

Setting your tax year up for success.

Wagepoint webinar | Powered by Wagepoint and Xen Accounting



About Wagepoint

Wagepoint is simple payroll software built just for small businesses and backed by the world's friendliest team.

Our online software was created just for small businesses, automating the most time-consuming parts of payroll so that our customers can get back to doing literally anything else.





Bianca Mueller, CPB
Community Manager
at Wagepoint

Bianca is a certified professional bookkeeper who ran her own bookkeeping practice for over 12 years. As Wagepoint's Community Manager and payroll expert, Bianca works hard to nurture Wagepoint's accounting and bookkeeping partner community through meaningful connections and impactful industry programs.

Agenda

- 01 Meet your speakers**
Get to know Wagepoint and Xen Accounting
- 02 Common taxable benefits**
What are taxable benefits and how to account for them
- 03 Québec taxable benefits**
Health, dental and health care spending accounts
- 04 Remote employees**
How to navigate taxes for remote employees
- 05 Workers' Compensation**
The importance of WCB/WSIB and other tax considerations



Heather Levchuk, PCP
Payroll Associate at
Xen Accounting



Hasan Shahariar, CPA
Practice Lead at
Xen Accounting

Heather's career journey has been a winding road having worked in many industries — like retail, IT, biomedical engineering, education, and food production, to name a few. It was in her time as bakery production manager that Heather discovered cloud accounting, and found herself drawn to the rhythm and precise nature of payroll. When she isn't mentoring small business clients, you can find Heather baking or spending time with her granddaughters.

Hasan helps disruptive businesses scale by modernizing their accounting solutions with the use of cloud technology, apps and automation.

Outside of his professional realm, Hasan is a former AA soccer player, a calisthenics and fitness enthusiast.

About Xen Accounting

Your virtual, paperless, cloud-based Chartered Accountant practice.

Welcome to the new way of doing accounting. Our modern approach combines slick cloud-based systems, fully paperless processes and a knowledgeable, proactive team of professionals who help lift the burden of running a business.



“In this world, nothing can be said
to be certain except death and taxes.”

Benjamin Franklin

Taxable benefits are broken down by how the benefit is received or enjoyed.

In-cash

- Physical currency, cheque or electronic payment.

Non-cash (in-kind)

- Benefit is the actual good, service or property.

Near-cash

- Functions as cash, such as a gift certificate or gift card, or something that can easily be converted to cash.



Common in-cash taxable benefits



Wellness reimbursements

- Gym, memberships or other wellness activities (like golf) **ARE** a taxable benefit.

Cell phone and internet Services

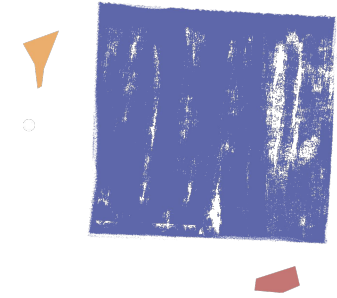
- Cash allowances for these **ARE** a taxable benefit.
- Reimbursements for employment-related duties:
 - The portion used for employment purposes is **NOT** a taxable benefit.
 - [Cellular data and personal usage](#) rules apply.

Parking (non-client/account), car allowance and moving expenses

- Allowances and reimbursements **ARE** a taxable benefit.
 - Exceptions for [moving expenses](#), [parking](#), and [car allowance](#).

[Benefits and allowances chart - CRA](#)

Common non-cash taxable benefits



Taxable wellness spending accounts

- If provided through a managed spending account, they **ARE** a taxable benefit.

Group insurance benefits

- Life Insurance, dependent life insurance, AD&D and critical illness **ARE** a taxable benefit.
- Long term disability (LTD) is **NOT** a taxable benefit.

Virtual currency

- Any payment, gift or reward paid in virtual currency **IS** a taxable benefit.

[Benefits and allowances chart - CRA](#)

Québec non-cash taxable benefits

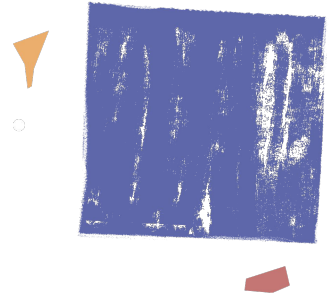
Group insurance plan contributions (or premiums) **ARE** a taxable benefit.

