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Payroll Deductions Formulas for Computer Programs

94th Edition

Effective July 1, 2011

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Payroll Deductions Online Calculator

For your 2011 payroll deductions, you can use our Payroll Deductions Online Calculator (PDOC). The online calculator makes it easier to calculate payroll deductions. The calculator includes an option to help employers make sure that enough Canada Pension Plan contributions and Employment Insurance premiums have been withheld for full year employees. PDOC is available at www.cra.gc.ca/pdoc.

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La version française de ce guide est intitulée *Formules pour le calcul informatisé des retenues sur la paie* – 94^e édition.

What does this guide contain?

This guide contains the formulas you need to determine federal, provincial (except Quebec), and territorial income taxes, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premium deductions. The formulas also allow you to calculate payroll deductions for special cases such as commission, pension income, bonuses, and retroactive pay increases.

The formulas used in this guide to calculate statutory deductions have been approved for purposes of the *Income Tax Act*, Canada Pension Plan, and *Employment Insurance Act* as well as their related regulations and any amendments proposed to these acts. The formulas are valid unless any adjustments are required because of changes to income tax rates, personal tax credits, Canada Pension Plan pensionable earnings, contributions, or rate, or to Employment Insurance insurable earnings, premiums, or rate.

For more information on income amounts that are subject to payroll deductions, see the employers' guide called *Payroll Deductions and Remittances*. If you have any questions about the formulas contained in this guide, contact your tax services office or tax centre. For the addresses and telephone numbers of your tax services office or tax centre, see the listings in the government section of your telephone book.

Employers who have an establishment in the province of Quebec

When we refer to the annual provincial or territorial tax deduction, factor (T2) in this guide, **this item does not apply to the province of Quebec**. Quebec administers its own provincial income tax and Quebec Pension Plan contributions. If you have any questions about the formulas for Quebec, contact Revenu Québec, at the following address:

Revenu Québec
3800 Marly Street
Ste-Foy QC G1X 4A5

Telephone:..... 1-800-567-4692

Outside Canada:..... 1-418-659-4692

What's new for July 1, 2011?

The information contained in this 94th edition guide is effective July 1, 2011. It replaces the 93rd edition of the *Payroll Deductions Formulas for Computer Programs*. Significant changes to the formulas and text in this guide appear with a shaded background.

Tax measures for July 2011

This guide reflects some income tax changes recently announced which, if enacted by the applicable legislature as proposed, would be effective July 1, 2011. At the time of publishing, these proposed changes had not been legislated. We recommend that you use the new payroll deductions tables and formulas in this guide for withholding, commencing with your first payroll in July 2011.

Federal changes included in this edition

There are no changes to the federal tax rates, income thresholds, or personal amounts required for July 1, 2011.

However, some provincial and territorial changes have been announced for July 1, 2011. As a result, we have **not** revised the entire guide, but we have provided this updated edition, which contains the provincial and territorial changes for Manitoba, New Brunswick, Nova Scotia and Saskatchewan. At press time, some of these proposals had not yet become law. However, the changes would be retroactive. We recommend that you follow the new formulas in this edition for withholding, starting with your first payroll in July 2011.

For formulas and factors not included in this edition, see guide T4127, *Payroll Deductions Formulas for Computer Programs* – 93rd Edition, effective January 1, 2011.

Canada Pension Plan (CPP) and Employment Insurance (EI)

There are no changes to CPP or EI for July 1, 2011.

For complete details, see guide T4127, *Payroll Deductions Formulas for Computer Programs* – 93rd Edition, effective January 1, 2011.

Provincial and territorial tax changes effective July 1, 2011

1. Manitoba

The Manitoba budget, tabled on April 12, 2011, announced that effective January 1, 2011, the province will increase the basic personal amount to \$8,384 from \$8,134. Since \$8,134 has been used for employees for the first six months of this year, a basic personal amount of \$8,634 will be applied for the remaining six months commencing with the first payroll in July. The Option 2 personal amounts will not be prorated. Effective July 1, 2011, the **prorated** amounts for Option 1 are as follows:

- The basic personal amount is revised to \$8,634 (formerly \$8,134).
- The spouse or common-law partner amount is revised to \$8,634 (formerly \$8,134).

Refer to the **revised** Form TD1MB for complete information on personal amounts effective July 1, 2011.

2. New Brunswick

The New Brunswick Budget, tabled on March 22, 2011, announced that effective January 1, 2011, the province will increase the fourth income tax bracket to 14.3% from 12.7%. Since employees in this income tax bracket have been taxed at 12.7% for the first six months of this year, a tax rate of 15.9% will be applied for the remaining six months commencing with the first payroll in July. The Option 2 tax rate will not be prorated. Effective July 1, 2011, the rates and tax brackets for Option 1 are as follows:

- 9.1% on income less than or equal to \$37,150;
- 12.1% on income greater than \$37,150, but less than or equal to \$74,300;
- 12.4% on income greater than \$74,300, but less than or equal to \$120,796; and
- 15.9% (formerly 12.7%) on income greater than \$120,796.

3. Nova Scotia

The Nova Scotia budget, tabled on April 5, 2011, announced that effective January 1, 2011, the province will increase the basic personal amount to \$8,481 from \$8,231. Since \$8,231 has been used for employees for the first six months of this year, a basic personal amount of \$8,731 will be applied for the remaining six months commencing with the first payroll in July. The Option 2 personal amounts will not be prorated. Effective July 1, 2011, the **prorated** amounts for Option 1 are as follows:

- The basic personal amount is revised to \$8,731 (formerly \$8,231).
- The spouse or common-law partner amount is revised to \$7,413 (formerly \$6,989).

Refer to the **revised** Form TD1NS for complete information on personal amounts effective July 1, 2011.

4. Saskatchewan

In the provincial Budget 2011 of April 18, 2011, changes were announced to the provincial personal tax credits. Effective July 1, 2011:

- The basic personal amount is revised to \$14,535 (formerly \$13,535);
- The spouse or common-law partner amount is revised to \$14,535 (formerly \$13,535);
- The child amount is revised to \$5,514 (formerly \$5,014).

Refer to the **revised** Form TD1SK for complete information on personal amounts effective July 1, 2011.

Personal tax credits return (TD1 forms)

Federal Form TD1, 2011 Personal Tax Credits Return

No changes from the 93rd Edition, effective January 1, 2011.

Provincial or territorial Form TD1, 2011 Personal Tax Credits Return

The Manitoba, Nova Scotia and Saskatchewan Form TD1 have been revised for July 2011. General refile of the 2011 Form TD1 is not necessary, but a new employee, a new pensioner, or an individual who wishes to change his or her provincial claim amounts will have to complete the July 2011 Form TD1.

