

Payroll Functions



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Canada Revenue Agency Payroll Business Number

Applying for a Business Number and Certain Program Accounts

A payroll business number is required from the Canada Revenue Agency (CRA) in order to remit payroll taxes for employees. Business number applications can be filled out online or manually and mailed or faxed to CRA. It is recommended to submit the form online or over the phone to obtain the business number quicker. The mailing and fax options can take several weeks.

For the purposes of running payroll, the payroll business account should be set up as individual ownership, that the business is not incorporated, and that it is a sole proprietorship.

To fill out the application online:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/bro-register.html>

CRA My Business Account and Adding a Representative

Consent is required for Canada Revenue Agency to speak to an alternate person regarding a business account. A representative can be an accountant, lawyer, family member or friend. An authorized representative can view, get information about, and update tax information.

The CRA has a two-step digital process to authorize a representative. However, first an online CRA My Business Account must be registered. It can take several days for the registration to be in effect. Be sure to enable email notifications.

There are two ways to register a My Business Account, using a sign-in partner or with a CRA user ID and password. If you do not have a CRA user ID and password, you can register a new account.

To register a My Business Account, please visit:

<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>

In order to add a representative, the representative will need to sign in to “Represent a Client” to submit a new authorization request. When submitting this request, they will need to include a certification page signed by the business owner.

The Represent a Client request can be filled out here:

<https://www.canada.ca/en/revenue-agency/services/e-services/represent-a-client.html>

Bank Accounts

Setting Up a Bank Account for Financial Transactions

A bank account is needed to receive direct deposits and run payroll. A personal account will suffice for the purposes of running payroll. Ensure the name on the account, is also the name associated with the payroll business number and on the funding document from the government.

Vendor Request for Direct Deposit

In order to receive funding in the bank account that was set up, a Vendor Request for Direct Deposit form must be filled out and submitted to Community Living disABILITY Services. Include a void cheque or a letter/confirmation from the bank or financial institution that identifies the bank account holder’s name, address, bank account, plus the name and address of the bank. A good tip is to make a copy of the form and keep it with other financial records.

The form and instructions on how to fill out the form can be found at:

<https://www.gov.mb.ca/finance/direct.html>



Workers Compensation Board Coverage

Why is WCB Coverage Important?

The Workers Compensations system is an injury and disability system for workers and employers, which is funded by the employer. A registered employer qualifies their employees for WCB benefits and provides protection to the employer from a lawsuit in the event of a workplace injury.

Employers are required to obtain WCB coverage for any employee that works more than 24 hours or more in a week. Coverage for employees who work less than 24 hours per week is optional. However, obtaining coverage for all employees regardless of the number of hours worked is recommended.

Costs associated with WCB are accounted for in the approved budget document. It is the responsibility of the employer to ensure proper coverage is in place, and that WCB is updated if there are changes that impact coverage such as changes to employee structure or schedule.

How to Setup Workers Compensation Coverage

In order to setup coverage, the WCB Assessment Services Department can be contacted via email or phone. Registering over the phone is simple, be sure to have the following information available to complete the registration:

- Legal name of the business (sole proprietorship)
- Nine-digit business number
- Business contact information
- Date workers were or will be hired
- Estimated annual gross payroll for the current year (from the approved budget document)

WCB Assessment Department

Phone: 1-204-954-4505 Toll Free: 1-855-954-4321 ext. 4505

Email: assessmentservices@wcb.mb.ca

A good tip is to write down the date, name of the person you spoke with, and any information discussed whenever speaking with representatives from WCB.

More information on Workers Compensation can be found here:

<https://www.wcb.mb.ca/>

Staff Scheduling and Variances

How to Setup Staff Schedules



The standard hours of work are up to 40 hours a week and up to 8 hours a day. Employees are entitled to their regular wage rate for work during these hours. Employees must be paid at the overtime wage rate if they work more than the standard hours. In order to set up a staff schedule, a number of factors must be considered and discussed:

- How many hours per week will be worked
- How many staff members would ideally cover the hours per week
- What is required at specific times per day

See Appendix A for a sample staff schedule.

Averaging Agreements, Averaging Permits and Work Break Orders

Employers may find that the standard hours of work do not fit their needs, or it may not be possible for staff members to take a work break. It is possible to change the standard hours of work via averaging agreements, averaging permits, and work break orders. They are used in different situations with different criteria.