- Contributions for coverage of total or partial loss of income are **NOT** a taxable benefit.

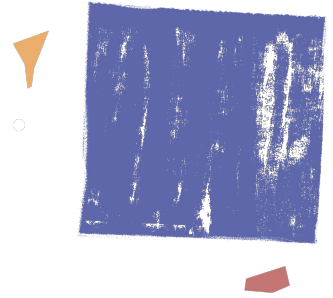
Additional Group Insurance benefits that **ARE** considered a taxable benefit include:

- Health and Dental Benefits
- Health Care Spending Accounts
 - They can be averaged over 12 months through a calculation worksheet.

[List of Taxable Benefits | Revenu Québec](#)



Gifts, awards and rewards



Gifts and award policy

- Maximum \$500 per year. Anything above this amount is considered taxable.
 - **Gift:** Birthday, wedding, holiday (Christmas), the birth of a child
 - **Award:** Long Service, Outstanding Accomplishment (criteria)

Gift cards (do not follow the Gifts and Award policy)

- **ARE** always considered a taxable benefit because they're considered near-cash.

Loyalty points — redeemed for travel, other rewards, or an internal points system

- **ARE** always considered a taxable benefit.

Recognition awards — performance and goal achievements (including meals and prizes)

- **ARE** always considered a taxable benefit.

★ Items of a trivial matter like clothing, mugs, plaques or trophies are not considered taxable.

[Gifts, awards, and long-service awards](#)

Source deductions on taxable benefits

Depends on if the benefit is cash, non-cash or near-cash.

When a **cash benefit** is taxable:

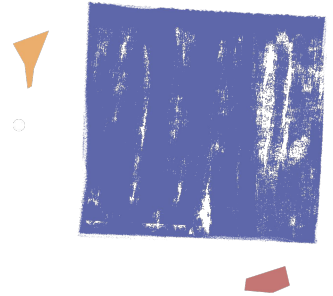
- It is also pensionable - Canada Pension Plan (CPP)
- It is also insurable - Employment Insurance (EI)

When a **non-cash** or **near-cash benefit** is taxable:

- It is also pensionable (CPP)
 - Exceptions for security options.
- It is *generally* **NOT** insurable (EI)
 - Exceptions: [board and lodging](#), [RRSP contributions](#), [Gifts, awards and social events](#)



For more information on when the employment is not pensionable or is not insurable, please see: [Guide T4001, Employers' Guide – Payroll Deductions and Remittances](#)



Impacts of not recording taxable benefits properly.

- You will receive a PIER review / PIER report from Canada Revenue Agency.
- Requires end of year adjustment to boxes 14, 26, 16, and “other” box 40.
- Could require additional CPP(QPP)/EI owing on the additional benefit income.
- Employer must pay both the employee and employer portion of the source deductions applicable.
- Employee may owe additional tax due to increased salary related to the benefits.



Social events and hospitality functions



Social events — Employer-provided event open to ALL employees.

- If the cost is **under \$150/employee**, it is **NOT** considered a taxable benefit. Additional costs like accommodation, travel, taxi, etc. are not included.
- If the cost is **greater than \$150/employee**, the entire amount, including the additional costs, **IS** a taxable benefit.

Hospitality functions — Employer-provided meal or other hospitality services for a work-related function that is not a social event (as described above).

- If the event is work-related, such as a planning or education session, or a networking session, the event is **NOT** a taxable benefit.
- If the event is to celebrate the completion of a project or task, or a thanks for a job well done, the event **IS** a taxable benefit.

[Gifts and awards outside CRA policy](#)

Wagepoint how-to: Setting up taxable benefits

Set up company information

COMPANY **EMPLOYEES** **BANKING** **PAYROLL** **REPORTS**

COMPANY INFO DEDUCTION TYPES INCOME TYPES PAYGROUPS COMPANY HOLIDAYS MORE

COMPANY INFO

This is really where we get properly introduced - tell us everything about your company!