Federal, provincial, and territorial claim codes

As Manitoba, Nova Scotia and Saskatchewan are the only provinces to have a provincial change, we are only reproducing their calculations.

| July 2011 Manitoba claim codes | | | |
|--------------------------------|-------------------------|-----------------|-----------------|
| Claim code | Total claim amount (\$) | Option 1, TCP = | Option 1, K1P = |
| Code 0 | No claim amount | \$ 0.00 | \$ 0.00 |
| Code 1 | Minimum – 8,634.00 | 8,634.00 | 932.47 |
| Code 2 | 8,634.01 – 10,327.00 | 9,480.50 | 1,023.89 |
| Code 3 | 10,327.01 – 12,020.00 | 11,173.50 | 1,206.74 |
| Code 4 | 12,020.01 – 13,713.00 | 12,866.50 | 1,389.58 |
| Code 5 | 13,713.01 – 15,406.00 | 14,559.50 | 1,572.43 |
| Code 6 | 15,406.01 – 17,099.00 | 16,252.50 | 1,755.27 |
| Code 7 | 17,099.01 – 18,792.00 | 17,945.50 | 1,938.11 |
| Code 8 | 18,792.01 – 20,485.00 | 19,638.50 | 2,120.96 |
| Code 9 | 20,485.01 – 22,178.00 | 21,331.50 | 2,303.80 |
| Code 10 | 22,178.01 – 23,871.00 | 23,024.50 | 2,486.65 |

| July 2011 Nova Scotia claim codes | | | |
|-----------------------------------|-------------------------|-----------------|-----------------|
| Claim code | Total claim amount (\$) | Option 1, TCP = | Option 1, K1P = |
| Code 0 | No claim amount | \$ 0.00 | \$ 0.00 |
| Code 1 | Minimum – 8,731.00 | 8,731.00 | 767.45 |
| Code 2 | 8,731.01 – 10,331.00 | 9,531.00 | 837.77 |
| Code 3 | 10,331.01 – 11,931.00 | 11,131.00 | 978.41 |
| Code 4 | 11,931.01 – 13,531.00 | 12,731.00 | 1,119.05 |
| Code 5 | 13,531.01 – 15,131.00 | 14,331.00 | 1,259.69 |
| Code 6 | 15,131.01 – 16,731.00 | 15,931.00 | 1,400.33 |
| Code 7 | 16,731.01 – 18,331.00 | 17,531.00 | 1,540.97 |
| Code 8 | 18,331.01 – 19,931.00 | 19,131.00 | 1,681.61 |
| Code 9 | 19,931.01 – 21,531.00 | 20,731.00 | 1,822.25 |
| Code 10 | 21,531.01 – 23,131.00 | 22,331.00 | 1,962.89 |

| July 2011 Saskatchewan claim codes | | | |
|------------------------------------|-------------------------|-----------------|-----------------|
| Claim code | Total claim amount (\$) | Option 1, TCP = | Option 1, K1P = |
| Code 0 | No claim amount | \$ 0.00 | \$ 0.00 |
| Code 1 | Minimum – 14,535.00 | 14,535.00 | 1,598.85 |
| Code 2 | 14,535.01 – 16,406.00 | 15,470.50 | 1,701.76 |
| Code 3 | 16,406.01 – 18,277.00 | 17,341.50 | 1,907.57 |
| Code 4 | 18,277.01 – 20,148.00 | 19,212.50 | 2,113.38 |
| Code 5 | 20,148.01 – 22,019.00 | 21,083.50 | 2,319.19 |
| Code 6 | 22,019.01 – 23,890.00 | 22,954.50 | 2,525.00 |
| Code 7 | 23,890.01 – 25,761.00 | 24,825.50 | 2,730.81 |
| Code 8 | 25,761.01 – 27,632.00 | 26,696.50 | 2,936.62 |
| Code 9 | 27,632.01 – 29,503.00 | 28,567.50 | 3,142.43 |
| Code 10 | 29,503.01 – 31,374.00 | 30,438.50 | 3,348.24 |

Glossary

| Factor | Meaning (refer to the formulas for complete details) |
|--------|---|
| A | Annual taxable income |
| A1 | Annual net income used to determine the Manitoba and British Columbia tax reduction |
| B | Bonus, retroactive pay increase, vacation pay when vacation is not taken, and accumulated overtime payment |
| B1 | Gross bonus, retroactive pay increase, or other non-periodic payments year-to-date |
| C | Canada (or Quebec) Pension Plan contributions for the pay period |
| D | Employee's year-to-date CPP contribution with the employer |
| D1 | Employee's year-to-date Employment Insurance premium with the employer |
| E | Total commission expenses deductions reported on Form TD1X |
| EI | Employment Insurance premiums for the pay period |
| F | Payroll deductions for employee contributions to a registered pension plan (RPP), a registered retirement savings plan (RRSP), or a retirement compensation arrangement (RCA) |
| F1 | Annual deductions such as child care expenses and support payments, etc., authorized by a tax services office or tax centre |

| | |
|-----|--|
| F2 | Alimony or maintenance payments required by a legal document to be payroll-deducted authorized by a tax services office or tax centre |
| F3 | Employee registered pension plan or registered retirement savings plan contributions deducted from the current non-periodic payment. You can also use this field or design another to apply other tax deductible amounts to the non-periodic payment, such as union dues |
| F4 | Employee registered pension plan or registered retirement savings plan contributions deducted from the year-to-date non-periodic payments. You can also use this field or design another to apply other tax deductible amounts to the non-periodic payment, such as union dues |
| G | Gross commissions amount including gross salary |
| HD | Annual deduction for living in a prescribed zone as indicated on Form TD1 |
| I | Gross remuneration for the pay period |
| I1 | Total remuneration for the year reported on Form TD1X |
| IE | Insurable earnings for the pay period including insurable taxable benefits, bonuses, and retroactive pay increases |
| K | Federal constant |
| KP | Provincial or territorial constant |
| K1 | Federal non-refundable personal tax credit |
| K1P | Provincial or territorial non-refundable personal tax credit |
| K2 | Federal Canada (or Quebec) Pension Plan contributions and Employment Insurance premium tax credits for the year |
| K2P | Provincial or territorial Canada Pension Plan contribution and Employment Insurance premiums tax credits for the year |
| K2Q | Quebec Pension Plan contributions, Employment Insurance premiums, and Quebec parental insurance plan premiums federal tax credits for the year |
| K3 | Other federal tax credits, such as medical expenses and charitable donations authorized by a tax services office or tax centre |
| K3P | Other provincial or territorial tax credits, such as medical expenses and charitable donations authorized by a tax services office or tax centre |
| K4 | Canada Employment Credit |
| K4P | Provincial or territorial Canada Employment Credit (applies to Yukon only) |
| L | Additional tax deductions requested for the pay period |
| LCF | Federal labour-sponsored funds tax credit |
| LCP | Provincial or territorial labour-sponsored funds tax credit |
| M | Accumulated federal and provincial or territorial tax deductions (if any) to the end of the last pay period |
| M1 | Year-to-date tax deducted on all payments included in B year-to-date |
| P | The number of pay periods in the year |
| PI | Pensionable income for the pay period, or the gross income plus any taxable benefits for the pay period, including bonuses and retroactive pay increases where applicable |
| PR | The number of pay periods remaining in the year |
| R | Federal tax rate applicable to the annual taxable income A |
| S | Ontario or British Columbia provincial tax reduction |
| S1 | Annualizing factor |
| T | Estimated federal and provincial or territorial tax deductions for the pay period |
| T1 | Annual federal tax deduction |
| T2 | Annual provincial or territorial tax deduction |
| T3 | Annual basic federal tax |
| T4 | Annual basic provincial or territorial tax |
| TB | Tax deductions on a bonus, retroactive pay increase, etc., payable now |
| TC | "Total claim amount" reported on federal Form TD1 |
| TCP | "Total claim amount" reported on the provincial or territorial TD1 form |
| U1 | Union dues for the pay period |
| V | Provincial or territorial tax rate for the year |
| V1 | Surtax calculated on the basic provincial or territorial tax |
| V2 | Additional tax calculated on taxable income (applies to Ontario Health Premium only) |
| Y | Additional provincial or territorial tax reduction based on applicable amounts reported on the |

| | |
|-----|------------------------------------|
| | provincial or territorial Form TD1 |
| YTD | Year-to-date |

Formula to calculate annual taxable income (A)

As the formula to calculate the annual taxable income and the explanatory variables have not changed, they have not been reproduced.

