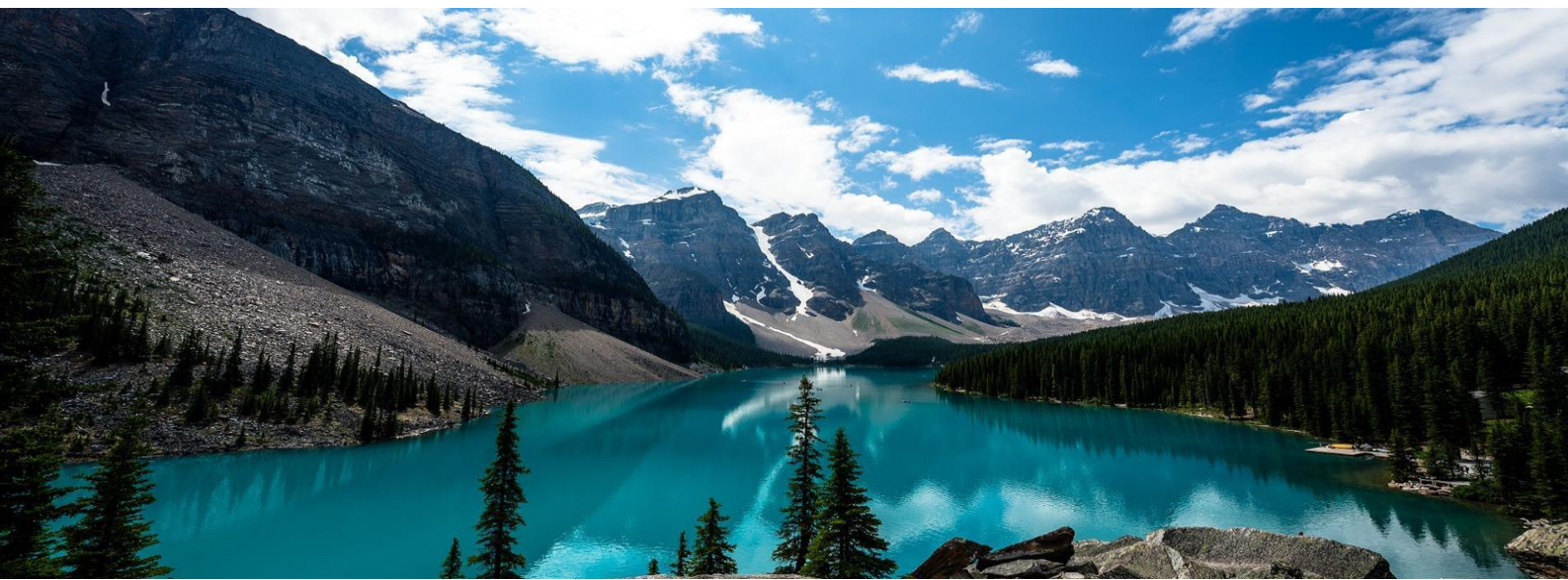


Canada Payroll & Tax Overview

A GUIDE TO DOING BUSINESS IN CANADA 2017



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1.1 Key Country Facts and Public Holidays

1.2 Official Language

English, French

1.3 Currency

Canadian dollar.

1.4 Country Dial code

The country dial code is +1

1.5 Country abbreviation

The country abbreviation is CA

1.6 Statutory Filing Payment Methods

Electronic filing.

1.7 Filing Deadlines

Corporations Canada will send a personalized reminder notice when your annual return is due to be filed. If you do not file on time, we will send a default notice approximately 90 days after your anniversary date.

1.8 Fiscal year

1 April to 31 March.

1.9 Time Zone

Pacific Time Zone (UTC-08:00), Mountain Time Zone (UTC-07:00), Central Time Zone (UTC-06:00), Eastern Time Zone (UTC-05:00), Atlantic Time Zone (UTC-04:00), Newfoundland Time Zone (UTC-03:30)

