

GrandMaster

2003 YEAR-END PROCEDURES

1. Complete Last Payroll:

On the last payroll of the year you must set an indicator to tell the program that *this is year-end*. Select "01" - Employer Information and answer the question *Is this a year end* =. Enter an uppercase "Y" (not "y"). The program will only recognize a capital Y.

This indicator only affects the CLEAR payroll procedure, so if you forgot to change it prior to calculating your last payroll, you can make the change prior to Clearing the payroll. If you have already Cleared the payroll, set the indicator and Clear the payroll again.

****Ensure that you have made a reliable backup and updated the software before you CLEAR the payroll****

2. Update Software:

This step will update GrandMaster I with the changes that we have made for 2003 T4s. It also updates the tax tables to 2004 and offers the latest product enhancements.

Place the update disk in your floppy drive, then start a DOS prompt. Enter a: and press the <Enter> key to change to your floppy drive. Type update c: and press the <Enter> key (the c: refers to the hard drive where GrandMaster is installed). If you are not sure of the location of the CanPay directory, ask your system administrator for assistance. If you receive a "wrong drive" error, you have specified an incorrect drive letter. This will copy the new software to your computer (your payroll data will not be affected).

3. WCB Reports:

Before running the "clear payroll" on the final pay run, you may want to print a WCB report. Prior to printing out the report be sure that each of the employees are set to their correct WCB rate. For the province of Ontario, construction companies will have the maximum assessable amount prorated to 45 weeks of employment. For these companies only the "Beginning Payroll" date to the "Last Period Ending" date are used to prorate the maximum assessable earning.

The program has another WCB report writer under T4 Information (28) for companies that have made changes to the T4s and would like to reprint the report from final T4 information.

4. Clear your Last Payroll:

If your last payroll for the year was not a *Normal* calculation (e.g. additional, extra or reversal) you will be asked to clear your payroll twice -- once to clear the last pay and once to create the T4 file.

When the Year-end Indicator is set to "Y" and you CLEAR the payroll, a new screen will appear for where you must enter the information that will be used to assemble your T4/T4As. The screen is divided into three areas: earnings, taxable benefits and deductions. Move through each area indicating which box on the T4/T4a you would like your payroll information placed. The possible choices you have are indicated at the bottom of each area.

Special consideration should be given to Pension Adjustments in the *Deduction* area. By entering a 52 in front of your pension deduction (the pension deduction normally defaults to 20), a new window will appear for you to indicate how your pension adjustment is calculated. Contact the company that administers your pension fund or your actuaries for the required calculation method. To properly calculate a Pension Adjustment each employee must be converted to equivalent to annual earnings (e.g. if the employee worked only 9 months, what would they have

earned if they worked 12 months). Option "M" (monthly) will use the employee's start and termination dates to determine months of employment. The pensionable income is then divided by employment months and multiplied by 12. Option "H" (hourly) will take the pensionable earnings divided by pensionable hours and multiply the result by a factor equivalent to full time employment (normal hours per week times 52. Example $40 \times 52 = 2080$, for Teachers, it may be Days Taught, e.g. 197). Option "N" (not) will not annualize the earnings (usually for money purchase plans).

Method to calculate:

- M (monthly)= Pensionable earnings / months worked * 12 months
e.g. $12000 / 6 * 12 = \underline{24,000/\text{year}}$.
- H (hourly)= Pensionable earnings / hours worked * hours in one year
e.g. $12000 / 1000 * 2080 = \underline{24,960/\text{year}}$.
- N (no annualization) = Do not annualize

Once an equivalent to annual salary has been obtained, the Pension Adjustment can be calculated using one of the following methods: a) Defined-benefit - fixed monthly, b) Defined-benefit - a percentage, c) Defined-benefit - integrated with CPP/QPP or d) Money Purchase plan. Enter the rate applicable to your situation.

Type of pension adjustment:

- F= Fixed amount * number of months worked
e.g. $100.00/\text{month} * 6 = \underline{600.00}$.
- P= Monthly percentage based on the dollar amount
e.g. 5% of pension earnings.
- I= Integrated with CPP/QPP. This will ask you:
 - Percent below YMPE (Yearly Maximum Pensionable Earning).
 - Percent above YMPE
 These 2 percentage amounts can be obtained from your actuaries or the person in charge of the pension account administrator.
- M= Money Purchase plan.

