Carswell Payroll Source Alert – November 2018 Issue

2019 CPP Rates Announced

The Canada Revenue Agency has released the Canada Pension Plan (CPP) contribution rates and maximums for 2019. They are:

Maximum pensionable earnings:	$57,400
Annual basic exemption:	$3,500.00
Maximum contributory earnings:	$53,900
Contribution rate (employee and employer):	5.10%
Maximum employee contribution:	$2,748.90
Maximum employer contribution:	$2,748.90

Beginning January 1, 2019, the federal government will implement changes to the CPP that will gradually increase the plan's income replacement level for retirement benefits from one-quarter of eligible earnings to one third and raise post-retirement benefits and survivor and disability pensions. To pay for the enhancement, the government will gradually increase CPP contributions for employees and employers, as well as the self-employed.

Between 2019 and 2023, the CRA will gradually raise the contribution rate from 4.95% to 5.95% for earnings up to the yearly maximum pensionable earnings (YMPE). The CPP rate will consist of the current 4.95% rate plus an extra rate called the "first additional contribution rate". The first additional contribution rate will be set at the following percentages: 0.15% in 2019, 0.3% in 2020, 0.5% in 2021, 0.75% in 2022, and 1.0% in 2023 and later years.

With the combination of the original 4.95% rate and the new first additional contribution rate, the following CPP rates will apply:

Year	**Employee Rate**	**Employer Rate**
2019	4.95% + 0.15% = 5.10%	5.10%
2020	4.95% + 0.3% = 5.25%	5.25%
2021	4.95% + 0.5% = 5.45%	5.45%
2022	4.95% + 0.75% = 5.70%	5.70%
2023 and later years	4.95% + 1.0% = 5.95%	5.95%

Beginning in 2024, the CRA will implement a new second additional contribution rate of 4% each for employers and employees on pensionable earnings between the YMPE and a new upper earnings limit. In 2024, the new upper earnings limit is expected to be 107 per cent of the YMPE. In 2025, it is expected to rise to 114 per cent of the YMPE.

The federal government will continue to apply a non-refundable tax credit to employees' base contributions (i.e., those contributed at the 4.95% rate); however, it will provide a tax deduction for employee contributions from the first and second additional contribution rate. Employers will continue to receive a tax deduction for all of their CPP contributions.

RPP and RRSP Limits Change for 2019

The maximum contribution rates for 2019 for registered pension plans and registered retirement savings plans will increase from 2018 as follows:

Money purchase plans: $27,230 (2018 - $26,500)

Deferred profit-Sharing plans: $13,615 (2018 - $13,250)

RRSPs: $26,500 (2018 - $26,230)

Defined benefit plans: $3,025.56 (2018 - $2,944.44)

Reminder: Remembrance Day is a Statutory Holiday in most Jurisdictions

Just a reminder... Sunday, November 11, 2018, Remembrance Day, is a statutory holiday under employment/labour standards laws in the following jurisdictions: Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island, Saskatchewan, and Yukon, as well as under the *Canada Labour Code*.

In Manitoba and Nova Scotia, Remembrance Day is a holiday under each jurisdiction's *Remembrance Day Act*. As a result, the holiday is treated in a different way than holidays under employment/labour standards laws. In both jurisdictions, employers are not required to pay employees who do not work on Remembrance Day.

In Manitoba, if employees work on Remembrance Day, their employer must pay them 1.5 times their regular rate for at least half of their normal work hours. In addition, employers must pay them a regular day's pay for working on Remembrance Day. If employees work more than their normal hours, their employer must pay them 1.5 times their regular rate for all hours worked that day plus pay them a regular day's pay.

In Nova Scotia, if employees work on Remembrance Day, their employer must pay them their regular wages for the hours worked. If the employees are entitled to receive wages for at least 15 of the 30 calendar days right before Remembrance Day and they work on November 11, the employer must also give them another day off with pay on the working day immediately following their next annual vacation or on a mutually agreed upon date.
For information on entitlement to the holiday and how to compensate employees for it, please refer to the applicable jurisdiction in chapter 19, Statutory Holidays.

Reminder: Upcoming Statutory Holidays

Just a reminder... Tuesday, December 25, 2018, Christmas, is a statutory holiday in all Canadian jurisdictions. Wednesday, December 26, Boxing Day, is a statutory holiday under the *Canada Labour Code* and the Ontario *Employment Standards Act, 2000*. Tuesday, January 1, 2019, New Year's Day, is a statutory holiday in all Canadian jurisdictions. In Quebec, January 2, 2019, is a bank holiday. For information on entitlement to statutory holidays and how to compensate employees for them, please refer to the applicable jurisdiction in chapter 19, Statutory Holidays.

