



T4 Statement of Remuneration Paid & T4SUM Summary of Remuneration Paid

What are your responsibilities?

As an employer, you must do the following:

- Deduct CPP contributions, EI premiums and income tax from remuneration or other amounts you pay.
- Hold these amounts in trust for the Receiver General. You should keep these amounts separate from the operating funds of your business. Make sure these amounts are not part of an estate in liquidation, assignment, receivership, or bankruptcy.
- Remit these deductions.
- Report the income and deductions on the T4 information return. To do this, complete T4 slips and the related T4 summary.

Keep records. Keep your paper and electronic records for at least six years after the year for which they relate.

Who has to keep records?

Adequate records have to be kept by individuals, partnerships, corporations, and trusts, as identified below:

- persons carrying on a business or engaged in commercial activity;
- persons required to pay or collect taxes or other amounts such as payroll deductions and goods and services tax/harmonized sales tax (GST/HST) under the *Income Tax Act*, the *Excise Tax Act*, the *Excise Act 2001*, the *Employment Insurance Act*, the *Canada Pension Plan*, and the *Air Travellers Security Charge Act*;
- persons required to file an income tax or GST/HST return;
- persons who apply for GST/HST rebates or refunds;
- payroll service providers;
- trusts;
- non-profit organizations;
- registered charities;

A - Class Nannies & Caregivers Inc.

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- registered Canadian amateur athletic associations;
- a registered agent of a registered political party;
- an official agent for a candidate in a federal election;
- universities;
- colleges;
- municipal corporations;
- hospitals; and
- school authorities.

Note

Even inactive corporations and holding companies have to keep certain records.

When should you complete a T4 slip?

You have to complete a T4 slip to report the following:

- salary, wages (including pay in lieu of termination notice), tips or gratuities, bonuses, vacation pay, employment commissions, gross and insurable earnings of self-employed fishers, and all other remuneration you paid to employees during the year (see [Note](#));
- taxable benefits or allowances;
- deductions you withheld during the year; and
- pension adjustment (PA) amounts for employees who accrued a benefit for the year under your registered pension plan (RPP) or deferred profit-sharing plan (DPSP).

Note

You have to report income on a T4 slip for the year during which it was paid, regardless of when the services are performed or rendered. For example, if a pay cheque dated in January covers income earned in the last days of December, report the income on the T4 slip for the year that starts in January.

You have to complete T4 slips for all individuals who received remuneration from you during the year if:

- you had to deduct CPP/QPP contributions, EI premiums, PPIP premiums, or income tax from the remuneration; or
- the remuneration was more than \$500.

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Note

If you provide employees with taxable **group term life insurance** benefits, you **always** have to prepare T4 slips, even if the total of all remuneration paid in the calendar year is less than \$500.

T4 Information return

A T4 information return consists of T4 slips and the related T4 Summary.

In all instances, you have to file your T4 information return by the **last day of February following the calendar year to which the information return applies**. If the last day of February is a Saturday or Sunday, your information return is due the next business day.

If you have more than one payroll deductions account, you will have to file a separate return for each account.

Penalty - Failure to file information returns in electronic format

If you file more than 500 various slips (for example T4, T4A, T5) and you do not file the information returns electronically as required under the *Income Tax Act* and *Income Tax Regulations*, you are liable to a penalty of \$2,500 for the first offence. For each subsequent occurrence, the penalty will increase by increments of \$2,500.

Penalty - Failure to file the T4 information return

In all instances, you have to file the T4 information return and give the information slips to the recipients by the **last day of February following the calendar year to which the information return applies**. If you fail to do this, the penalty for each failure is \$25 a day, with a minimum penalty of \$100 and a maximum of \$2,500.

If the last day of February is a Saturday or Sunday, your information return is due the next business day.

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Interest

If you fail to pay an amount, we may apply interest from the day your payment was due. The interest rate we use is determined every three months, in accordance with the prescribed interest rates, and it is compounded daily. We also apply interest to unpaid penalties.

Source: Canada Revenue Agency

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