BUSINESS CONTACT

- Legal Company Name
Ryan's BBQ and Ribs
- Doing Business As (DBA) Company Name ?
Ryan's BBQ and Ribs
- Contact Email
test@testaccount.ca
- Phone Number
XXXXXXXXXX
- Address 1 ?
2005 48 Ave SW

PAYROLL DETAILS

- Employee location
Canada
- CRA Number ?
XXXXXXXXXXXX
- Revenu Quebec Number ?
Required to add employees in Québec
XXXXXXXXXXXX
- Revenu Quebec Employer HSF Rate ?
0.0195
- Remittance Schedule ?
Non-Accelerated

Wagepoint how-to: Setting up taxable benefits

Review employee tax settings

COMPANY **EMPLOYEES** BANKING PAYROLL REPORTS

Jump to

THE PERSON THE JOB **TAX INFO** DIRECT DEPOSIT INCOME DEDUCTIONS YTD AMOUNTS

JENNIFER ANNISTON'S DETAILS

The tax settings default to the basic federal and provincial claim amounts. If you need to change the settings, simply click the federal and provincial drop downs to apply the right claim amounts.

FEDERAL & PROVINCIAL CLAIMS

Federal TD1

Add Additional Tax

 % \$

Province of Employment

TAX SETTINGS

Withhold Income Tax
 YES

Exempt from CPP/QPP
 NO

Exempt from EI
 NO

Wagepoint how-to: Setting up taxable benefits

Add a deduction or benefit

COMPANY INFO **DEDUCTION TYPES** INCOME TYPES PAYGROUPS COMPANY HOLIDAYS MORE

DEDUCTIONS

If applicable, you can add or create all the deduction types that are relevant to your company. Start by clicking on the "Add a Deduction" button and choose from a list of predefined deductions such as medical / dental benefits, RRSP contributions etc.

Source deductions like CPP, EI are automatically calculated when you process payroll and don't need to be setup as a type of deduction.

Name	Type	GL Expense no.	GL Liability no.	Actions
321	Garnishments			Edit
AD&D	AD&D			Edit
adsadsf	Life Ins.			Edit
Adjusted Net	Other deduction			Edit
Advance Previously Paid Clawback	General deduction			Edit
Benefits	Medical/health			Edit
Bonus - Offsetting	Voluntary deduction			Edit
Bonus RRSP	RRSP			Edit
Bus Pass	Taxable benefit			Edit

Add Deduction/Benefit

Deduction/Benefit Type:

Don't see the right deduction code? [Click here to request one.](#)

Deduction Name:

GL Expense Account (Optional):

GL Liability Account (Optional):

	Employee Contribution	Employer Contribution
	FEDERAL	Québec
Income Tax	-	-
CPP/QPP	-	-
EI	-	-
QPIP	-	-
Payable		-
Record of Employment		
Insurable hours		-
Insurable earnings		-
Form T4		
Box		-
Form RL-1		
Box		-

[Add income and deduction types - Wagepoint](#)

Wagepoint how-to: Setting up taxable benefits

Request deduction/benefit and income types

Request Deduction/Benefit

Fill in the details to help us add your deduction or benefit correctly. We'll add it within 72 hours

Deduction/Benefit Name

T4 Box

RL1 Box

Employee Contribution

FEDERAL

Income Tax
 CPP/QPP
 EI
 QPIP

Employer Contribution

FEDERAL

Income Tax
 CPP/QPP
 EI
 QPIP

Provincial

Vacation Pay
 Statutory Pay
 Workers' Compensation

ON Employer Tax
 QC Health Services Fund
 BC Employer Health Tax

ROE Reporting

Insurable hours
 Insurable earnings

Payable

Add to cheques

Notes

[Benefits and allowances chart - CRA](#)

Wagepoint how-to: Setting up taxable benefits

Set up employee deduction or benefit

Step 1

The screenshot shows the 'EMPLOYEES' section with the 'DEDUCTIONS' tab selected. Below the navigation tabs, there is a search bar and a list of tabs: THE PERSON, THE JOB, TAX INFO, DIRECT DEPOSIT, INCOME, DEDUCTIONS, and YTD AMOUNTS. The main content area is titled 'ABIGAIL APPLEBY'S CURRENT DEDUCTIONS' and includes a brief instruction: 'Set up the Income codes that apply to this employee by choosing from the list of predefined options by clicking the "Add deduction" button below.' A table lists current deductions, and a green 'ADD DEDUCTION' button is at the bottom right.