Formula to calculate basic federal tax (T₃)

As the formula to calculate the basic federal tax and the explanatory variables have not changed, they have not been reproduced.

Formula to calculate annual basic provincial or territorial tax (T₂)

As Manitoba, New Brunswick, Nova Scotia and Saskatchewan are the only provinces or territories to have a provincial/territorial change, we are only reproducing their calculations.

For Manitoba only:

$$T_2 = T_4 + V_1 - S - LCP$$

If the result is negative, $T_2 = \$0$.

Where:

$$T_4 = (V \times A) - KP - K1P - K2P - K3P$$

Where V and KP are based on the value of A in the 2011 Manitoba tax rates and income thresholds table.

| 2011 Manitoba tax rates and income thresholds | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 31,000 | 0.1080 | \$ 0 |
| 31,000 – 67,000 | 0.1275 | 605 |
| 67,000 – and over | 0.1740 | 3,720 |

$$K1P = 0.108 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1MB. If Form TD1MB is not filed, TCP is \$8,634.

$$K2P = [(0.108 \times (P \times C, \text{ max. } \$2,217.60)) + (0.108 \times (P \times EI, \text{ max. } \$786.76))]^*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and of how to implement the amount after the first pay period of the year.

$$V_1 = \$0$$

$$S = \$0$$

LCP = The lesser of:

- (i) \$1,800; and
- (ii) 15% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

For New Brunswick only:

$$T_2 = T_4 + V_1 - S - LCP$$

If the result is negative, $T_2 = \$0$.

Where:

$$T_4 = (V \times A) - KP - K_1P - K_2P - K_3P$$

Where V and KP are based on the value of A in the July 2011 New Brunswick tax rates and income thresholds table.

| July 2011 New Brunswick tax rates and income thresholds Option 1 | | |
|---|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 37,150 | 0.091 | \$ 0 |
| 37,150 – 74,300 | 0.121 | 1,115 |
| 74,300 – 120,796 | 0.124 | 1,337 |
| 120,796 – and over | 0.159 | 5,565 |

$$K_1P = 0.091 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1NB. If Form TD1NB is not filed, TCP is \$8,953.

$$K_2P = [(0.091 \times (P \times C, \text{max. } \$2,217.60)) + (0.091 \times (P \times EI, \text{max. } \$786.76))]*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and how to implement the amount after the first pay period of the year.

$$V_1 = \$0$$

$$S = \$0$$

LCP = The lesser of:

- (i) \$2,000; and
- (ii) 20% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

For Nova Scotia only:

$$T_2 = T_4 + V_1 - S - LCP$$

If the result is negative, $T_2 = \$0$.

Where:

$$T_4 = (V \times A) - KP - K_1P - K_2P - K_3P$$

Where V and KP are based on the value of A in the 2011 Nova Scotia tax rates and income thresholds table.

| 2011 Nova Scotia tax rates and income thresholds | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 29,590 | 0.0879 | \$ 0 |
| 29,590 – 59,180 | 0.1495 | 1,823 |
| 59,180 – 93,000 | 0.1667 | 2,841 |
| 93,000 – 150,000 | 0.1750 | 3,613 |
| 150,000 – and over | 0.2100 | 8,863 |

$$K1P = 0.0879 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1NS. If Form TD1NS is not filed, TCP is \$8,731.

$$K2P = [(0.0879 \times (P \times C, \text{max. } \$2,217.60)) + (0.0879 \times (P \times EI, \text{max. } \$786.76))]^*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and how to implement the amount after the first pay period of the year.

$$V1 = \$0$$

$$S = \$0$$

LCP = The lesser of:

- (i) \$2,000; and
- (ii) 20% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

For Saskatchewan only:

$$T2 = T4 + V1 - S - LCP$$

If the result is negative, T2 = \$0.

Where:

$$T4 = (V \times A) - KP - K1P - K2P - K3P$$

Where V and KP are based on the value of A in the 2011 Saskatchewan tax rates and income thresholds table.

| 2011 Saskatchewan tax rates and income thresholds | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 40,919 | 0.11 | \$ 0 |
| 40,919 – 116,911 | 0.13 | 818 |
| 116,911 – and over | 0.15 | 3,157 |

$$K1P = 0.11 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1SK. If Form TD1SK is not filed, TCP is \$14,535.

$$\mathbf{K2P} = [(0.11 \times (P \times C, \text{max. } \$2,217.60)) + (0.11 \times (P \times EI, \text{max. } \$786.76))]^*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and of how to implement the amount after the first pay period of the year.

$$\mathbf{V1} = \$0$$

$$\mathbf{S} = \$0$$

LCP = The lesser of:
 (i) \$1,000; and
 (ii) 20% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

Option 1 – Tax calculation examples for periodic payments

Steps to follow – for salary, wages, pensions, or other periodic payments

The following step-by-step method should provide an understandable approach to Option 1 based on the following examples.

Notes

The following examples have been standardized to reflect the same income and deduction amounts for each province and territory. We trust this measure will simplify the process of reviewing and testing calculations.

In addition, the federal calculation has been shown only once, with the portion for each province and territory shown after. This method will avoid duplication and reduce the number of pages in this guide.

Changes in this section are not shaded.

Example – Assumptions and federal calculation

This example is for a married employee who has a dependent spouse and three dependent children (under 18). The total personal non-refundable tax credits amount on Form TD1 is \$27,447 (\$10,527 + \$10,527 + \$6,393). For each province and territory we have assumed the maximum claims for these dependants, as shown on the provincial or territorial TD1 forms.

The employee's salary is \$57,200 annually, or \$1,100 on a weekly payroll (52 pay periods). Registered pension plan contributions are \$50 for the pay period, and \$20 is deducted for union dues. The employee bought, by payroll deductions, \$2,000 of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

Step 1

Determine A using the following formula:

$$\begin{aligned} \mathbf{A} &= [P \times (I - F - F_2 - U_1)] - \text{HD} - F_1 \\ &= [52 \times (\$1,100 - \$50 - \$0 - \$20)] - \$0 - \$0 \\ &= [52 \times \$1,030] - \$0 - \$0 \\ &= \$53,560 - \$0 - \$0 \\ &= \$53,560 \end{aligned}$$

Determine C using the following formula:

$$\begin{aligned} \mathbf{C} &= \text{The lesser of:} \\ &\text{(i) } \$2,217.60 - \text{D; and} \\ &\quad = \$2,217.60 \\ &\text{(ii) } 0.0495 \times [PI - (\$3,500/52)] \\ &\quad = 0.0495 \times (\$1,100 - \$67.30) \\ &\quad = 0.0495 \times \$1,032.70 \end{aligned}$$

$$= \$51.12$$

Determine EI using the following formula:

$$\begin{aligned} \text{EI} &= \text{The lesser of:} \\ &\text{(i) } \$786.76 - D_1; \text{ and} \\ &= \$786.76 \\ &\text{(ii) } 0.0178 \times \text{IE} \\ &= 0.0178 \times \$1,100 \\ &= \$19.58 \end{aligned}$$

For employees in Quebec only:

$$\begin{aligned} \text{EI} &= \text{The lesser of:} \\ &\text{(i) } \$623.22 - D_1; \text{ and} \\ &= \$623.22 \\ &\text{(ii) } 0.0141 \times \text{IE} \\ &= 0.0141 \times \$1,100 \\ &= \$15.51 \end{aligned}$$