Public Holidays in Canada 2017/18

2017	2018	Holiday	Holiday Type
01-Jan	01-Jan	New Year's Day	National Holiday
14-Feb	14-Feb	Valentine's Day	PEI
20-Feb	19-Feb	Islander Day	MB
20-Feb	19-Feb	Louis Riel Day	BC, AB, SK, ON
20-Feb	19-Feb	Family Day	NS
21-Feb	20-Feb	Viola Desmond Day	Not a Public Holiday
17-Mar	17-Mar	St. Patrick's Day	Not a Public Holiday
14-Apr	30-Mar	Good Friday	National Holiday except QC
17-Apr	02-Apr	Easter Monday	QC
14-May	13-May	Mother's Day	Not a Public Holiday
22-May	21-May	Victoria Day	National Holiday
18-Jun	17-Jun	Father's Day	Not a Public Holiday
21-Jun	21-Jun	Aboriginal Day	NWT
24-Jun	24-Jun	St Jean Baptiste Day	QC
01-Jul	01-Jul	Canada Day	National Holiday
07-Aug	06-Aug	Civic Holiday	AB, BC, SK, ON, NB, NU
04-Sep	03-Sep	Labour Day	National Holiday
09-Oct	08-Oct	Thanksgiving	National Holiday except NB, NS, NL
31-Oct	31-Oct	Halloween	Not a Public Holiday
11-Nov	11-Nov	Remembrance Day	National Holiday except MB, ON, QC, NS
25-Dec	25-Dec	Christmas Day	National Holiday
26-Dec	26-Dec	Boxing Day	ON

1.10 National Minimum wage

National minimum wage 2017/18 Note: In most jurisdictions, these rates also apply to young workers.			
Jurisdiction	Effective Date	Wage Rate	Note
Federal	18-Dec-96		The minimum wage rate applicable in regard to employees under federal jurisdiction is the general adult minimum rate of the province or territory where the employee is usually employed
Alberta	01-Oct-16	\$12.20	
Alberta	01-Oct-17	\$13.60	
Alberta	01-Oct-18	\$15.00	
British Columbia	15-Sep-16	\$10.85	
British Columbia	15-Sep-17	\$11.25	
Manitoba	01-Oct-15	\$11.00	
New Brunswick	01-Apr-16	\$10.65	
New Brunswick	01-Apr-17	\$11.00	
Newfoundland and Labrador	01-Oct-15	\$10.50	
Newfoundland and Labrador	01-Apr-17	\$10.75	
Newfoundland and Labrador	01-Oct-17	\$11.00	
Northwest Territories	01-Jun-15	\$12.50	
Nova Scotia	01-Apr-16	\$10.70	On April 1 of each year, this rate is adjusted by the percentage change in the projected annual Consumer Price Index for Canada in the preceding calendar year, rounded to the nearest \$0.05.
Nunavut	01-Apr-16	\$13.00	
Ontario	01-Oct-16	\$11.40	
Prince Edward Island	01-Oct-16	\$11.00	
Quebec	01-May-16	\$10.75	
Quebec	01-May-17	\$11.25	
Quebec	01-May-18	\$11.75	
Quebec	01-May-19	\$12.10	
Quebec	01-May-20	\$12.45	
Saskatchewan	01-Oct-16	\$10.72	On October 1 of each year, this rate increases based on the average of the percentage change in the Consumer Price Index and the percentage change in average hourly wage for Saskatchewan during the previous year. Minimum wage increases are subject to Cabinet approval.
Yukon	01-Apr-16	\$11.07	On April 1 of each year, this rate increases by an amount corresponding to the annual increase for the preceding year in the Consumer Price Index for the city of Whitehorse.

Business and Culture in Canada

Establishing as an Employer

Depending on the type of business you are in, you may need to collect provincial sales tax and apply for a vendor permit or other permits. Service businesses are normally only required to collect the GST, but there are some unusual exceptions. Check our Useful Provincial Tax Links tools for links to key provincial resources that will help you understand what your provincial permits and taxes rates apply.

There are two main taxes that businesses collect: the Goods and Services Tax (GST) and Retail or Provincial Sales Tax (PST). Several provinces combine these two taxes into a single tax known as the Harmonized Sales Tax (HST). Check our Useful Provincial Tax Links tool for informative links for the province where you do business.

- A Business Number will be assigned to you when you set-up one of the four following accounts with Canada Customs and Revenue Agency (CCRA):
- Goods and Services Tax (GST)
- Corporate Income Tax
- Payroll Deductions
- Import Export

Also, you may not be required to charge the GST immediately, but there can be advantages to registering immediately. For example, if you purchase \$5,000 in goods to start your company, you won't be able to claim back the GST spent on these purchases unless you are registered to collect the GST.

2.2 Employment

The working hours in Canada under the Canada Labour Code are eight hours in a day and 40 hours in a week except in the case of averaging, special regulations, or modified work schedules. Hours worked in excess of standard hours must be paid for at the overtime rate. In the Code and Regulations, standard hours are also referred to as "working hours".

The Code defines a day as any period of 24 consecutive hours. A week is the period between midnight on Saturday and midnight on the immediately following Saturday.