Deduction	Employee Amount	Employer Amount	Frequency	Actions
AD&D	33.0000 %	\$33.0000	Once on the next pay	
RRSP Test	\$100.0000	\$100.0000	Once on the next pay	

Step 2

The screenshot shows the 'ADD DEDUCTION' form. A yellow star icon points to the 'Deduction Type' dropdown menu, which is currently set to 'AD&D'. Below this, there are two sections for 'EmployEE pays' and 'EmployER pays', each with a text input field, radio buttons for percentage or dollar amounts, and a dropdown for frequency (currently set to 'every pay'). 'CANCEL' and 'SAVE' buttons are at the bottom right.

Wagepoint how-to: Setting up taxable benefits

Bulk add/edit deductions and benefits

COMPANY INFO **DEDUCTION TYPES** INCOME TYPES PAYGROUPS COMPANY HOLIDAYS MORE

DEDUCTIONS

If applicable, you can add or create all the deduction types that are relevant to your company. Start by clicking on the "Add a Deduction" button and choose from a list of predefined deductions such as medical / dental benefits, RRSP contributions etc.

Source deductions like CPP, EI are automatically calculated when you process payroll and don't need to be setup as a type of deduction.

Name	Type	GL Expense no.	GL Liability no.	Actions
321	Garnishments			Edit ▾
AD&D	AD&D			Add to employees Update amounts Delete
adfsadsf	Life Ins.			

Wagepoint how-to: Setting up taxable benefits

Bulk add/edit deductions and benefits

Step 1

COMPANY INFO **DEDUCTION TYPES** INCOME TYPES PAYGROUPS COMPANY HOLIDAYS MORE

< Back to deductions

UPDATE AMOUNTS FOR AD&D EDIT

Name	Employee Amount	Employer Amount	Frequency
Betty Boop	\$0	\$0	every pay
test tester			
George Burns			

Step 2

COMPANY INFO **DEDUCTION TYPES** INCOME TYPES PAYGROUPS COMPANY HOLIDAYS MORE

< Back to deductions

UPDATE AMOUNTS FOR AD&D CANCEL

Name	Employee Amount	Employer Amount	Frequency
Betty Boop	0 <input type="radio"/> \$ <input checked="" type="radio"/> %	0 <input type="radio"/> \$ <input checked="" type="radio"/> %	every pay
test tester	50 <input type="radio"/> \$ <input checked="" type="radio"/> %	50 <input type="radio"/> \$ <input checked="" type="radio"/> %	every pay
George Burns	1.58 <input checked="" type="radio"/> \$ <input type="radio"/> %	3.16 <input checked="" type="radio"/> \$ <input type="radio"/> %	every pay

CANCEL SAVE

Remote employees — Province of employment

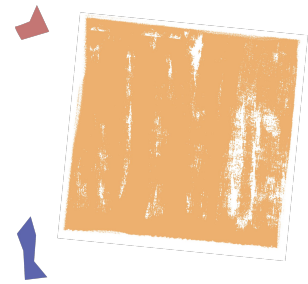
Employees are taxed based on the province that the employee reports to work, not where the employee resides. (Exceptions for Québec)

- Employee must have a physical office where they report to work.
- If the employee is fully remote, then use the province where the employer is located and where the employee is paid from.

★ When employees and employers are located in the same province or territory, both are subject to the same tax rules.



Remote employees — Province of employment



Why does the province of employment matter?

Impact on employees

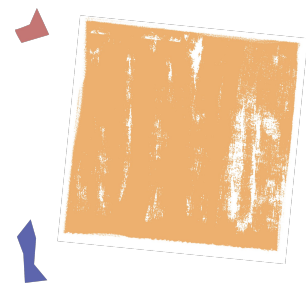
- Provincial tax credit (TD) forms are based on the province of residence, not province of employment. Employee may be subject to different statutory deduction rates.