Step 2

Determine K1, K2, K2Q, K3, and K4 using the following formula:

$$\begin{aligned} \text{K1} &= 0.15 \times \text{TC} \\ &= 0.15 \times \$27,447 \\ &= \$4,117.05 \end{aligned}$$

$$\begin{aligned} \text{K2} &= [(0.15 \times (P \times C, \text{ max. } \$2,217.60)) + (0.15 \times (P \times \text{EI, max. } \$786.76))] \\ &= [(0.15 \times (52 \times \$51.12, \text{ max. } \$2,217.60)) + (0.15 \times (52 \times \$19.58, \text{ max. } \$786.76))] \\ &= [(0.15 \times (\$2,658.24, \text{ max. } \$2,217.60)) + (0.15 \times (\$1,018.16, \text{ max. } \$786.76))] \\ &= (0.15 \times \$2,217.60) + (0.15 \times \$786.76) \\ &= \$332.64 + \$118.01 \\ &= \$450.65 \end{aligned}$$

$$\begin{aligned} \text{K2Q} &= [(0.15 \times (P \times C, \text{ max. } \$2,217.60)) + (0.15 \times (P \times \text{EI, max. } \$623.22)) + \\ &\quad (0.15 \times (P \times \text{IE} \times 0.00537, \text{ max. } \$343.68))] \\ &= [(0.15 \times (52 \times \$51.12, \text{ max. } \$2,217.60)) + (0.15 \times (52 \times \$15.51, \text{ max. } \$623.22)) + \\ &\quad (0.15 \times (52 \times \$1,100 \times 0.00537, \text{ max. } \$343.68))] \\ &= [(0.15 \times (\$2,658.24, \text{ max. } \$2,217.60)) + (0.15 \times (\$806.52, \text{ max. } \$623.22)) + (0.15 \times (307.16, \text{ max. } \$343.68))] \\ &= (0.15 \times \$2,217.60) + (0.15 \times \$623.22) + (0.15 \times \$307.16) \\ &= \$332.64 + \$93.48 + \$46.07 \\ &= \$472.19 \end{aligned}$$

$$\text{K3} = \$0$$

$$\begin{aligned} \text{K4} &= \text{The lesser of:} \\ &\text{(i) } 0.15 \times A; \text{ and} \\ &\text{(ii) } 0.15 \times \$1,065 \\ &= \$159.75 \end{aligned}$$

Step 3

| | | |
|--|----|-----------------|
| A = | \$ | 53,560.00 |
| Federal R..... | × | <u>0.22</u> |
| | \$ | 11,783.20 |
| Less federal constant K | - | <u>2,908.00</u> |
| Federal tax | \$ | 8,875.20 |
| Less federal tax credits, K1 + K2 + K3 + K4..... | - | <u>4,727.45</u> |
| Basic federal tax T3 | \$ | <u>4,147.75</u> |

Step 4

Determine the federal labour-sponsored funds tax credit:

$$\text{LCF} = \text{The lesser of:}$$

| | |
|--|----------|
| (i) \$750; and | |
| (ii) 15% of the purchase of approved shares. | |
| 0.15 × \$2,000 | – 300.00 |

| | |
|--|--------------------|
| Annual federal tax deduction, except for employees in Quebec, outside Canada, and in Canada beyond the limits of any province/territory (T1) | \$ <u>3,847.75</u> |
|--|--------------------|

Example 1 – For Manitoba

See the section called “Example – Assumptions and federal calculation” on page 12 for more details.

Step 5

Determine the basic provincial tax (T4) using the following formula:

| | |
|--|-------------|
| $(V \times A) - KP - K1P - K2P - K3P$ | |
| $(V \times A) = 0.1275 \times \$53,560$ | \$ 6,828.90 |
| KP = \$605 | – 605.00 |
| K1P = $0.108 \times TCP$ | |
| = $0.108 \times \$17,268$ | – 1,864.94 |
| K2P = $[(0.108 \times (P \times C, \text{max. } \$2,217.60)) + (0.108 \times (P \times EI, \text{max. } \$786.76))]$ | |
| = $[(0.108 \times \$2,217.60) + (0.108 \times \$786.76)]$ | |
| = $\$239.50 + \84.97 | – 324.47 |
| K3P = \$0 | <u>0.00</u> |
| Basic provincial tax for the year (T4) | \$ 4,034.49 |

Determine the annual provincial tax deduction using the following formula:

| | |
|--|--------------------|
| $T2 = T4 + V1 - S - LCP$ | |
| V1 and S = \$0 | <u>0.00</u> |
| Net provincial tax deduction for the year before LCP | \$ 4,034.49 |
| LCP = The lesser of: | |
| (i) \$1,800; and | |
| (ii) 15% of the purchase of approved shares. | |
| 0.15 × \$2,000 | – 300.00 |
| Net provincial tax deduction for the year (T2) | \$ <u>3,734.49</u> |

Step 6

Total federal and provincial tax deductions for the year:

| | |
|---|--------------------|
| T1 (see federal portion of example) \$3,847.75 + T2 | \$ <u>7,582.24</u> |
| T = Tax prorated for the pay period | \$ <u>145.81</u> |

Example 2 – For New Brunswick

See the section called “Example – Assumptions and federal calculation” on page 12 for more details.

Step 5

Determine the basic provincial tax (T4) using the following formula:

| | |
|--|-------------|
| $(V \times A) - KP - K1P - K2P - K3P$ | |
| $(V \times A) = 0.121 \times \$53,560$ | \$ 6,480.76 |
| KP = \$1,115 | – 1,115.00 |
| K1P = $0.091 \times TCP$ | |
| = $0.091 \times \$16,555$ | – 1,506.51 |
| K2P = $[(0.091 \times (P \times C, \text{max. } \$2,217.60)) + (0.091 \times (P \times EI, \text{max. } \$786.76))]$ | |
| = $[(0.091 \times \$2,217.60) + (0.091 \times \$786.76)]$ | |

| | | |
|---|----|-------------|
| = \$201.80 + \$71.60 | - | 273.40 |
| K3P = \$0 | | <u>0.00</u> |
| Basic provincial tax for the year (T4)..... | \$ | 3,585.85 |

Determine the annual provincial tax deduction using the following formula:

$$T_2 = T_4 + V_1 - S - LCP$$

| | | |
|----------------------|--|-------------|
| V1 and S = \$0 | | <u>0.00</u> |
|----------------------|--|-------------|

| | | |
|--|----|----------|
| Net provincial tax deduction for the year before LCP | \$ | 3,585.85 |
|--|----|----------|

LCP = The lesser of:

| | | |
|--|---|---------------|
| (i) \$2,000; and | | |
| (ii) 20% of the purchase of approved shares. | | |
| 0.2 × \$2,000 | - | <u>400.00</u> |

| | | |
|--|----|------------------------|
| Net provincial tax deduction for the year (T2) | \$ | <u><u>3,185.85</u></u> |
|--|----|------------------------|

Step 6

Total federal and provincial tax deductions for the year:

| | | |
|--|----|------------------------|
| T1 (see federal portion of example) \$3,847.75 + T2..... | \$ | <u><u>7,033.60</u></u> |
|--|----|------------------------|

| | | |
|---|----|----------------------|
| T = Tax prorated for the pay period | \$ | <u><u>135.26</u></u> |
|---|----|----------------------|

Example 3 – For Nova Scotia

See the section called “Example – Assumptions and federal calculation” on page 12 for more details.