Averaging agreements are used when employers and employees enter into a written agreement to change the standard hours of work. These agreements do not need approval from Employment Standards. To be able to enter into an averaging agreement, employees must regularly work 30 or more hours a week and be non-unionized. Averaging agreements can be made if the new standard hours of work are 12 hours or less per day and 60 hours or less per week over an averaging cycle of 12 weeks or less.

More information about averaging agreements can be found at:

https://www.gov.mb.ca/labour/standards/doc,averaging_agreements,factsheet.html

Averaging permits must be applied for through Manitoba Employment Standards. The employer must survey each staff member with the proposed terms and conditions of the new schedule. At least 75% of employees must agree to the proposal for the permit to be granted. Averaging permits are required if an employer wants the new schedule to exceed one or more of the standard hours of work or cycle maximums for an averaging agreement.

More information about averaging permits can be found at:

https://www.gov.mb.ca/labour/standards/doc,varying_hours_work,factsheet.html

Work break orders are used when employers want to reduce or eliminate the 30 minute work break (after 5 consecutive hours). Employees are entitled to leave the premises and be void of responsibility during their work breaks. An example of when this work break order would be beneficial is when employees are in care of someone who cannot be abandoned.

More information about work break orders can be found at:

https://www.gov.mb.ca/labour/standards/doc,work_break_order,factsheet.html

CRA Employer Responsibilities

CPP and EI Employer Contributions

Employers are responsible for remitting Employment Insurance (EI), Canadian Pension Plan (CPP), and income tax payroll deductions to CRA regularly for the employees as well as the employer contributions.

Employers are required to deduct income tax from their employees' pay, hold it in trust for CRA, and remit the amounts as scheduled. The remittance due date varies; once set up CRA will provide the remittance dates specific to each employer.

For EI, the employer contribution is 1.4 times the employee deduction. For CPP, the employer contribution is the same amount as the employee.

Payroll companies can calculate and remit these deductions to CRA on behalf of the employer. Alternatively, employers can calculate deductions using CRA's online payroll deductions calculator and remit electronically, at a financial institution, or via mail using a remittance voucher.

Not paying source deductions on time can result in fees or penalties.

The online payroll deductions calculator can be found at:
<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html>

TD1 Forms

TD1 forms are used to determine the amount of federal, provincial or territorial tax to be deducted from an employee's income. Both federal and provincial TD1 forms must be completed by employees within seven days of hiring. Keep a copy of all TD1 forms and add them to the employees' respective records.

TD1 forms do not have to be completed every year unless there is a change to the personal tax credit amounts.

Current TD1 forms can be found at:
<https://www.canada.ca/en/revenue-agency/services/forms-publications/td1-personal-tax-credits-returns/td1-forms-pay-received-on-january-1-later.html>

T4's and T4 Summaries

Income and deductions need to be reported annually to CRA on T4 slips accompanied by a T4 summary.

The T4 slips and T4 summary must be filed on or before the last day of February. T4's can be issued by a payroll company or can be filled out online by the employer.

More information regarding T4's can be found at:
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4120/employers-guide-filing-t4-slip-summary.html>

ROEs

Employers are required to issue a Record of Employment (ROE) each time an employee experiences an interruption of earnings. An ROE provides information on employment history and must be issued to the employee within five days. ROE's can be issued by a payroll company or can be filled out online by the employer.

Failure to file the ROE could result in a monetary fine, imprisonment, or both.

More information regarding ROE's can be found at:
<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe.html>

Payroll Options

Completing Payroll Manually

Payroll can be done manually using CRA's online payroll deductions calculator. The calculator provides the totals to pay employees; but the employer is responsible to use up to date information for the online calculator to be accurate. Up to date information includes pay rates, hours worked, vacation pay, stat pay, income tax deductions, and CPP and EI contributions. If the employer does not ensure accuracy, completing payroll manually comes with a risk.

When manually processing payroll, the employer must also manually pay employees via cheque or electronic transfer.

Using a Payroll Company



Using a payroll company is an excellent safeguard and will ensure accuracy and employer tax responsibilities are met. An advantage of using a payroll company is that the employer only has to input employee hours and mileage into the system. The payroll company will:

- Calculate CPP and EI contributions
- Remit these contributions to CRA on the employer's behalf
- Calculate stat and vacation pay
- Pay employees via direct deposit
- Provide paystubs that can be mailed or emailed
- Complete ROE's, T4's, and T4 Summaries

There are a number of payroll company options in Manitoba. Payworks, Ibex, and Ceridian are commonly used. Alternatively, some people choose to hire a bookkeeper who can run payroll through online software such as Quickbooks or Sage50.