The weekly standard hours (normally 40) must be reduced by 8 hours for each holiday. Therefore, in a week in which a holiday occurs, overtime would apply after 32 hours. Any time worked on a holiday is not counted in calculating overtime entitlement. The maximum time an employee may work each week is normally 48 hours.

3.1 Visas and Work Permits

3.2 Visas

In order to work in Canada on a temporary basis, foreign skilled workers must have a **temporary offer of employment** from a Canadian employer and be granted a Temporary Work Permit by Employment and Social Development Canada (ESDC). There are several steps to this process.

- **Step 1: Employer applies for a Labour Market Impact Assessment, if necessary**
- **Step 2: Employer extends Temporary Job Offer**
- **Step 3: Foreign Skilled Worker applies for Work Permit**
- **Step 4: Work Permit is issued**

Depending upon the foreign worker's country of citizenship, a Temporary Resident Visa (TRV) may also need to be obtained in order to enter Canada.

Note: The province of Quebec has unique regulations and processes covering temporary work permits.

Do you have a Canadian job offer and need a Work Permit?

In almost all cases, individuals with a job offer from a Canadian employer must secure a Temporary Work Permit to perform work in Canada.

A Temporary Work Permit may be issued for a period of time ranging from a few days to a few years. The process of applying for a Work Permit is twofold. First, the Canadian employer must receive government permission to hire outside of Canada.

Once this permission has been granted, the designated employee(s) must apply for and receive their Work Permit(s).

A Work Permit granted for a specific job in Canada will be tied to that job. This means that an employee may only work for the employer specified on their Work Permit. If they find different employment, they must apply for and receive a new Work Permit before performing another job in Canada.

There are a number of different ways to secure a Work Permit. Depending on one's nationality, occupation, and intended work in Canada, there may be possibilities for expediting the process.

Are you a Canadian employer who needs to obtain Work Permits for new employees?

Campbell Cohen's Work Permit Service can take care of the entire Work Permit process for both Canadian employers and foreign workers.

Note that a Canada Temporary Work Permit is for those foreign skilled workers who plan on working in Canada for a finite period of time. To work and live in Canada on a Permanent basis, foreign workers must undertake the Canadian immigration process.

However, a Temporary Work Permit may be a stepping stone to Canadian Permanent Residency. Once in Canada on a Temporary Work Permit, a foreign worker may qualify for Canadian immigration (Permanent Residency) under the Canadian Experience Class (CEC), through a Skilled Worker category, or through one of the Provincial Nominee Programs (PNP).

3.3 Work in Canada - Basic facts

For Canadian immigration purposes, "work" is defined as an activity for which remuneration is earned or as an activity that competes directly with activities of Canadian citizens or Permanent Residents in the Canadian labour market.

Canadian immigration authorities require a Work Permit for a limited number of work related activities in Canada.

A job offer from a Canadian employer is usually a prerequisite to receiving a Canadian Work Permit.

In some instances, Canadian immigration regulations allow for "Open" Work Permits, which are not employer specific.

Work Permits are always temporary in nature, but can often be extended from inside Canada.

Normally, Work Permits will only be granted by Canadian immigration authorities if supported by a positive "Labour Market

Impact Assessment" (LMIA) letter issued by Employment and Social Development Canada (ESDC), indicating that the proposed employment will not adversely affect Canadian workers.

4.1 Tax and Social Security

4.2 Tax

Canada Federal Tax Rate 2017 (Personal Income tax rates 2017)	
Range	Percentage
0 to 45,916	15%
45,916 – 91,831	20.5%
91,831 – 142,353	26%
142,353 – 202,800	29%
202,800 and over	33%