Although the four items listed above are the most common methods used for calculating a Pension Adjustment, there are many other methods based on varying situations. If you cannot make use of the calculation methods we have provided, you can enter the Pension Adjustment manually.

Your Pension numbers, Union registration number and Charity number should be entered to the right of their respective descriptions. Remember that Taxable Benefits will also be added to Box 14, Gross Income.

When everything is completed, press <F2> to clear your file and create the T4 file. You will be asked if you would like to delete all terminated employees in your new payroll file. If you do not expect to re-hire these employees, answer "Y" for yes. You will also be prompted to create T4 records for employees that have a zero balance. Only answer "Y" to this if you have employees that were not paid during the year and you would like to manually enter earnings or benefits for them (e.g. possibly owners or directors).

It is now recommended that you confirm the T4 file balances with your last payroll register. Go to *T4 Information* (28) and press <F3> - Print T4 summary. Balance this report to the last payroll register, check your pension adjustments and check that taxable benefits/deductions, etc. appear in the proper location. If you need to perform the clear procedure again, restore your last backup and do everything again.

Your T4s/T4As/Relève 1s can be edited and printed as required, but must be given to the employees' by February 28/04. We recommend that this first T4 Summary Report be kept in your files to indicate the balanced starting point for the T4s. Any differences between the T4s and the T4 Summary Report will be due to manual adjustments.

To confirm successful completion, your payroll run number should have reverted back to number one. You can now process payrolls for the new year.

5. Edit T4/T4As:

The edit feature allows you to adjust all fields on the T4/T4A forms. You should first review the T4 Summary report that you printed earlier. Look for errors that are indicated on the report such as *CPP S/B* (should be) = or *EI S/B*, which indicates that the annual calculation is different than the per pay period calculation.

This error can result from any of the following: running an *Extra* pay instead of an *Additional* one or vice versa; paying a bonus without making the necessary deductions or when taxable benefits are entered at end of year. It may also occur when you have a 27 or 53 pay period year. Except for the last reason, if you overlook these messages, you will receive a Pier report from the CCRA, indicating the mismatched amounts and asking you to remit the difference. Many companies choose to adjust these mismatched totals by altering the employee's tax amount to recover any differences. The CCRA has indicated that this is not an acceptable solution and suggests that you pay or recover any differences directly with the employee. Keep in mind that any amount less than \$1.00 will not appear on the Pier report.

Employees that have turned age 18 or age 70 during the year or have started receiving CPP benefits will need to have a pensionable earning amount entered. This figure is not maintained by GrandMaster II and will need to be entered manually. Pensionable earnings are monies earned between the ages of 18 and 70 and only need to be entered if not equal to gross income.

6. Print T4/T4As:

To print the T4/T4As, type in code **28** or **29** to go to the T4 or T4A screen, then press <F4>. You will be asked if you are using magnetic media and if you are printing on a Laser printer. Answer **Y** for Yes or **N** for No as required.

Multi Part or Mailers:

A line up form will be printed to correctly position the forms. The 16.00 should print in the box 16 and so on.

Two **Xs** will appear in the exempt CPP and EI boxes. Use the <R> key to repeat the test. When you are satisfied with the placement, press <E> to end the test.

Laser T4's:

Laser printers require careful setup. You can use menu item 13 - Set Printer and select Laser T4s.

The T4 program will ask prompt you to *Enter top of form margin*. Start by using 1 (1 line down). You will then be asked to *Enter left margin*. Start by using 1 (2 columns from left). Check the test printout and adjust the placement up/down or left/right as required.

Magnetic Media:

You will be asked to enter the drive letter, path and filename. The default is a:\rectax.001 The CCRA will only accept one payroll on each diskette. Place a blank disk in drive A:

Other questions that will be asked:

- Is this a test run (Y/N)? Enter **N**
- Enter transmitter #? -- Assigned to you by CCRA. If you did not send a test, then enter 0 (zero).
- Enter the company Postal Code.
- Enter the telephone Area Code.
- Enter the company Telephone #.
- Enter your first and last name -- The contact person for this payroll.
- Is above correct (Y/N)?