Step 5

Determine the basic provincial tax (T4) using the following formula:

$$(V \times A) - KP - K1P - K2P - K3P$$

| | | |
|-----------------------------------|----|----------|
| (V × A) = 0.1495 × \$53,560 | \$ | 8,007.22 |
|-----------------------------------|----|----------|

| | | |
|--------------------|---|----------|
| KP = \$1,823 | - | 1,823.00 |
|--------------------|---|----------|

| | | |
|---------------------------|---|----------|
| K1P = 0.0879 × TCP | | |
| = 0.0879 × \$16,144 | - | 1,419.06 |

| | | |
|--|---|--------|
| K2P = [(0.0879 × (P × C, max. \$2,217.60)) + (0.0879 × (P × EI, max. \$786.76))] | | |
| = [(0.0879 × \$2,217.60) + (0.0879 × \$786.76)] | | |
| = \$194.93 + \$69.16 | - | 264.09 |

| | | |
|-----------------|--|-------------|
| K3P = \$0 | | <u>0.00</u> |
|-----------------|--|-------------|

| | | |
|---|----|----------|
| Basic provincial tax for the year (T4)..... | \$ | 4,501.07 |
|---|----|----------|

Determine the annual provincial tax deduction using the following formula:

$$T_2 = T_4 + V_1 - S - LCP$$

| | | |
|----------------------|--|-------------|
| V1 and S = \$0 | | <u>0.00</u> |
|----------------------|--|-------------|

| | | |
|--|----|----------|
| Net provincial tax deduction for the year before LCP | \$ | 4,501.07 |
|--|----|----------|

LCP = The lesser of:

| | | |
|--|---|---------------|
| (i) \$2,000; and | | |
| (ii) 20% of the purchase of approved shares. | | |
| 0.20 × \$2,000 | - | <u>400.00</u> |

| | | |
|--|----|------------------------|
| Net provincial tax deduction for the year (T2) | \$ | <u><u>4,101.07</u></u> |
|--|----|------------------------|

Step 6

Total federal and provincial tax deductions for the year:

| | | |
|--|----|------------------------|
| T1 (see federal portion of example) \$3,847.75 + T2..... | \$ | <u><u>7,948.82</u></u> |
|--|----|------------------------|

T = Tax prorated for the pay period \$ 152.86

Example 4 – For Saskatchewan

See the section called “Example – Assumptions and federal calculation” on page 12 for more details.

Step 5

Determine the basic provincial tax (T4) using the following formula:

| | |
|--|-------------|
| $(V \times A) - KP - K1P - K2P - K3P$ | |
| $(V \times A) = 0.13 \times \$53,560$ | \$ 6,962.80 |
| KP = \$818 | - 818.00 |
| K1P = $0.11 \times TCP$ | |
| = $0.11 \times \$45,612$ | - 5,017.32 |
| K2P = $[(0.11 \times (P \times C, \text{max. } \$2,217.60)) + (0.11 \times (P \times EI, \text{max. } \$786.76))]$ | |
| = $[(0.11 \times \$2,217.60) + (0.11 \times \$786.76)]$ | |
| = $\$243.94 + \86.54 | - 330.48 |
| K3P = \$0 | - 0.00 |
| Basic provincial tax for the year (T4)..... | \$ 797.00 |

Determine the annual provincial tax deduction using the following formula:

| | |
|--|------------------|
| $T_2 = T_4 + V_1 - S - LCP$ | |
| V1 and S = \$0 | <u>0.00</u> |
| Net provincial tax deduction for the year before LCP | \$ 797.00 |
| LCP = The lesser of: | |
| (i) \$1,000; and | |
| (ii) 20% of the purchase of approved shares | |
| $0.20 \times \$2,000$ | - <u>400.00</u> |
| Net provincial tax deduction for the year (T2) | \$ <u>397.00</u> |

Step 6

Total federal and provincial tax deductions for the year:

| | |
|--|--------------------|
| T1 (see federal portion of example) \$3,847.75 + T2..... | \$ <u>4,244.75</u> |
| T = Tax prorated for the pay period | \$ <u>81.63</u> |

Option 2 – Tax formula based on cumulative averaging

There are no changes to the federal tax rates, income thresholds, or personal amounts required for July 1, 2011.

Formula to calculate provincial and territorial tax payable (T2)

As Manitoba, New Brunswick, Nova Scotia and Saskatchewan are the only provinces or territories to have a retroactive change, we are only reproducing their calculations.

For Manitoba only:

$T_2 = T_4 + V_1 - S - LCP$
If the result is negative, $T_2 = \$0$.

Where:

$T_4 = (V \times A) - KP - K1P - K2P - K3P$

Where V and KP are based on the value of A in the 2011 Manitoba tax rates and income thresholds table.

| 2011 Manitoba tax rates and income thresholds | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 31,000 | 0.1080 | \$ 0 |
| 31,000 – 67,000 | 0.1275 | 605 |
| 67,000 – and over | 0.1740 | 3,720 |

$$K1P = 0.108 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1MB. If Form TD1MB is not filed, TCP is \$8,384.

$$K2P = [(0.108 \times (P \times C, \text{max. } \$2,217.60)) + (0.108 \times (P \times EI, \text{max. } \$786.76))]*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and of how to implement the amount after the first pay period of the year.

$$V1 = \$0$$

$$S = \$0$$

LCP = The lesser of:

(i) \$1,800; and

(ii) 15% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

For New Brunswick only:

$$T2 = T4 + V1 - S - LCP$$

If the result is negative, $T2 = \$0$.

Where:

$$T4 = (V \times A) - KP - K1P - K2P - K3P$$

Where V and KP are based on the value of A in the 2011 New Brunswick tax rates and income thresholds table.

| 2011 New Brunswick tax rates and income thresholds Option 2 | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 37,150 | 0.091 | \$ 0 |
| 37,150 – 74,300 | 0.121 | 1,115 |
| 74,300 – 120,796 | 0.124 | 1,337 |
| 120,796 – and over | 0.143 | 3,633 |

$$K1P = 0.091 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1NB. If Form

TD1NB is not filed, TCP is \$8,953.

$$\mathbf{K2P} = [(0.091 \times (P \times C, \text{max. } \$2,217.60)) + (0.091 \times (P \times EI, \text{max. } \$786.76))]*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and how to implement the amount after the first pay period of the year.

$$\mathbf{V1} = \$0$$

$$\mathbf{S} = \$0$$

LCP = The lesser of:
 (i) \$2,000; and
 (ii) 20% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

For Nova Scotia only:

$$\mathbf{T2} = \mathbf{T4} + \mathbf{V1} - \mathbf{S} - \mathbf{LCP}$$

If the result is negative, T2 = \$0.

Where:

$$\mathbf{T4} = (\mathbf{V} \times \mathbf{A}) - \mathbf{KP} - \mathbf{K1P} - \mathbf{K2P} - \mathbf{K3P}$$

Where V and KP are based on the value of A in the 2011 Nova Scotia tax rates and income thresholds table.

| 2011 Nova Scotia tax rates and income thresholds | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 29,590 | 0.0879 | \$ 0 |
| 29,590 – 59,180 | 0.1495 | 1,823 |
| 59,180 – 93,000 | 0.1667 | 2,841 |
| 93,000 – 150,000 | 0.1750 | 3,613 |
| 150,000 – and over | 0.2100 | 8,863 |

$$\mathbf{K1P} = 0.0879 \times \mathbf{TCP}$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1NS. If Form TD1NS is not filed, TCP is \$8,481.

$$\mathbf{K2P} = [(0.0879 \times (P \times C, \text{max. } \$2,217.60)) + (0.0879 \times (P \times EI, \text{max. } \$786.76))]*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and how to implement the amount after the first pay period of the year.

$$\mathbf{V1} = \$0$$

S = \$0

LCP = The lesser of:

- (i) \$2,000; and
- (ii) 20% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

For Saskatchewan only:

T₂ = $T_4 + V_1 - S - LCP$

If the result is negative, $T_2 = \$0$.

