



Canada Revenue
Agency

Agence du revenu
du Canada

T4032-QC, Payroll Deductions Tables – EI, and income tax deductions – Quebec

**Effective
January 1, 2023**

What's new as of January 1, 2023

The major changes made to this guide since the last edition are outlined.

This guide reflects some income tax changes recently announced which, if enacted as proposed, would be effective January 1, 2023. At the time of publishing, some of these proposed changes were not law. We recommend that you use the new payroll deductions tables in this guide for withholding starting with the first payroll in January 2023.

On March 3, 2022, amendments were made to Subsection 100 (3), paragraph 60 (e.1) of the Income Tax Regulation, ensuring Canada Pension Plan (CPP) additional contributions are treated as a deduction at source. This is effective January 1, 2023. The amended tax treatment for CPP additional contributions is imbedded in the tax deduction tables. You are not required to take any additional steps to include this deduction.

The federal tables are designed to accurately calculate the deductions provided by the CPP additional contributions in most situations. However, for the following situations, use the Payroll Deductions Online Calculator (PDOC) for more accurate calculations:

- If at any point during the year, the employee reaches the Year's Maximum Pensionable Earnings (YMPE) of \$66,600 or;
- A payment of remuneration, if annualized by the number of pay periods in the cycle, is over the YMPE of \$66,600

If the tables are used in these situations, it may result in over or under deduction of federal taxes during the year.

The federal income tax thresholds have been indexed for 2023.

The federal Canada Employment Amount (CEA) has been indexed to \$1,368 for 2023.

Upcoming changes as of January 1, 2024

As per Canada Pension Plan Regulations Subsection 5.1 (1), for the year 2024 and each subsequent year, pensionable earnings up to the second earnings ceiling will be subject to the second additional contributions rate.

Use PDOC for more accurate calculations in the following situations for 2024 and onwards:

- If at any point during the year, the employee reaches the YMPE or;
- A payment of remuneration, if annualized by the number of pay periods in the cycle, is over the YMPE

If the tables are used in these situations, it may result in over or under deduction of federal taxes during the year.

Payroll Deductions Tables

You can download Guides T4008, Payroll Deductions Supplementary Tables, and T4032, Payroll Deductions Tables, from our webpage at canada.ca/payroll. You can also choose to print only the pages or information that you need.

Payroll Deductions Online Calculator

For your 2023 payroll deductions, we strongly recommend using our PDOC. The online calculator makes it faster and easier to calculate payroll deductions. The calculator also uses exact salary figures and provides more accurate calculations. PDOC is available at canada.ca/pdoc.

PDOC calculates your payroll deductions. It calculates deductions for any pay period, province (except Quebec) and territory.

PDOC users are now able to input the number of pensionable months for the Canada Pension Plan contribution calculation for the 2023 taxation year. For more information and examples regarding pensionable months, refer to **T4001 Employers' Guide – Payroll Deductions and Remittances**.

Let us notify you

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

To subscribe, visit our webpage at canada.ca/cra-email-lists and enter your business's email address for each mailing list that you want to join.

Special Notice

Payroll Deductions Tables (T4032)

The Canada Revenue Agency is no longer publishing the paper and CD versions of the Guide T4032, Payroll Deductions Tables. The digital versions of the guide continue to be available on our website at canada.ca/payroll.

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This guide uses plain language to explain the most common tax situations. If you need more help, contact **1-800-959-5525**.

Who should use this guide?

This guide is intended for the employer and the payer. It contains tables for federal tax deductions, CPP contributions and EI premiums. It will help you determine the payroll deductions for your employees or pensioners.

The federal tables are designed to accurately calculate the deductions provided by the CPP additional contributions in most situations. However, for the following situations, we recommend using the PDOC for more accurate calculations:

- If at any point during the year, the employee reaches the YMPE of \$66,600 or;
- A payment of remuneration, if annualized by the number of pay periods in the cycle, is over the YMPE of \$66,600

If the tables are used in these situations, it may result in over or under deduction of federal taxes during the year.

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

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

These guides are available on our website at canada.ca/taxes.

Note

Refer to the 2022 edition of Payroll Deductions Tables to resolve any pensionable and insurable earnings review (PIER) deficiencies that we identify in processing your 2022 T4 return.

What if your pay period is not in this guide?

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

Which provincial or territorial tax table should you use?

