



Canada Revenue
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T4032-ON, Payroll Deductions Tables – CPP, EI, and income tax deductions – Ontario

**Effective
September 1, 2014**

What's new as of September 1, 2014

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

This publication reflects some income tax changes recently announced which, if enacted as proposed, would be effective September 1, 2014. At press time, some of these proposals had not yet become law. We recommend that you use the new payroll deductions tables in this publication for withholding starting with the first payroll in September 2014.

The changes to the Ontario income tax rates and thresholds for September 1, 2014 are:

- Lower the taxable income threshold for the 13.16% tax rate from \$514,090 to \$220,000; and
- Add a new tax rate of 12.16% on taxable income between \$150,000 and \$220,000.

The Ontario budget, tabled on July 14, 2014 announced that effective January 1, 2014, the province will change the tax rates. Since some employees have been taxed at a different rate for the first eight months, a prorated tax rate will apply for the remaining four months; commencing with the first payroll in September.

Payroll Deductions Tables

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

Publication 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 2014 payroll deductions, you can use our Payroll Deductions Online Calculator (PDOC). The online calculator makes it easier to calculate payroll deductions. PDOC is available at www.cra.gc.ca/pdoc.

PDOC calculates payroll deductions for the most common pay periods, as well as the applicable province (except Quebec) or territory. The calculation is based on exact salary figures.

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 Web page at www.cra.gc.ca/lists and enter your business's email address for each mailing list that you want to join.

Table of contents

Page

A

What's new as of September 1, 2014	1
Payroll Deductions Tables.....	1
Payroll Deductions Online Calculator.....	1
Let us notify you.....	1
Table of contents	2
Who should use this publication?	5
What if your pay period is not in this publication?.....	5
Which provincial or territorial tax table should you use?.....	5
Federal tax for 2014	5
Indexing for 2014.....	5
Tax rates and income thresholds.....	6
Chart 1 – 2014 federal tax rates and income thresholds.....	6
Canada employment credit.....	6
Personal amounts.....	6
Provincial tax for 2014	6
Provincial indexing for 2014.....	6
Tax rates and income thresholds.....	7
Chart 2 – 2014 Ontario tax rates and income thresholds.....	7
Ontario health premium.....	7
Surtax.....	7
Tax reduction.....	7
Personal amounts.....	8
Canada Pension Plan (CPP) and Employment Insurance (EI)	8
CPP contributions.....	8
EI premiums.....	8
Personal tax credits returns (TD1 forms)	8
Claim codes	8
Explanation of claim codes.....	8
Claim code 0.....	8
Claim codes 1 to 10.....	8
Indexing of claim codes amounts.....	9
Chart 3 – 2014 federal claim codes.....	9
Chart 4 – 2014 Ontario claim codes.....	9
Form TD1X, Statement of Commission Income and Expenses for Payroll Tax Deductions	10
How to use the tables in this publication	10
CPP tables (Section B).....	10
EI table (Section C).....	10
Tax deductions tables.....	10
Federal (Section D).....	10
Provincial (Section E).....	10
Example.....	11
Additional information about payroll deductions	11
Deducting tax from income not subject to CPP contributions or EI premiums.....	11
Step-by-step calculation of tax deductions	11
Example Tax to deduct for all income.....	11
Calculate annual taxable income.....	11
Calculate federal tax.....	12
Calculate provincial tax.....	12

Calculate total tax and the tax deduction for the pay period..... 13
Your opinion counts!..... 13

B**Canada Pension Plan Contributions Tables**

The CPP tables are not part of this file. However they are available in the January 1, 2014 paper version of the publication and on our website.

C**Employment Insurance Premiums Table**

The EI tables are not part of this file. However they are available in the January 1, 2014 paper version of the publication and on our website.