Where:

T₄ = $(V \times A) - KP - K_1P - K_2P - K_3P$

Where V and KP are based on the value of A in the 2011 Saskatchewan tax rates and income thresholds table.

| 2011 Saskatchewan tax rates and income thresholds | | |
|--|-----------|----------------|
| Annual taxable income A More than – Not more than | Rate V | Constant KP |
| \$ 0 – \$ 40,919 | 0.11 | \$ 0 |
| 40,919 – 116,911 | 0.13 | 818 |
| 116,911 – and over | 0.15 | 3,157 |

K_{1P} = $0.11 \times TCP$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1SK. If Form TD1SK is not filed, TCP is \$14,535.

K_{2P} = $[(0.11 \times (P \times C, \text{max. } \$2,217.60)) + (0.11 \times (P \times EI, \text{max. } \$786.76))]$ *

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K_{3P} = Other annual provincial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K_{3P} when it applies and of how to implement the amount after the first pay period of the year.

V₁ = \$0

S = \$0

LCP = The lesser of:

- (i) \$1,000; and
- (ii) 20% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

Option 2 – Examples when calculating the tax deductions on salary and non-periodic payments separately

On the following pages, you will find an example for the provinces of Manitoba, Nova Scotia and Saskatchewan of the results expected when using Option 2 when calculating separately the tax on regular salary and on non-periodic payments. A bi-weekly (26) pay period and the optional non-periodic payment formula are used in this example. The July changes are shown beginning in pay period 14.

Option 2 – Examples when calculating the tax deductions on salary and non-periodic payments separately (continued)

Manitoba

| PP | Salary | I YTD | B | B1 | A | K1 + K2 + K4 | T1 | K1P + K2P | T2 | M1 | (T1 + T2 - M1) / S1 | M | T | TB |
|---|--------|----------|-----|-----|-----------|-----------------|--------|--------------|----------|---------|------------------------|-----------------|-------|--------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | 740 | 740 | | | 19,240.00 | 1,907.04 | 978.96 | 999.61 | 1,078.31 | | 79.13 | | 79.13 | |
| 2 | 740 | 1,480 | | | 19,240.00 | 1,907.04 | 978.96 | 999.61 | 1,078.31 | | 158.25 | -79.13 | 79.12 | |
| 3 | 740 | 2,220 | | | 19,240.00 | 1,907.04 | 978.96 | 999.61 | 1,078.31 | | 237.38 | -158.25 | 79.13 | |
| 4 | 740 | 2,960 | | | 19,240.00 | 1,907.04 | 978.96 | 999.61 | 1,078.31 | | 316.50 | -237.38 | 79.12 | |
| 4B | | 2,960 | 100 | 100 | 19,340.00 | 1,908.05 | 992.95 | 1,000.33 | 1,088.39 | | see* | -316.50 | | 24.07 |
| 5 | 680 | 3,640 | | 100 | 19,028.00 | 1,904.91 | 949.29 | 998.06 | 1,056.96 | -24.07 | 381.19 | -316.50 | 64.69 | |
| 6 | 510 | 4,150 | | 100 | 18,083.33 | 1,895.36 | 817.14 | 991.19 | 961.81 | -24.07 | 404.97 | -381.19 | 23.78 | |
| 7 | 680 | 4,830 | | 100 | 18,040.00 | 1,894.93 | 811.07 | 990.88 | 957.44 | -24.07 | 469.66 | -404.97 | 64.69 | |
| 7B | | 4,830 | 50 | 150 | 18,090.00 | 1,895.43 | 818.07 | 991.25 | 962.47 | -24.07 | see* | -469.66 | | 12.03 |
| 8 | 680 | 5,510 | | 150 | 18,057.50 | 1,895.10 | 813.53 | 991.00 | 959.21 | -36.10 | 534.35 | -469.66 | 64.69 | |
| 9 | 680 | 6,190 | | 150 | 18,032.22 | 1,894.85 | 809.98 | 990.82 | 956.66 | -36.10 | 599.03 | -534.35 | 64.68 | |
| 10 | 680 | 6,870 | | 150 | 18,012.00 | 1,894.64 | 807.16 | 990.68 | 954.62 | -36.10 | 663.72 | -599.03 | 64.69 | |
| 11 | 680 | 7,550 | | 150 | 17,995.45 | 1,894.48 | 804.84 | 990.55 | 952.96 | -36.10 | 728.41 | -663.72 | 64.69 | |
| 12 | 485 | 8,035 | | 150 | 17,559.17 | 1,890.07 | 743.81 | 987.39 | 909.00 | -36.10 | 746.17 | -728.41 | 17.76 | |
| 13 | 680 | 8,715 | | 150 | 17,580.00 | 1,890.28 | 746.72 | 987.54 | 911.10 | -36.10 | 810.86 | -746.17 | 64.69 | |
| 14 | 740 | 9,455 | | 150 | 17,709.29 | 1,891.58 | 764.81 | 1,015.47 | 897.13 | -36.10 | 875.45 | -810.86 | 64.59 | |
| 14B | | 9,455 | 500 | 650 | 18,209.29 | 1,896.64 | 834.75 | 1,019.12 | 947.48 | -36.10 | see* | -875.45 | | 120.29 |
| 15 | 680 | 10,135 | | 650 | 18,217.33 | 1,896.72 | 835.88 | 1,019.17 | 948.30 | -156.39 | 939.11 | -875.45 | 63.66 | |
| 16 | 680 | 10,815 | | 650 | 18,224.38 | 1,896.79 | 836.87 | 1,019.22 | 949.01 | -156.39 | 1,002.76 | -939.11 | 63.65 | |
| 17 | 680 | 11,495 | | 650 | 18,230.59 | 1,896.85 | 837.74 | 1,019.27 | 949.63 | -156.39 | 1,066.41 | -1,002.76 | 63.65 | |
| 18 | 680 | 12,175 | | 650 | 18,236.11 | 1,896.91 | 838.51 | 1,019.31 | 950.19 | -156.39 | 1,130.06 | -1,066.41 | 63.65 | |
| 19 | 680 | 12,855 | | 650 | 18,241.05 | 1,896.95 | 839.21 | 1,019.35 | 950.68 | -156.39 | 1,193.71 | -1,130.06 | 63.65 | |
| 20 | 680 | 13,535 | | 650 | 18,245.50 | 1,897.01 | 839.82 | 1,019.38 | 951.13 | -156.39 | 1,257.35 | -1,193.71 | 63.64 | |
| 21 | 680 | 14,215 | | 650 | 18,249.52 | 1,897.05 | 840.38 | 1,019.40 | 951.55 | -156.39 | 1,321.01 | -1,257.35 | 63.66 | |
| 22 | 680 | 14,895 | | 650 | 18,253.18 | 1,897.08 | 840.90 | 1,019.43 | 951.91 | -156.39 | 1,384.66 | -1,321.01 | 63.65 | |
| 23 | 680 | 15,575 | | 650 | 18,256.52 | 1,897.12 | 841.36 | 1,019.46 | 952.24 | -156.39 | 1,448.30 | -1,384.66 | 63.64 | |
| 24 | 680 | 16,255 | | 650 | 18,259.58 | 1,897.14 | 841.80 | 1,019.47 | 952.56 | -156.39 | 1,511.97 | -1,448.30 | 63.67 | |
| 25 | 680 | 16,935 | | 650 | 18,262.40 | 1,897.17 | 842.19 | 1,019.50 | 952.84 | -156.39 | 1,575.62 | -1,511.97 | 63.65 | |
| 26 | 680 | 17,615 | | 650 | 18,265.00 | 1,897.20 | 842.55 | 1,019.51 | 953.11 | -156.39 | 1,639.27 | -1,575.62 | 63.65 | |
| Total tax deducted for the year on regular salary | | | | | | | | | | | \$ | 1,639.27 | | |
| Total tax deducted for the year on non-periodic payments | | | | | | | | | | | | 156.39 | | |
| Total tax deducted for the year on salary and non-periodic payments | | | | | | | | | | | \$ | <u>1,795.66</u> | | |