2019 Maximum Assessable/Insurable Earnings

The following workers' compensation bodies have announced their maximum assessable/insurable earnings for 2019:

Alberta	$98,700 (2018: $98,700)
British Columbia	$84,800 (2018: $82,700)
Manitoba	$127,000 (2018: $127,000)
New Brunswick	$64,800 (2018: $63,600)
Newfoundland/Labrador	$65,600 (2018: $64,375)
N.W.T and Nunavut	$92,400 (2018: $90,600)
Nova Scotia	$60,900 (2018: $59,800)
Ontario	$92,600 (2018: $90,300)
Prince Edward Island	$55,000 (2018: $53,400)
Quebec	$76,500 (2018: $74,000)
Saskatchewan	$88,314 (2018: $82,627)
Yukon	$89,145 (2018: $86,971)

Ontario Bill Proposes ESA, 2000 Changes

The provincial government has tabled legislation that would repeal a number of provisions in the *Employment Standards Act, 2000* that the previous government added last year. The provisions took effect January 1, 2018 and April 1, 2018, while others were scheduled to come into force on January 1, 2019.

Economic Development, Job Creation and Trade Minister Jim Wilson tabled Bill 47, the *Making Ontario Open for Business Act, 2018,* in the Ontario legislature on October 23, 2018. Among the amendments proposed in the bill:

- **Personal Emergency Leave:** Personal emergency leave, including the two paid days off per year, would be replaced by specific leaves for sickness, family responsibility, and bereavement. All of the leaves would be unpaid and employees would be entitled to them if they had at least two consecutive weeks of employment with their employer. For all of the leaves, employers would be allowed to require employees to provide evidence that they needed to take the leave.

    --Sick leave would consist of up to three days each calendar year, which employees could use for a personal illness, injury or medical emergency.

    --Family Responsibility Leave would provide up to three days of leave each calendar year, which employees could use for a family member's illness, injury or medical emergency or for an urgent matter affecting a family member. Family members would include the employee's spouse; children (including step and foster children) of the employee or the employee's spouse; parents (including step and foster parents) of the employee or the employee's spouse; grandparents or grandchildren (including step relationships) of the employee or the employee's spouse; the spouse of the employee's child; the employee's siblings; and a relative of the employee who depends on the employee for care or assistance.

--Bereavement Leave would give eligible employees up to two days off each calendar year if a family member dies. Employees would be allowed to take the leave for the same family members listed above under family responsibility leave.

- **Public Holiday Pay:** Employers would calculate public holiday pay as the total amount of regular wages earned and vacation pay payable to an employee in the four workweeks before the workweek in which a statutory holiday falls, divided by 20. This is the formula that employers have been using since July 1, 2018 and that they used prior to January 1, 2018.
- **Minimum Wage:** The general minimum rate would remain $14 an hour. It was scheduled to rise to $15 on January 1, 2019. There would be no further rate increases until October 1, 2020 when the rate would go back to being indexed to inflation. Other minimum wage rates, such as the student rate and the liquor server rate, would also remain at their current levels.
- **Scheduling:** The bill would repeal scheduling provisions that were to have come into force on January 1, 2019, including those that would have given employees the right to request changes to their work schedule or work location and allowed them to refuse to work or to be on call on a day that they were not already scheduled to do so if their employer did not give them at least 96 hours of notice. The provisions would have also required employers to pay employees three hours of pay if they cancelled a scheduled shift within 48 hours of when it was to begin and to provide at least three hours of on-call pay if employees were available to work but were not called in or were called in but worked fewer than three hours. Bill 47 proposes to require employers to pay employees for three hours if an employee who regularly works more than three hours a day is required to report for work, but works fewer than three hours.
- **Equal pay for equal work:** The bill would eliminate a requirement for employers to pay part-time, casual and temporary employees the same rate that they pay full-time employees doing the same work in same workplace, under similar conditions and the work requires the same skill, effort and responsibility. It would also eliminate a similar requirement for employees working for temporary help agencies. Employers would continue to be required to provide equal pay for equal work on the basis of sex.

The government said it also intends to lower maximum administrative penalties for employers who contravene the Act. The penalties would decrease from $350/$700/$1,500 to $250/$500/$1,000, respectively.

It said the measures proposed in Bill 47 would make it easier for employers to hire and for workers to find jobs and grow in their careers.

We have added the bill to the Status of Legislation and will continue to track its progress there.

Minimum Wage Rising in Prince Edward Island

The province's minimum wage rate will rise from $11.55 an hour to $12.25 on April 1, 2019, the provincial government recently announced.

P.E.I.'s Employment Standards Board reviews the rate every year. In its most recent review, the board recommended raising the rate to $12.25 per hour based on economic factors in the province and on input that it received from the public over the summer.

2019 QPP Rates Announced

The Quebec Pension Plan (QPP) rates and maximums for 2019 are as follows:

Maximum pensionable earnings:	$57,400.00
Annual basic exemption:	$3,500.00
Maximum contributory earnings:	$53,900.00
Contribution rate (employee and employer):	5.55%%
Maximum employee contribution:	$2,991.45
Maximum employer contribution:	$2,991.45

Beginning January 1, 2019, the Quebec government will implement changes to the QPP that will gradually increase the plan's income replacement level for retirement benefits from one-quarter of eligible earnings to one third and raise post-retirement benefits and survivor and disability pensions. To pay for the enhancement, the government will gradually increase QPP contributions for employees and employers, as well as the self-employed.