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

If the employee reports for work at your place of business, the province or territory of employment is considered to be the province or territory where your business is located. To withhold payroll deductions, use the tax table for that province or territory of employment.

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

For more information and examples, see Chapter 1, "General Information" in Guide **T4001 Employers' Guide – Payroll Deductions and Remittances**.

Federal tax for 2023

Indexing for 2023

For 2023, the federal income thresholds, the personal amounts, and the Canada employment amount have been changed based on changes in the consumer price index.

The federal indexing factor for January 1, 2023 is 6.3%. The tax credits corresponding to the claim codes in the tables have been indexed accordingly. Employees will automatically receive the indexing increase, whether or not they file Form TD1, 2023 Personal Tax Credits Return.

Tax rates and income thresholds

For 2023, the federal tax rates and income thresholds are:

Chart 1 – 2023 federal tax rates and income thresholds

Annual taxable income (\$) from	Annual taxable income (\$) to	Federal tax rate, R	Constant (\$), K
0.00	53,359.00	0.1500	0
53,359.01	106,717.00	0.2050	2,935
106,717.01	165,430.00	0.2600	8,804
165,430.01	235,675.00	0.2900	13,767
235,675.01	and over	0.3300	23,194

Canada Employment Amount

The non-refundable tax credit for CEA is built into the federal payroll deductions tables. The federal CEA is the lesser of:

- \$1,368 and
- the individual's employment income for the year

The maximum annual non-refundable tax credit is \$205.20

Pension income is not eligible for this credit. If you are paying pension income, use the PDOC to calculate the tax deduction.

Basic personal amounts

The federal personal amounts for 2023 are:

Maximum basic personal amount (\$)	Minimum basic personal amount (\$)
15,000	13,521

For more detailed information on the personal amounts, go to Form TD1.

Employment Insurance (EI) premiums for 2023

Quebec Parental Insurance Plan

This plan replaces and enhances the measures provided to new parents under the Employment Insurance program administered by Employment and Social Development Canada (ESDC).

The Canada Revenue Agency (CRA) administers the requirements relating to Employment Insurance (EI) premiums. The Quebec Parental Insurance Plan (QPIP) references in this guide are only for clarifying EI requirements. All QPIP requirements should be confirmed with Revenu Québec, which administers the provincial plan.

Employers will use the EI rate corresponding to the province of employment. A **reduced EI** rate applies when the province of employment is Quebec and the **regular EI** rate applies when the province of employment is other than Quebec.

For more information on province of employment, refer to the section "Which provincial or territorial tax table should you use?"

Employers who have employees working in Quebec will use an EI deduction table specific to employees in Quebec. The deductions, remittances, reporting and the applicable new non-refundable tax credit will be based on the **reduced EI rate**. Employers should also track the QPIP information for T4 reporting.

The EI maximum insurable earnings will remain the same for all provinces and territories and will continue to be set by the federal government.

Employee premiums

You withhold EI premiums beginning with the first dollar of insurable earnings. You stop deducting premiums when you reach the employee's maximum annual insurable earnings.

When you use the table in this guide to determine the EI premiums, look up the insurable earnings for the period, not the gross remuneration.

Employment Insurance Premiums

EI	Maximum Annual Insurable Earnings	Employee Contribution Rate	Employer Contribution Rate	Maximum Annual Employee Premium	Maximum Annual Employer Premium
QC	61,500.00	0.0127	0.01778	781.05	1,093.47

You stop deducting EI when the employee reaches their maximum annual premium. For more information, see Chapter 3, “Employment Insurance premiums” in Guide **T4001 Employers’ Guide – Payroll Deductions and Remittances**.

Note

As an employer, you must remit the employer’s and employee’s share of EI premiums.

Quebec Parental Insurance Premium

QPIP	Maximum Annual Insurable Earnings	Employee Contribution Rate	Employer Contribution Rate	Self-employed Contribution Rate	Maximum Annual Employee Premium	Maximum Annual Employer Premium	Maximum Annual Self-employed Premium
QC	91,000.00	0.00494	0.00692	0.00878	449.54	629.72	798.98

For all information on QPIP regarding the implementation, administration, rates, maximum insurable earnings, payments of benefits or how to complete the Quebec information slips, visit the Revenu Québec website at revenuquebec.ca.

Note

QPIP premiums and the related employer portion are paid to Revenu Québec, not to the Canada Revenue Agency.

Deducting and remitting obligations for Employment Insurance (EI)

The EI deductions will decrease for employees working in Quebec, but the method of remitting to the Canada Revenue Agency does not change.