*** Note**

Tax on the non-periodic payment is T1 + T2 amounts determined at line 4B, less T1 + T2 amounts determined at line 4. For other similar payments, such as lump-sum payments, the same principle will apply. The non-periodic payment tax calculation for pay period 14 has been used to determine the steps to follow.

YTD = year-to-date

Option 2 – Examples when calculating the tax deductions on salary and non-periodic payments separately (continued)

Nova Scotia

| PP | Salary | I YTD | B | B1 | A | K1 + K2 + K4 | T1 | K1P + K2P | T2 | M1 | (T1 + T2 - M1) / S1 | M | T | TB |
|---|--------|----------|-----|-----|-----------|-----------------|--------|--------------|--------|---------|------------------------|-----------------|-------|--------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | 740 | 740 | | | 19,240.00 | 1,907.04 | 978.96 | 822.09 | 869.11 | | 71.08 | | 71.08 | |
| 2 | 740 | 1,480 | | | 19,240.00 | 1,907.04 | 978.96 | 822.09 | 869.11 | | 142.16 | -71.08 | 71.08 | |
| 3 | 740 | 2,220 | | | 19,240.00 | 1,907.04 | 978.96 | 822.09 | 869.11 | | 213.24 | -142.16 | 71.08 | |
| 4 | 740 | 2,960 | | | 19,240.00 | 1,907.04 | 978.96 | 822.09 | 869.11 | | 284.32 | -213.24 | 71.08 | |
| 4B | | 2,960 | 100 | 100 | 19,340.00 | 1,908.05 | 992.95 | 822.68 | 877.31 | | see* | -284.32 | | 22.19 |
| 5 | 680 | 3,640 | | 100 | 19,028.00 | 1,904.91 | 949.29 | 820.83 | 851.73 | -22.19 | 342.08 | -284.32 | 57.76 | |
| 6 | 510 | 4,150 | | 100 | 18,083.33 | 1,895.36 | 817.14 | 815.24 | 774.28 | -22.19 | 362.13 | -342.08 | 20.05 | |
| 7 | 680 | 4,830 | | 100 | 18,040.00 | 1,894.93 | 811.07 | 814.99 | 770.73 | -22.19 | 419.90 | -362.13 | 57.77 | |
| 7B | | 4,830 | 50 | 150 | 18,090.00 | 1,895.43 | 818.07 | 815.28 | 774.83 | -22.19 | see* | -419.90 | | 11.10 |
| 8 | 680 | 5,510 | | 150 | 18,057.50 | 1,895.10 | 813.53 | 815.09 | 772.16 | -33.29 | 477.66 | -419.90 | 57.76 | |
| 9 | 680 | 6,190 | | 150 | 18,032.22 | 1,894.85 | 809.98 | 814.94 | 770.09 | -33.29 | 535.42 | -477.66 | 57.76 | |
| 10 | 680 | 6,870 | | 150 | 18,012.00 | 1,894.64 | 807.16 | 814.82 | 768.43 | -33.29 | 593.19 | -535.42 | 57.77 | |
| 11 | 680 | 7,550 | | 150 | 17,995.45 | 1,894.48 | 804.84 | 814.73 | 767.07 | -33.29 | 650.95 | -593.19 | 57.76 | |
| 12 | 485 | 8,035 | | 150 | 17,559.17 | 1,890.07 | 743.81 | 812.14 | 731.31 | -33.29 | 665.46 | -650.95 | 14.51 | |
| 13 | 680 | 8,715 | | 150 | 17,580.00 | 1,890.28 | 746.72 | 812.27 | 733.01 | -33.29 | 723.22 | -665.46 | 57.76 | |
| 14 | 740 | 9,455 | | 150 | 17,709.29 | 1,891.58 | 764.81 | 835.02 | 721.63 | -33.29 | 782.47 | -723.22 | 59.25 | |
| 14B | | 9,455 | 500 | 650 | 18,209.29 | 1,896.64 | 834.75 | 837.97 | 762.63 | -33.29 | see* | -782.47 | | 110.94 |
| 15 | 680 | 10,135 | | 650 | 18,217.33 | 1,896.72 | 835.88 | 838.02 | 763.28 | -144.23 | 839.38 | -782.47 | 56.91 | |
| 16 | 680 | 10,815 | | 650 | 18,224.38 | 1,896.79 | 836.87 | 838.06 | 763.86 | -144.23 | 896.31 | -839.38 | 56.93 | |
| 17 | 680 | 11,495 | | 650 | 18,230.59 | 1,896.85 | 837.74 | 838.09 | 764.38 | -144.23 | 953.24 | -896.31 | 56.93 | |
| 18 | 680 | 12,175 | | 650 | 18,236.11 | 1,896.91 | 838.51 | 838.13 | 764.82 | -144.23 | 1,010.15 | -953.24 | 56.91 | |
| 19 | 680 | 12,855 | | 650 | 18,241.05 | 1,896.95 | 839.21 | 838.16 | 765.23 | -144.23 | 1,067.08 | -1,010.15 | 56.93 | |
| 20 | 680 | 13,535 | | 650 | 18,245.50 | 1,897.01 | 839.82 | 838.19 | 765.59 | -144.23 | 1,123.98 | -1,067.08 | 56.90 | |
| 21 | 680 | 14,215 | | 650 | 18,249.52 | 1,897.05 | 840.38 | 838.21 | 765.92 | -144.23 | 1,180.90 | -1,123.98 | 56.92 | |
| 22 | 680 | 14,895 | | 650 | 18,253.18 | 1,897.08 | 840.90 | 838.23 | 766.22 | -144.23 | 1,237.83 | -1,180.90 | 56.93 | |
| 23 | 680 | 15,575 | | 650 | 18,256.52 | 1,897.12 | 841.36 | 838.25 | 766.50 | -144.23 | 1,294.75 | -1,237.83 | 56.92 | |
| 24 | 680 | 16,255 | | 650 | 18,259.58 | 1,897.14 | 841.80 | 838.27 | 766.75 | -144.23 | 1,351.68 | -1,294.75 | 56.93 | |
| 25 | 680 | 16,935 | | 650 | 18,262.40 | 1,897.17 | 842.19 | 838.28 | 766.98 | -144.23 | 1,408.60 | -1,351.68 | 56.92 | |
| 26 | 680 | 17,615 | | 650 | 18,265.00 | 1,897.20 | 842.55 | 838.30 | 767.19 | -144.23 | 1,465.51 | -1,408.60 | 56.91 | |
| Total tax deducted for the year on regular salary | | | | | | | | | | | \$ | 1,465.51 | | |
| Total tax deducted for the year on non-periodic payments | | | | | | | | | | | | 144.23 | | |
| Total tax deducted for the year on salary and non-periodic payments | | | | | | | | | | | \$ | <u>1,609.74</u> | | |

*** Note**

Tax on the non-periodic payment is T1 + T2 amounts determined at line 4B, less T1 + T2 amounts determined at line 4. For other similar payments, such as lump-sum payments, the same principle will apply. The non-periodic payment tax calculation for pay period 14 has been used to determine the steps to follow.