Impact on employers

- Ensure you use the correct location, province of employment or province where payroll is administered from, in your company payroll settings.

Article: [Breaking down the implications long-term tax repercussions of telework - CPA](#)


Remote employees — Province of employment



Employees can file an application to reduce income tax deducted at source if they work in a different province or territory than they live in.

Request to reduce tax deductions

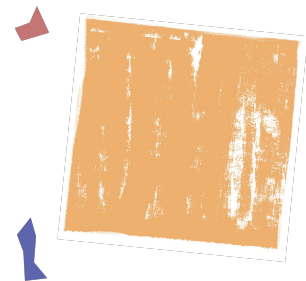
- Apply using form [T1213](#) for any deductions, credits, or non-refundable tax credits that are not part of the Form TDI, Personal Tax Credits Return.
- Once the application has been approved the employer can reduce the federal taxes accordingly.

 Make sure that your income tax returns for the previous years are assessed and all amounts owing are paid in full before applying.

[Payroll Deductions Online Calculator - CRA](#)

[WebRAS – Calculation of source deductions and employer contributions](#)

Québec — Income tax



Reduction in source deductions of income tax

For residents of Québec:

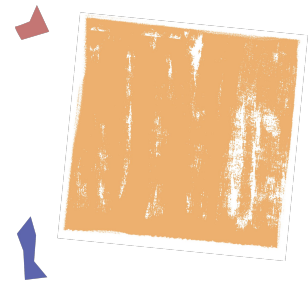
You can apply to have your employer (or a payer) reduce the amount of income tax deducted from your remuneration if:

- The applicant is entitled to source deductions (of \$2,000 or more) or tax credits (of \$400 or more) that are not shown in the Source Deductions Return (form TP-1015.3-V); and
- The applicant has filed all income tax returns; and
- Does not owe Revenu Québec any amounts.

[Application For A Reduction In Source Deductions Of Income Tax \(TP-1016-V\)](#)

[Reduction In Source Deductions of Income Tax - Revenu Quebec](#)

Workers' Compensation and Employer Health Tax



Workers' Compensation accounts

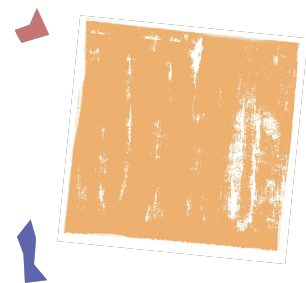
- Employers may need to manage multiple provincial accounts and rates.
- Employers should register with the WCB board for each province of residence.
- In some cases, due to the nature of work, the employer might receive a compliance certificate and not be required to report.

Employer Health Tax (EHT)

- [Ontario](#) - \$1M exemption
- [British Columbia](#) - \$500K exemption

[Understanding Canadian payroll taxes – Capabilities within Wagepoint](#)

Québec — Other considerations



Health Services Fund ([HSE](#))

- Up to \$1M remuneration, rate is 1.65
- Above \$1M to \$7M
 - $1.2150 + (.4350 * (\text{total remuneration} / 1000000))$
 - Estimate the total remuneration for the year

Workforce skills development and recognition fund ([WSDRF](#))

- Payroll over \$2M
 - 1% on all remuneration (including out of province)
 - Can be reduced with eligible training cost

Wagepoint how-to: Setting up Workers' Compensation

Step 1

COMPANY EMPLOYEES BANKING PAYROLL REPORTS Add-ons Settings

Step 2

COMPANY EMPLOYEES BANKING PAYROLL REPORTS

SETTINGS SECURITY USER ACCOUNTS SECURE FILE UPLOAD CLOSE ACCOUNT

SETTINGS

You are currently subscribed to a PRO account.

COMPANY SETTINGS

- Job Titles YES
- Departments YES
- Multiple Locations YES
- Employees Paid By Direct Deposit NO
- Calculate/Remit Workers Comp For You YES
- Taxes Remitted For You NO

COMPANY INFO DEDUCTION TYPES INCOME TYPES PAYGROUPS COMPANY HOLIDAYS MORE

WORKERS' COMPENSATION AND WSIB

If applicable, click the "Add Rate" button below to set up your account number and rate so that we can calculate and remit workers' compensation on your behalf. It's your responsibility to submit the required report. Wagepoint is not authorized to submit them on your behalf.