It is possible that some employers’ federal remittance frequency could change if the reduction of EI for Quebec employees changes the threshold for the employer, however this is unlikely for large employers.

For information on how and when to remit QPIP premiums, visit the Revenu Québec website at revenuquebec.ca.

When an employee changes province or territory of employment during the year but stays with the same employer, the maximum premium for the year is based on the provinces or territories where **the first \$61,500** of insurable earnings is paid.

Example

An employee makes \$30,000 of insurable earnings in Ontario, changes their province of employment to Quebec, and makes an extra \$40,000 with the same employer. The employee’s maximum premium is calculated as follows:

In Ontario:	\$30,000	×	1.63%	=	\$489.00
In Quebec:	<u>\$31,500</u>	×	1.27%	=	<u>\$400.05</u>
Totals:	\$61,500	=			\$889.05

Canada Revenue Agency and Revenu Québec will reconcile adjustments to EI and QPIP premiums for trans-border employees. It is anticipated that adjustments between the EI and QPIP deductions will be resolved through the filing of the income tax return and an annual year-end adjustment process.

For detailed information concerning federal requirements, refer to the CRA payroll webpage at canada.ca/payroll.

Quebec tax abatement

The Quebec tax abatement rate remains at 16.5% for 2023.

Personal tax credits return (TD1 form)

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

For more information, see Chapter 5, “Deducting income tax” in Guide **T4001 Employers’ Guide – Payroll Deductions and Remittances**.

Claim codes

The total personal amount an employee claims on a TD1 form will determine which claim code you will use. See Chart 2.

Explanation of claim codes

Claim code 0

This code represents **no claim amount**. This code may also be used if the employee indicated they have more than one employer or payer at the same time and have entered “0” on the front page of Form TD1 for 2023.

Claim codes 1 to 10

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

You match the “Total claim amount” reported on your employee’s or pensioner’s TD1 form with the appropriate claim codes. Then, you look up the tax for the employee’s pay under the claim code in the federal tax tables for the pay period.

Indexing of federal claim codes amounts

The credits that apply to each federal claim code have been automatically increased in the tax tables by the indexing factor for the current year. If your employee did not complete the federal and provincial TD1 forms for 2023, you continue to deduct income tax using the same claim code that you used last year.

Chart 2 – 2023 Federal claim codes

Total claim amount (\$) from	Total claim amount (\$) to	Claim code
No claim amount	No claim amount	0
0.00	15,000.00	1
15,000.01	17,583.00	2
17,583.01	20,166.00	3
20,166.01	22,749.00	4
22,749.01	25,332.00	5
25,332.01	27,915.00	6
27,915.01	30,498.00	7
30,498.01	33,081.00	8
33,081.01	35,664.00	9
35,664.01	38,247.00	10

Calculating payroll deductions for employees in the hotel and restaurant business in Quebec

As a result of legislation introduced in the province of Quebec, employees in the hotel and restaurant business who receive income from tips and gratuities have to declare this income to their employers. Effective January 1, 1998, you have to include tips declared by these employees when you calculate insurable earnings for purposes of Employment Insurance (EI). You also have to include these tips when you determine federal income tax deductions. Report the tips and deductions on a T4 slip.

When you include the declared tips and gratuities in the income, the corresponding deductions shown in the *Payroll Deductions Tables* may be greater than the cash salary or wages paid. Payroll deductions cannot be more than the amount of salary and wages paid. To make sure that the deductions are not more than the salary or wages, you will have to reduce the deductions until net pay is no longer negative.

How do you reduce the deductions?

When you reduce the payroll deductions, you have to reduce them in a particular order, as specified in the Quebec legislation. First reduce the Quebec provincial tax, and then reduce Quebec Parental Insurance Premiums and finally Quebec Pension Plan (QPP) contributions. If the net pay is still negative, reduce the federal tax withholding. Any shortfall of federal or provincial tax will be determined when the individuals file their personal tax returns.

In some cases, when QPP is reduced, you may have to increase federal tax to reflect the change in the federal tax credit for QPIP and QPP contributions. You can use the PDOC to determine the adjusted deductions.

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

If your employees want you to adjust their tax deductions to allow for commission expenses, they have to complete Form TD1X, Statement of Commission Income and Expenses for Payroll Tax Deductions.