YTD = year-to-date

Option 2 – Examples when calculating the tax deductions on salary and non-periodic payments separately (continued)

Saskatchewan

| PP | Salary | I YTD | B | B1 | A | K1 + K2 + K4 | T1 | K1P + K2P | T2 | M1 | (T1 + T2 - M1) / S1 | M | T | TB | |
|--|--------|----------|-----|-----|-----------|-----------------|--------|--------------|--------|---------|------------------------|---------|-------|-----------------|--------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| 1 | 740 | 740 | | | 19,240.00 | 1,907.04 | 978.96 | 1,612.22 | 504.18 | | 57.04 | | 57.04 | | |
| 2 | 740 | 1,480 | | | 19,240.00 | 1,907.04 | 978.96 | 1,612.22 | 504.18 | | 114.09 | -57.04 | 57.05 | | |
| 3 | 740 | 2,220 | | | 19,240.00 | 1,907.04 | 978.96 | 1,612.22 | 504.18 | | 171.13 | -114.09 | 57.04 | | |
| 4 | 740 | 2,960 | | | 19,240.00 | 1,907.04 | 978.96 | 1,612.22 | 504.18 | | 228.18 | -171.13 | 57.05 | | |
| 4B | | 2,960 | 100 | 100 | 19,340.00 | 1,908.05 | 992.95 | 1,612.97 | 514.43 | | see* | -228.18 | | 24.24 | |
| 5 | 680 | 3,640 | | 100 | 19,028.00 | 1,904.91 | 949.29 | 1,610.66 | 482.42 | -24.24 | 270.67 | -228.18 | 42.49 | | |
| 6 | 510 | 4,150 | | 100 | 18,083.33 | 1,895.36 | 817.14 | 1,603.67 | 385.50 | -24.24 | 271.94 | -270.67 | 1.27 | | |
| 7 | 680 | 4,830 | | 100 | 18,040.00 | 1,894.93 | 811.07 | 1,603.34 | 381.06 | -24.24 | 314.43 | -271.94 | 42.49 | | |
| 7B | | 4,830 | 50 | 150 | 18,090.00 | 1,895.43 | 818.07 | 1,603.71 | 386.19 | -24.24 | see* | -314.43 | | 12.13 | |
| 8 | 680 | 5,510 | | 150 | 18,057.50 | 1,895.10 | 813.53 | 1,603.48 | 382.85 | -36.37 | 356.93 | -314.43 | 42.50 | | |
| 9 | 680 | 6,190 | | 150 | 18,032.22 | 1,894.85 | 809.98 | 1,603.29 | 380.25 | -36.37 | 399.41 | -356.93 | 42.48 | | |
| 10 | 680 | 6,870 | | 150 | 18,012.00 | 1,894.64 | 807.16 | 1,603.14 | 378.18 | -36.37 | 441.91 | -399.41 | 42.50 | | |
| 11 | 680 | 7,550 | | 150 | 17,995.45 | 1,894.48 | 804.84 | 1,603.02 | 376.48 | -36.37 | 484.40 | -441.91 | 42.49 | | |
| 12 | 485 | 8,035 | | 150 | 17,559.17 | 1,890.07 | 743.81 | 1,599.78 | 331.73 | -36.37 | 479.62 | -484.40 | 0.00 | | |
| 13 | 680 | 8,715 | | 150 | 17,580.00 | 1,890.28 | 746.72 | 1,599.94 | 333.86 | -36.37 | 522.11 | -484.40 | 37.71 | | |
| 14 | 740 | 9,455 | | 150 | 17,709.29 | 1,891.58 | 764.81 | 1,710.90 | 237.12 | -36.37 | 519.92 | -522.11 | 0.00 | | |
| 14B | | 9,455 | 500 | 650 | 18,209.29 | 1,896.64 | 834.75 | 1,714.59 | 288.43 | -36.37 | see* | -522.11 | | 121.25 | |
| 15 | 680 | 10,135 | | 650 | 18,217.33 | 1,896.72 | 835.88 | 1,714.66 | 289.25 | -157.62 | 558.18 | -522.11 | 36.07 | | |
| 16 | 680 | 10,815 | | 650 | 18,224.38 | 1,896.79 | 836.87 | 1,714.70 | 289.98 | -157.62 | 596.45 | -558.18 | 38.27 | | |
| 17 | 680 | 11,495 | | 650 | 18,230.59 | 1,896.85 | 837.74 | 1,714.76 | 290.60 | -157.62 | 634.70 | -596.45 | 38.25 | | |
| 18 | 680 | 12,175 | | 650 | 18,236.11 | 1,896.91 | 838.51 | 1,714.80 | 291.17 | -157.62 | 672.96 | -634.70 | 38.26 | | |
| 19 | 680 | 12,855 | | 650 | 18,241.05 | 1,896.95 | 839.21 | 1,714.83 | 291.69 | -157.62 | 711.24 | -672.96 | 38.28 | | |
| 20 | 680 | 13,535 | | 650 | 18,245.50 | 1,897.01 | 839.82 | 1,714.86 | 292.15 | -157.62 | 749.50 | -711.24 | 38.26 | | |
| 21 | 680 | 14,215 | | 650 | 18,249.52 | 1,897.05 | 840.38 | 1,714.89 | 292.56 | -157.62 | 787.76 | -749.50 | 38.26 | | |
| 22 | 680 | 14,895 | | 650 | 18,253.18 | 1,897.08 | 840.90 | 1,714.92 | 292.93 | -157.62 | 826.02 | -787.76 | 38.26 | | |
| 23 | 680 | 15,575 | | 650 | 18,256.52 | 1,897.12 | 841.36 | 1,714.95 | 293.27 | -157.62 | 864.28 | -826.02 | 38.26 | | |
| 24 | 680 | 16,255 | | 650 | 18,259.58 | 1,897.14 | 841.80 | 1,714.97 | 293.58 | -157.62 | 902.55 | -864.28 | 38.27 | | |
| 25 | 680 | 16,935 | | 650 | 18,262.40 | 1,897.17 | 842.19 | 1,714.99 | 293.87 | -157.62 | 940.81 | -902.55 | 38.26 | | |
| 26 | 680 | 17,615 | | 650 | 18,265.00 | 1,897.20 | 842.55 | 1,715.01 | 294.14 | -157.62 | 979.07 | -940.81 | 38.26 | | |
| Total tax deducted for the year on regular salary | | | | | | | | | | | | | \$ | 979.07 | |
| Total tax deducted for the year on non-periodic payments..... | | | | | | | | | | | | | | | 157.62 |
| Total tax deducted for the year on salary and non-periodic payments..... | | | | | | | | | | | | | \$ | <u>1,136.69</u> | |

*** Note**

Tax on the non-periodic payment is T1 + T2 amounts determined at line 4B, less T1 + T2 amounts determined at line 4. For other similar payments, such as lump-sum payments, the same principle will apply. The non-periodic payment tax calculation for pay period 14 has been used to determine the steps to follow.

YTD = year-to-date