Organizing Payroll Data

The Canada Revenue Agency requires that employers keep payroll records for at least 6 years following the end of the last tax year. Employers are required to keep records regarding:

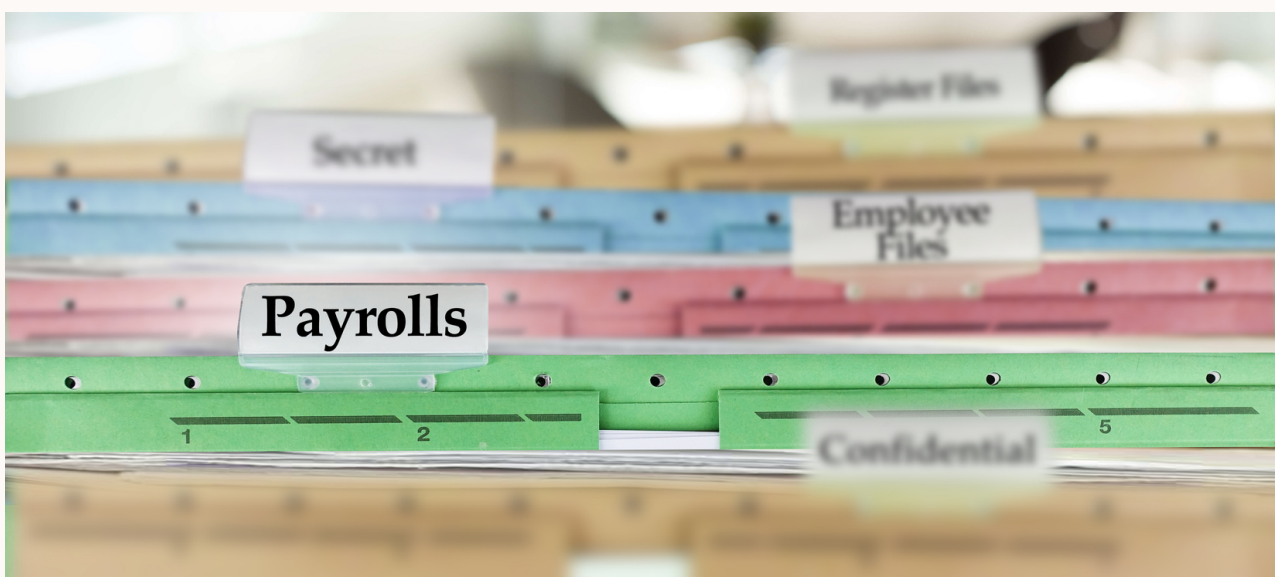
- Employee's full name, address, address changes, birthdate, and SIN number
- Bank account information or a void cheque for direct deposit
- Income tax deductions
- CPP and EI premiums
- Staff schedules including the dates and times employees have worked
- Mileage sheets
- TDI's
- Any correspondence from CRA regarding tax deductions
- T4's filed
- Registered pension information
- ROE's

Maintaining good employee files is an essential part of being an employer. It is a good idea to file documents by employee, and payroll records by year.

See Appendix B for a sample employee information gathering form.

See Appendix C for a sample timesheet.

See Appendix D for a sample mileage form.



Appendix A: Sample Staff Schedule

STAFF SCHEDULE

FOR THE WEEK OF _____ to _____

STAFF NAME	S	M	T	W	T	F	S
	SHIFT						

FOR THE WEEK OF _____ to _____

STAFF NAME	S	M	T	W	T	F	S
	SHIFT						

Appendix B: Employee Information Form

EMPLOYEE INFORMATION FORM

Personal Information:

Last Name: _____ First Name: _____

Address: _____

Telephone: _____ Cell: _____

Date of Birth: _____ Social Insurance No.: _____

Bank Account Info (or attach void cheque):

Transit No.: _____ Institution No.: _____ Account No.: _____

Person to notify in case of emergency:

Name: _____

Relationship: _____

Telephone: _____ Cell: _____

Employee Signature: _____

Date: _____ Start Date: _____

Appendix C: Sample Timesheet

TIMESHEET

STAFF NAME: _____

PAY PERIOD _____ to _____

DATE	START TIME	END TIME	TOTAL HOURS
TOTAL HOURS FOR PAY PERIOD			

STAFF SIGNATURE: _____

Paid on _____ Cheque # _____

PAY PERIOD _____ to _____

STAFF SIGNATURE: _____

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