



Canada Revenue
Agency

Agence du revenu
du Canada

Payroll Deductions Supplementary Tables

**In Canada Beyond the Limits of any
Province/Territory or Outside Canada**

**Effective
January 1, 2016**

**The CPP and EI tables for 2016 are not part of this file.
However, they are available on our website.**

What's new as of January 1, 2016

The major changes made to this guide since the last edition are outlined.

This guide reflects some income tax changes recently announced which, if enacted as proposed, would be effective January 1, 2016. At the time we published this guide, some of these proposals had not yet become law. We recommend that you use the new payroll deductions tables in this guide for withholding starting with the first payroll in January 2016.

The changes to the federal income tax rates and thresholds for January 1, 2016 are:

a tax rate of 20.5% for the income threshold of \$45,282.01 to \$90,563.00;

a tax rate of 33% for the income threshold of \$200,000.01 and over.

The federal income tax thresholds have been indexed for 2016.

The federal Canada employment credit has been indexed to \$1,161 for 2016.

The federal basic personal amount, the spouse or common-law partner amount and the amount for an eligible dependant have been indexed to \$11,474 for 2016.

Payroll Deductions Tables

You can download guides T4008, *Payroll Deductions Supplementary Tables*, and T4032, *Payroll Deductions Tables*, from our webpage at www.cra.gc.ca/payroll. You can also choose to print only the pages or information that you need.

Guide T4032, *Payroll Deductions Tables*, is also available on CD for use on any computer with or without Internet access. You can order a copy at www.cra.gc.ca/orderforms or by calling 1-800-959-5525.

Paper copies remain available for employers who do not use a computer. To get a copy, call us at 1-800-959-5525.

Payroll Deductions Online Calculator

For your 2016 payroll deductions, you can use our Payroll Deductions Online Calculator (PDOC). This online calculator makes it easier to calculate payroll deductions. PDOC is available at www.cra.gc.ca/pdoc.

Let us notify you

We provide an electronic service that can notify you immediately, **free of charge**, of any changes for payroll deductions.

To subscribe, visit our webpage at www.cra.gc.ca/lists and enter your business's email address for each mailing list that you want to join.

Special Notice

Payroll Deductions Tables (T4032)

Effective with the January 1, 2017 edition, the Canada Revenue Agency will no longer publish the paper and CD versions of the guide T4032, *Payroll Deductions Tables*. The electronic version of the guide will continue to be available at www.cra.gc.ca/payroll. For employers who do not have access to a computer, please call 1-800-959-5525 to receive a copy of the guide.

This guide is a supplement to the guide T4032, *Payroll Deductions Tables*.
If you need more information, see the *Payroll Deductions Tables* for your province or territory.

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This guide uses plain language to explain the most common tax situations. If you need more help, contact your tax services office.

General information

This guide is a supplement to the guide T4032, *Payroll Deductions Tables*. See the *Payroll Deductions Tables* for your province or territory if you need more information about:

what's new for January 1, 2016;

how to calculate tax deductions when you cannot use the tables;

how to deduct income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums; and

the payroll deductions required for pay periods other than those included in this guide.

For information on deducting, remitting, and reporting payroll deductions, refer to the following employers' guides:

T4001, *Employers' Guide – Payroll Deductions and Remittances*

T4130, *Employers' Guide – Taxable Benefits and Allowances*

RC4110, *Employee or Self-employed?*

RC4120, *Employers' Guide – Filing the T4 Slip and Summary*

RC4157, *Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary*

You can download and print a copy of the above noted guides. Our guides are available from our webpage at www.cra.gc.ca/payroll. You can also use the **Payroll Deductions Online Calculator** free of charge.

Note

You may also want to keep the 2015 edition of this guide until the end of 2016. These tables may help you resolve any pensionable and insurable earnings review (PIER) deficiencies that may arise after we have processed your 2015 T4 return.

Claim codes

The total personal amount an employee claims on a TD1 form will determine which claim code you use. See Chart 1 below.

The claim codes and corresponding amounts do not appear on the TD1 form.

Explanation of claim codes

Claim code 0

This code represents **no claim amount**.

Claim codes 1 to 10

You match the total claim amount reported on your employee's or pensioner's Form TD1 with the appropriate claim codes. Then, you look up the tax for the employee's pay under the claim code in the federal tax tables for the pay period.

Indexing of federal claim codes amounts

The credits that apply to each federal claim code have been automatically increased in the tax tables by the indexing factor for the current year. If your employee did not complete the federal TD1 form for 2016, you continue to deduct tax using the same claim code that you used last year.

| Chart 1 – 2016 federal claim codes | |
|------------------------------------|-----------------------------------------------------|
| Total claim amount (\$) | Claim code |
| No claim amount | 0 |
| 11,474.00 | 1 |
| 11,474.01 to 13,666.00 | 2 |
| 13,666.01 to 15,858.00 | 3 |
| 15,858.01 to 18,050.00 | 4 |
| 18,050.01 to 20,242.00 | 5 |
| 20,242.01 to 22,434.00 | 6 |
| 22,434.01 to 24,626.00 | 7 |
| 24,626.01 to 26,818.00 | 8 |
| 26,818.01 to 29,010.00 | 9 |
| 29,010.01 to 31,202.00 | 10 |
| 31,202.01 and over | X The employer has to calculate the tax manually |
| No withholding | E |

Employment income from all sources

On the federal and provincial TD1 forms, under the heading “Income from other employers or payers,” employees can indicate that their expected employment income from all sources will be less than their total claim amount. If an employee states that his or her total expected income will be less than the “Total claim amount” of the TD1 forms, do not deduct any federal or provincial tax.

However, as an employer, if you know that this statement is false, you must deduct federal and provincial tax from the salary. Deduct tax according to the claim code that applies to the “Total claim amount” of the TD1 forms.

It is a serious offence to knowingly accept a Form TD1 that contains false or deceptive statements. If you are not sure a statement is true, contact your tax services office for advice.