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

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

How to use the tables in this guide

Use the tables in this guide to determine the EI premiums and federal tax that you will deduct from your employees' remuneration.

EI table (Section B)

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

Federal tax deductions tables (Section C)

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

- Find the pages in Section C that correspond to your pay period
- To find the range that corresponds to your employee's taxable income (this includes any taxable benefits), look down the "Pay" column
- In the row under the applicable claim code, you will find the amount of federal tax that you should withhold from your employee's pay (for more information, see the section called "Claim codes" and Chart 2)

Additional information about payroll deductions

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

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

To determine the amount of tax to deduct from income not subject to CPP contributions or EI premiums, use the Payroll Deductions Online Calculator, available at canada.ca/pdoc. On the "Salary pay calculation" and/or on the "Commission pay calculation" screen, go to Step 3 and select the "CPP Exempt" and/or "EI Exempt" option before clicking on the "Calculate" button.

Step-by-step calculation of tax deductions

You can use the following step-by-step calculations to calculate the tax deductions for your employee or pensioner.

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

However, if you design your own payroll program or spreadsheets to calculate tax deductions, do not use either of these calculations. Instead, see Guide T4127, Payroll Deductions Formulas.

Example

Tax to deduct for all income

This example applies to a person who earns \$1,400 weekly in Quebec and contributes \$80 to a registered retirement savings plan (RRSP). This person claims the basic personal claim amount. The QPP contributions and the EI premiums are:

$$\text{QPP contributions} = 0.0640 \times (\$1,400 - (\$3,500/52)) = \$85.29$$

$$\text{EI premiums} = 0.0127 \times \$1,400 = \$17.78$$

Calculate annual taxable income

	Description	Sub-amounts	Amounts
(1)	Gross remuneration for the pay period (weekly)		\$ 1,400.00
(2)	Minus		
	■ CPP/QPP additional contribution ($\$85.29 \times (0.0100/0.0640)$)	13.33	
	■ the RRSP contributions*	<u>80.00</u>	
			– \$ <u>93.33</u>
	* This amount has to be deducted at source.		
(3)	Net remuneration for the pay period		\$ 1,306.67
(4)	Net annual income ($\$1,306.67 \times 52$ weeks)		\$ 67,946.84
(5)	Minus the annual deduction for living in a prescribed zone, reported on the Form TD1		– <u>0.00</u>
(6)	Annual taxable income		\$ <u>67,946.84</u>

Calculate federal tax

	Description	Sub-amounts	Amounts
(7)	Basic federal tax:	\$ 67,946.84	
	Multiply the amount on line 6 by the federal tax rate based on Chart 1	× <u>0.205</u>	
			\$ 13,929.10
(8)	Minus the federal constant (K) based on the annual taxable income on line 6 (see Chart 1)		– <u>2,935.00</u>
(9)	Federal tax (line 7 minus line 8)		\$ 10,994.10
(10)	Minus the federal tax credits:		
	■ the total of personal tax credit amounts reported on the Form TD1	\$ 15,000.00	
	■ the QPP base contributions for the pay period multiplied by the number of pay periods in the year (annual maximum \$3,407.40) ($\$85.29 \times (0.0540/0.0640) \times 52$)	3,407.40	
	■ the Quebec EI premiums for the pay period multiplied by the number of pay periods in the year (annual maximum \$781.05)*	781.05	
	■ the QPIP premiums for the pay period multiplied by the number of pay periods in the year (annual maximum \$449.54)*	359.84	
	■ the Canada employment amount (annual maximum \$1,368.00)	<u>1,368.00</u>	
	Total	\$ <u>20,916.29</u>	
	* Note When the maximum QPP contributions, QPIP premiums or EI premiums for the year is reached, use the maximum amount for later calculations		
(11)	Multiply the total on line 10 by the lowest federal tax rate for the year	× <u>0.15</u>	
(12)	Total federal tax credits		– <u>3,137.44</u>
(13)	Basic federal tax (line 9 minus line 12)		\$ 7,856.66
(14)	Minus federal abatement, for Quebec only, 16.5% of the amount on line 13		– <u>1,296.35</u>
(15)	Total federal tax payable for the year (line 13 minus line 14)		\$ <u>6,560.31</u>

Calculate total tax and the tax deduction for the pay period

	Description	Sub-amounts	Amounts
(16)	Tax deduction for the pay period: Divide the amount on line 15 by the number of pay periods in the year (52)		\$ <u>126.16</u>