Provincial/territorial tax rates (combined chart)	Rate(s)
Alberta	10% on the first \$126,625 of taxable income, + 12% on the next \$25,325, + 13% on the next \$50,650, + 14% on the next \$101,300, + 15% on the amount over \$303,900
British Columbia	5.06% on the first \$38,898 of taxable income, + 7.7% on the next \$38,899, + 10.5% on the next \$11,523, + 12.29% on the next \$19,140, + 14.7% on the amount over \$108,460
Manitoba	10.8% on the first \$31,465 of taxable income, + 12.75% on the next \$36,540, + 17.4% on the amount over \$68,005
New Brunswick	9.68% on the first \$41,059 of taxable income, + 14.82% on the next \$41,060, + 16.52% on the next \$51,388, + 17.84% on the next \$18,593, + 20.3% on the amount over \$152,100
Newfoundland and Labrador	8.7% on the first \$35,851 of taxable income, +14.5% on the next \$35,850, +15.8% on the next \$56,309, +17.3% on the next \$51,204, +18.3% on the amount over \$179,214
Northwest Territories	5.9% on the first \$41,585 of taxable income, + 8.6% on the next \$41,587, + 12.2% on the next \$52,047, + 14.05% on the amount over \$135,219
Nova Scotia	8.79% on the first \$29,590 of taxable income, + 14.95% on the next \$29,590, + 16.67% on the next \$33,820, + 17.5% on the next \$57,000, + 21% on the amount over \$150,000
Nunavut	4% on the first \$43,780 of taxable income, + 7% on the next \$43,780, + 9% on the next \$54,793, + 11.5% on the amount over \$142,353
Ontario	5.05% on the first \$42,201 of taxable income, + 9.15% on the next \$42,203, + 11.16% on the next \$65,596, + 12.16% on the next \$70,000, + 13.16% on the amount over \$220,000
Prince Edward Island	9.8% on the first \$31,984 of taxable income, + 13.8% on the next \$31,985, + 16.7% on the amount over \$63,969
Quebec	The income tax rates are determined on the basis of taxable income, as follows: \$42,705 or less 16%, + more than \$42,705, but not more than \$85,405 20%, + more than \$85,405, but not more than \$103,915 24%, + more than \$103,915 25.75%
Saskatchewan	11% on the first \$45,225 of taxable income, + 13% on the next \$83,989, + 15% on the amount over \$129,214
Yukon	6.4% on the first \$45,916 of taxable income, + 9% on the next \$45,915, + 10.9% on the next \$50,522, + 12.8% on the next \$357,647, + 15% on the amount over \$500,000

4.3 Social Security

A social security agreement is an international agreement between Canada and another country that is designed to coordinate the pension programs of the two countries for people who have lived or worked in both countries. Canada has signed social security agreements with a number of other countries that offer comparable pension programs. The requirements under the social security agreements vary from agreement to agreement. It is important to check the details of the agreement that relates to you.

A social security agreement can help you qualify for benefits by allowing you to combine your periods of contribution or periods of residency in Canada with your periods of contribution or periods of residency in the other country to meet the minimum eligibility criteria. It can also reduce or eliminate restrictions based on citizenship or on payment of pensions abroad.

5.1 Compliance

5.2 Employer Registration

The Business Number (BN) is a reference numbering system. All new businesses will get a BN (a 15 digit number) when they open different accounts. For example: corporate income tax; import / export; payroll deductions; or goods and services tax/harmonized sales tax (GST/HST). The BN also includes accounts for registered charities, registered Canadian amateur athletic associations, and national arts service organisations.

5.3 Starters/Registration

Employers are required under the EI legislation to ask the employee to produce his or her SIN card within three days of the start of employment. If the employee has a SIN beginning with the number "9", the employer must also ask to see the Work Permit issued by Citizenship and Immigration Canada. Employers must ensure that the SIN is not expired. As of April 3, 2004, SIN cards that begin with a 9 must have an expiry date; otherwise the SIN card is not valid.

New starters must also provide a copy of the Federal and/or Provincial Tax Deduction form(s) completed and signed by employee, if claiming other than basic (Federal: TD1 and Provincial: TD1-PROV or for Quebec: TP-1015.3).

5.4 Leavers/De-registration

Employers must process the termination on the system and action instructions regarding adjustments and final payment and produce and issue the Record of Employment (ROE), as well as report terminations to applicable authorities (i.e. originating party of a court order/garnishee).

6.1 Statutory Absence/Payments

6.2 Annual leave

Determined by provincial law. Minimum 9 working days depending on province (i.e. the Ontario Public Service has exempted itself as an employer from sections of the Employment Standards Act that require employers to compensate for vacations and statutory holidays) and tenure of employment. (15 days in Saskatchewan). In addition, 5–10 public holidays depending on province.

6.3 Paternal leave

Pregnant employees have the right to take pregnancy leave of up to 17 weeks of unpaid time off work. In some cases, the leave may be longer. Employers do not have to pay wages to someone who is on pregnancy leave.

New parents have the right to take parental leave--unpaid time off work when a baby or child is born or first comes into their care. Birth mothers who took pregnancy leave are entitled to up to 35 weeks' leave. Birth mothers who do not take pregnancy leave and all other new parents are entitled to up to 37 weeks' parental leave.

Parental leave is not part of pregnancy leave and so a birth mother may take both pregnancy and parental leave. In addition, the right to a parental leave is independent of the right to pregnancy leave. For example, a birth father could be on parental leave at the same time the birth mother is on either her pregnancy leave or parental leave.