Between 2019 and 2023, Revenu Québec will gradually raise the contribution rate from 5.4% to 6.4% for earnings up to the yearly maximum pensionable earnings (YMPE). The QPP rate will consist of the current 5.4% rate plus an extra rate called the "first additional contribution rate". The first additional contribution rate will be set at the following percentages: 0.15% in 2019, 0.3% in 2020, 0.5% in 2021, 0.75% in 2022, and 1.0% in 2023 and later years.

With the combination of the original 5.4% rate and the new first additional contribution rate, the following QPP rates will apply:

Year	**Employee Rate**	**Employer Rate**
2019	5.4% + 0.15% = 5.55%	5.55%
2020	5.4% + 0.3% = 5.7%	5.7%
2021	5.4% + 0.5% = 5.9%	5.9%
2022	5.4% + 0.75% = 6.15%	6.15%
2023 and later years	5.4% + 1.0% = 6.4%	6.4%

Beginning in 2024, Revenu Québec will implement a new second additional contribution rate of 4% each for employers and employees on pensionable earnings between the YMPE and a new upper earnings limit. In 2024, the new upper earnings limit is expected to be 107 per cent of the YMPE. In 2025, it is expected to rise to 114 per cent of the YMPE.

We will update Table 5.2, Annual C/QPP Contributions, in the manual to incorporate the 2019 rates and maximums in an upcoming release.

QPIP Maximum Insurable Earnings Increasing in 2019

The maximum insurable earnings amount for the Quebec Parental Insurance Plan (QPIP) will increase from $74,000 to $76,500 on January 1, 2019, Revenu Québec has announced.

As previously announced, employee and the employer QPIP premium rates will go down in 2019 from 0.548% for employees to 0.526% and from 0.767% for employers to 0.736%, respectively.

2019 Maximum insurable earnings:	$76,500
2019 Employee premium rate:	0.526%
2019 Employer premium rate:	0.736%
2019 maximum employee premium payment:	$402.39
2019 maximum employer premium payment:	$563.04

Payroll Q & A

Question: I am confused by the electronic T4 filing rules. Are employers required to provide both the Canada Revenue Agency (CRA) and their employees with electronic T4 slips?
Answer: The requirements for giving employees their T4 slips are different than the rules for filing T4 returns with the CRA:

Distributing T4s to employees:

The federal government allows employers to distribute T4s to employees electronically, but it does not require them to do so. Beginning with 2017 year end reporting, the government permits employers to provide employees with their T4s electronically without needing to obtain their consent, as long as the employer meets specific requirements. The employer must provide the employees with a secure electronic portal to access their T4 slip and with a secure site to print it. In addition, the employer must give employees the option to receive a paper version if they request it. Employers who do not meet these conditions must provide employees with two paper copies of the form, unless they have the employee's prior consent (either written or electronic) to receive the T4 electronically. Employers must have employees' written consent to send T4s via e-mail.

Employers must also provide two paper copies of the form in cases where the employee is on an extended leave or is no longer working for the employer when it issues the T4 or where it is not reasonable to expect that the employee would have access to the form electronically.
Revenu Québec has similar requirements for distributing RL-1s to employees.
Regardless of how employers distribute 2018 T4s and RL-1s, they must provide them to employees by February 28, 2019.

Filing T4s with the CRA:

The CRA requires employers filing T4 information returns to do so over the Internet if they are filing more than 50 information returns. Those with fewer than 50 returns may file on paper and send the T4s to the CRA by mail, along with the related T4 Summary, although the agency encourages all employers to file using the Internet.

The CRA provides two options for Internet filing:

- **Internet File Transfer:** This method is for businesses that use payroll software to file their

T4s. They use the software, along with a Web browser, to connect to the Internet, and then create, print, and save the information return. Businesses can file up to 150 MB using this method. If the return is more than 150 MB, employers must either compress it or divide it so that each submission does not exceed 150 MB. For more information about Internet File Transfer, see canada.ca/taxes-iref.

- **Web Forms:** This method allows businesses to use a compatible Internet browser to create, print, and transmit their completed T4 return over the Internet. Business can file up to 100 information slips this way. For more information on how to use this option, see canada.ca/taxes-iref.

Revenu Québec has similar requirements for submitting RL-1s. Employers with 50 or fewer RL-1s to file may file online or on paper. Those with more than 50 to file must do so online in XML, through Revenu Québec's service called My Account for businesses or by using authorized payroll software that includes a transmission function. For more information, see 9.2.2, Electronic Filing.

Regardless of how employers file 2018 T4s (and RL-1s for Quebec), they must submit them to the CRA (and Revenu Québec for RL-1s) by February 28, 2019.