We can't remit workers' compensation for New Brunswick, Newfoundland, Northwest Territories and Yukon. We'll still do the calculation, but since they don't accept online remittances you'll need to remit the dues yourself.

Province	WCB Account	WCB Rate	Maximum Wage	Actions
AB	12345	1.8	98700	Edit
AB	1231231	1.13	98700	Enable
BC	123456789	2	108400	Edit
BC	123456789	1.15	108400	Edit



Save the date

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Top 10 legal tips every small business owner should know.

Wagepoint Success Series Episode 2 | April 21, 2022

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[Create a new account](#) using promo code **WAGEPOINTXEN** for your first month FREE and be entered into a draw to win a Wagepoint prize pack!



*Subject to promotional restrictions. Promo code is limited to new account signups only. Not applicable to current Wagepoint users or Partners. E. & O.E.

Thanks!

Don't forget!

[Create a new account](#) using promo code **WAGEPOINTXEN** for your first month FREE and be entered into a draw to win a Wagepoint prize pack.*

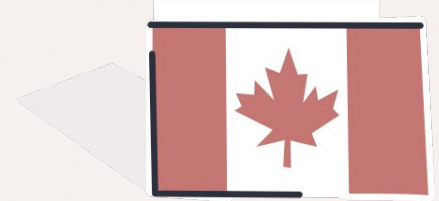
Questions?

Please don't hesitate to reach out to us with any questions: events@wagepoint.com

*Subject to promotional restrictions. Promo code is limited to new account signups only. Not applicable to current Wagepoint users or Partners. E. & O.E.



Payroll resources



Wagepoint

- Video: [Setting Up an Employee Deduction in Wagepoint](#)
- [What You Need To Know About Tax Form Amendments And PIER Reports](#)

Canada Revenue Agency

- [Benefits and allowances chart - Canada.ca](#)
- [Filing Form TD1, Personal Tax Credits Return - Canada.ca](#)
- [Home office expenses for employees - Canada.ca](#)

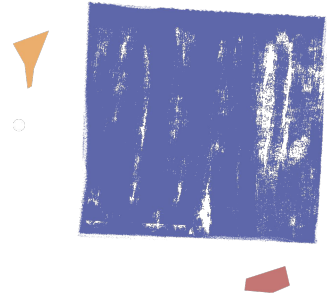
Revenue Quebec

- [List of Taxable Benefits | Revenu Québec](#)

National Payroll Institute

- [National Payroll Institute - Tools](#)

Provincial/territorial tax information



Alberta

- [Workers' Compensation](#) (WCB)

British Columbia

- [Workers' Compensation](#) (WorkSafeBC)
- [Employer Health Tax](#) (EHT)

Manitoba

- [Workers' Compensation](#) (WCB)
- [The Health and Post Secondary Education Tax Levy](#) (HE Levy)

New Brunswick

- [Workers' Compensation](#) (WorkSafeNB)

Newfoundland and Labrador

- [Workers' Compensation](#) (WorkPlaceNL)
- [Health and Post Secondary Education Tax](#)

Nova Scotia

- [Workers' Compensation](#) (WCB)

Ontario

- [Workers' Compensation](#) (WSIB)
- [Employer Health Tax](#) (EHT)

Prince Edward Island

- [Workers' Compensation](#) (WCB)

Québec

- [Workers' Compensation](#) (CNESST)
- [Québec Parental Insurance Plan](#) (QPIP)
- [Health Services Fund](#) (HSF)
- [Contribution Related to Labour Standards](#)
- [Workforce Skills Development and Recognition Fund](#) (WSDRF)

Saskatchewan

- [Workers' Compensation](#) (WCB)

Northwest Territories

- [Workers' Compensation](#) (WSCC)

Nunavut

- [Workers' Compensation](#) (WSCC)

Yukon

- [Workers' Compensation](#) (WCB)