Employees on leave have the right to continue participation in certain benefit plans and continue to earn credit for length of employment, length of service, and seniority. In most cases, employees must be given their old job back at the end of their pregnancy or parental leave.

An employer cannot penalize an employee in any way because the employee is or will be eligible to take a pregnancy or parental leave, or for taking or planning to take a pregnancy or parental leave.

6.4 Sickness

The *Canada Labour Code* provides for leave for illness or injury in Division XIII and for work related illness and injury in Division XIII.1 of Part III.

Generally, the Code provides protection against dismissal, lay-off, suspension, demotion or discipline because of absence due to illness or injury. Employees who have completed three consecutive months of employment with the same employer are entitled to sick leave protection. An employee is protected for any absence not exceeding 17 weeks.

If the employer requests in writing a medical certificate within 15 days of an employee's return to work, the employee must provide one.

An employee can interrupt parental leave, compassionate care leave, leave related to critical illness and leave related to death or disappearance in order to take sick leave. In such a case, the other leave resumes immediately after sick leave ends.

The Code provides job security only. There is no provision for paid leave of absence. Some employees, however, may be entitled to cash benefits under the Employment Insurance Act (EI).

Pension, health and disability benefits, and seniority continue to accrue during an employee's absence. The employee is responsible for any contributions normally required and must pay them within a reasonable time. The employer must continue to pay the same share of contributions as if the employee were not on leave, provided the employee makes the required contributions.

If the employee does not make the required contributions, the employer is not obliged to pay the employer's portion. It should be noted that failure to pay may affect the benefit plans themselves. Consequently, employees should find out from their employer the impact of non-payment. Nonetheless, failure to pay does not affect an employee's status with the employer. Service after the employee's return to work is deemed to be continuous with service prior to the absence.

6.4 Benefits

The Canadian benefits included in Canada's international social security agreements are those paid under the Old Age Security program and the Canada Pension Plan program.

The Old Age Security (OAS)

The Old Age Security (OAS) pension is a monthly payment available to most people 65 years of age and older who meet the Canadian legal status and residence requirements. Your employment history is not a factor in determining eligibility: you can receive the OAS pension even if you have never worked or are still working.

Am I eligible?

If you are living in Canada, you must:

- be 65 years old or older
- be a Canadian citizen or a legal resident at the time we approve your Old Age Security pension application, and
- Have resided in Canada for at least 10 years after turning 18.

If you are living outside Canada, you must:

- be 65 years old or older
- have been a Canadian citizen or a legal resident of Canada on the day before you left Canada, and
- Have resided in Canada for at least 20 years after turning 18.

If neither of the above scenarios applies to you, you may still qualify for an Old Age Security pension from another country, from Canada, or from both countries if you have:

- lived in one of the countries with which Canada has established a social security agreement, or
- Contributed to the social security system of one of the countries with which Canada has established a social security agreement.

Canada Pension Plan (CPP)

Almost all individuals who work in Canada contribute to the Canada Pension Plan (CPP). The CPP provides pensions and benefits when contributors retire, become disabled, or die.

- **Retirement pension**
You can apply for and receive a full CPP retirement pension at age 65 or receive it as early as age 60 with a reduction, or as late as age 70 with an increase.
- **Post-retirement benefit**
If you continue to work while receiving your CPP retirement pension, your CPP contributions will go toward post-retirement benefits, which will increase your retirement income.
- **Disability benefits**
If you become severely disabled to the extent that you cannot work at any job on a regular basis, you and your children may receive a monthly benefit.
- **Survivor benefits**
When you die, CPP survivor benefits may be paid to your estate, surviving spouse or common-law partner and children.

Pension sharing

Married or common-law couples in an ongoing relationship may voluntarily share their CPP retirement pensions

7.0 In-country Payroll Providers



Our specialist teams work together on a global scale in over 40 countries to help clients meet their obligations and solve their problems.

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Since 2002, Expaticore has specialised in Local National and Expatriate payroll, Assignment Management Services and International HR Consulting Services.



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8.1 About This Payroll and Tax Overview

8.2 Copyright

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8.3 Disclaimer

Every effort has been made to ensure that all information in this booklet is correct at the time of publication. This information should be used as reference only and not as a sole source of decision making.

8.4 The Global Payroll Association

Global Payroll Association is the first international payroll association of its kind. We are a central hub for 'all-things payroll'. A one-stop-shop supplying comprehensive directories, interactive training and in-depth country resources. We are here to help you with your global payroll needs, no matter how complex, connecting you with the world's leading experts and offering a forum to network with other like-minded global professionals.

Global Payroll Association welcomes international payroll, HR and financial professionals of all levels.

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