP, and EI (employer and employee portions) you are remitting.

Back of the form – This part can be used if you will not be making a remittance during the month or quarter.

It also provides information on our TeleReply service.

If you mail your cheque or money order payable to the Receiver General, keep the top part as a record of your payment and send the bottom part of Form PD7A to the following address:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

If you need more information about Form PD7A, contact the tax services office that appears under the section "Explanation of changes" on the form.

Not making a remittance

If you are not making a remittance for the month or quarter, you may notify us via our TeleReply service, or by mail.

If you prefer not to use TeleReply, complete the voucher and mail it to us. Be sure to indicate when you expect to have employees subject to deductions.

TeleReply

You can use TeleReply if you currently have no employees, are submitting nil remittance information for your payroll deductions account; and the Business Number printed on your remittance voucher is correct.

If you use TeleReply, do not mail your remittance voucher to us, but fill it out and keep it for your records.

Hours of operation

You can use TeleReply during the following local times:

- Monday to Friday 8:00 a.m. to 7:30 p.m.
- Saturday 8:00 a.m. to 4:30 p.m.

You cannot use TeleReply on holidays.

What do you do before you call TeleReply?

Before you call TeleReply, you should complete the back of your remittance voucher, make sure the Business Number and address printed on your remittance voucher are correct, and have this information with you when you call TeleReply.

Notes

For best results, and to ensure your privacy, do not use a cordless or cellular telephone or one with the keypad in the handset. Also, if at any time during the call we tell you that you cannot use TeleReply, you will have to mail your remittance voucher.

How do you use TeleReply?

1. Call TeleReply at **1-800-959-2256**.
2. Follow the step-by-step instructions to enter your information.
3. At the end of the call, we will ask you to confirm the information you entered.
4. Write down the confirmation number we will give you and keep it and your payroll remittance voucher with your records.
5. If we do not give you a confirmation number, your information will not be processed. You will have to call TeleReply again or mail your completed payroll deductions remittance voucher to us.

If you need more information, visit our Web site at www.cra.gc.ca or call **1-800-959-5525**.

Form PD7A(TM)

Each month, we send Form PD7A(TM) to all accelerated remitters, except monthly accelerated remitters (who receive Form PD7A).

Form PD7A(TM) has two parts:

Top part – This part is a statement of account from us. It shows:

- the date of your statement of account;
- your account number (Business Number);
- your business name;
- balances on your last statement:
 - **amounts paid for (year indicated)**, which are payments we received for your deductions for the year indicated; and
 - **assessed amount owing**, which is the amount you had to pay on assessments of deductions, including penalties and interest;
- current balances:
 - **amounts paid for (year indicated)**, which are the amounts you paid for your deductions for the year indicated; and
 - **assessed amount owing**, which is your balance owing on assessments of deductions, including penalties and interest; and
- an explanation of changes.

For information about accounting entries and remitting procedures, see the back of Form PD7A(TM).

Bottom part – This part is your remittance voucher for current remittances.

When you complete the bottom part, ensure that the following information is correct:

- Your name, address, and account number (Business Number).
- The gross payroll for the remitting period (rounded to the nearest dollar). This represents all remuneration that you pay before you make any deductions, such as income tax. It includes regular wages, commissions, overtime pay, paid leave, taxable benefits and allowances, piecework payments, and special payments. It is the same as the total of all amounts for the remitting period that would appear in box 14, “Employment income,” on your employees’ T4 slips.
- The number of employees in the last pay period. This includes any employee for whom you will prepare a T4 slip, such as part-time and temporary employees, and employees absent with pay. Do not include people for whom you will not complete a T4 slip. Do not include those you did not pay in the last pay period of the remitting period, such as employees on unpaid leave. If you have various pay groups (for example, executive, hourly, and salaried), include all employees paid in each group’s last pay period, but do not count any person twice.
- The end of remitting period (YY MM DD). Threshold 1 accelerated remitters have two remitting periods per month. Therefore, they should enter either “15th” or “month-end” as their “end of remitting period” on the remittance form. Threshold 2 accelerated remitters have four remitting periods per month. Therefore, they should enter either “7th,” “14th,” “21st,” or “month-end,” as their “end of remitting period.”
- The amount paid. This is the total tax, CPP, and EI (employer and employee portions) you are remitting.

When you make your payment at your financial institution or tax centre, complete the top and the bottom parts of Form PD7A(TM) and present them with your payment. The recipient will date-stamp the bottom part and return the top part to you as a receipt.

Notes

Threshold 2 remitters and certain payroll service companies have to make payments at their **financial institution**. They cannot make their payments at a tax services office or tax centre.

Form PD7A-RB

As well as sending Form PD7A (TM) monthly, each December we provide accelerated remitters (except monthly accelerated remitters who receive Form PD7A) with a booklet of PD7A-RB forms to use to remit payments. If you do not receive your booklet or if you would like more booklets, contact any tax services office or tax centre.

Form PD7A-RB has two parts:

Top part – This part is a receipt.

Bottom part – This part is your remittance voucher when making your payment. To complete this part, see “Bottom part” under the heading “Form PD7A(TM)” on this page.

Missing or lost remittance forms

If you are a **regular** or **quarterly** remitter and do not receive your remittance form for the month or quarter, or if you lose one, send your cheque or money order made payable to the Receiver General to your tax centre. Include a short note that states your Business Number and the month or quarter for which you withheld the deductions.

If you are an **accelerated** remitter and you did not receive your remittance forms or you lost them, contact any tax services office or tax centre.

Note

Even if you do not have a remittance form, you still have to send us your remittance so that we receive it by the due date.

Do you have more than one account?

If you remit deductions for more than one account, make sure you give a breakdown of the amounts intended for each account. This enables us to credit the proper amounts to the correct accounts.

Notice of Assessment – Payroll deductions

If you receive a *Notice of Assessment*, use only the remittance voucher attached to the notice to make your payment.

Use only Forms PD7A, PD7A(TM), and PD7A-RB for current remittances of CPP, EI, and income tax.

Service bureaus

Service bureaus or similar institutions that take care of payroll deductions for clients can remit a lump-sum payment for the amounts they deduct for their clients. They have to provide the following information for each client:

- the Business Number;
- the amount remitted;
- the gross payroll; and
- the number of employees in the last pay period.

If you use a service bureau or similar institution to remit your deductions, you are still responsible for making sure that the institution withholds your deductions and sends them to us on time.

Remitting error

If you discover that you made an error in remitting your source deductions, you should remit any shortage as soon as possible using another remittance form, or by writing a short letter giving your Business Number and the pay period for which it applies.

If you have over-remitted, reduce your next remittance by the amount of the overpayment.

If your remittance is late, we may apply a late-remitting penalty.

Do you need more information?

This publication uses plain language to explain the most common tax situations. If you need more help after you read this publication, you can visit our Web site at www.cra.gc.ca or call 1-800-959-5525 for service in English or 1-800-959-7775 for service in French.

Addresses of tax centres

Summerside Tax Centre 275 Pope Road Summerside PE C1N 6A2	St. John's Tax Centre 290 Empire Avenue St. John's NL A1B 3Z1	Jonquière Tax Centre 2251 René-Lévesque Boulevard Jonquière QC G7S 5J1
Shawinigan-Sud Tax Centre 4695 – 12th Avenue Shawinigan-Sud QC G9N 7S6	Sudbury Tax Services Office 1050 Notre-Dame Avenue Sudbury ON P3A 5C1	Winnipeg Tax Centre 66 Stapon Road Winnipeg MB R3C 3M2
Surrey Tax Centre 9755 King George Highway Surrey BC V3T 5E1		