D

Federal Tax Deductions Tables	D-1
Weekly (52 pay periods)	D-1
Biweekly (26 pay periods)	D-7
Semi-monthly (24 pay periods).....	D-13
Monthly (12 pay periods)	D-19

E

Provincial Tax Deductions Tables	E-1
Weekly (52 pay periods)	E-1
Biweekly (26 pay periods)	E-7
Semi-monthly (24 pay periods).....	E-13
Monthly (12 pay periods)	E-19

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

Who should use this publication?

This publication is intended for the employer and the payer. It contains tables for federal and provincial tax deductions, CPP contributions and EI premiums. It will help you determine the payroll deductions for your employees or pensioners.

For more information on deducting, remitting, and reporting payroll deductions, see 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*

These guides are available on our Web site at www.cra.gc.ca. You can also get the guides by completing the order form available on our Web site or by calling 1-800-959-5525.

Note

You may want to keep the 2013 edition of *Payroll Deductions Tables* until the end of 2014. That edition may help you to resolve any pensionable and insurable earnings review (PIER) deficiencies that we identify in processing your 2013 T4 return.

What if your pay period is not in this publication?

This publication contains the most common pay periods: weekly, biweekly (every two weeks), semi-monthly, and monthly. If you have unusual pay periods, such as daily (240 working days), or 10, 13, or 22 pay periods a year, see the Publication T4008, *Payroll Deductions Supplementary Tables*, or the Payroll Deductions Online Calculator (PDOC) to determine tax deductions.

Which provincial or territorial tax table should you use?

Before you decide which tax table to use, you have to determine your employee's province or territory of employment. This depends on whether or not you require the employee to report for work at your place of business.

If the employee reports for work at your place of business, the province or territory of employment is considered to be the province or territory where your business is located.

To withhold payroll deductions, use the tax table for that province or territory of employment.

If you do not require the employee to report for work at your place of business, the province or territory of employment is the province or territory in which your business is located and from which you pay your employee's salary.

For more information and examples, see Chapter 1, "General Information" in Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Federal tax for 2014

Indexing for 2014

For 2014, the federal income thresholds, the personal amounts and the Canada employment credit have been increased based on changes in the consumer price index.

The federal indexing factor for January 1, 2014 is 0.9 %. The tax credits corresponding to the claim codes in the tables have been indexed accordingly. Employees will automatically receive the indexing increase, whether or not they file Form TD1, *2014 Personal Tax Credits Return*.

Tax rates and income thresholds

For 2014, the tax rates and income thresholds are as follows:

Chart 1 – 2014 federal tax rates and income thresholds

Annual taxable income (\$)	Federal tax rate (%)	Constant (\$)
From – To	R	K
0.00 to 43,953.00	15%	0
43,953.01 to 87,907.00	22%	3,077
87,907.01 to 136,270.00	26%	6,593
136,270.01 and over	29%	10,681

Canada employment credit

The non-refundable Canada employment credit is built into the federal payroll deductions tables. The federal Canada employment amount is the lesser of the following amounts:

- \$1,127; and
- the individual's employment income for the year.

The maximum annual non-refundable tax credit is \$169.05.

Pension income is not eligible for this credit. If you are paying pension income, use the Payroll Deductions Online Calculator to find the tax deduction.

Personal amounts

Most of the federal personal amounts for 2014 are revised.

Basic personal amount.....	\$ 11,138
Spouse or common-law partner amount.....	\$ 11,138
Amount for an eligible dependant.....	\$ 11,138

For more detailed information on the personal amounts, see Form TD1.

Provincial tax for 2014

Provincial indexing for 2014

On July 14, 2014 the Government of Ontario announced changes that affect payroll deductions. When we printed this publication, these changes had not yet become law. However, if passed, these changes would be retroactive. We recommend that you use the tables in this edition for withholding, starting with your first payroll in September 2014.

Tax rates and income thresholds

Ontario tax rates for the period of September to December 2014 are revised as follows:

Chart 2 – 2014 Ontario tax rates and income thresholds

Annual taxable income (\$)	Provincial tax rate (%)	Constant (\$)
From – To	V	KP
0.00 to 40,120.00	5.05%	0
40,120.01 to 80,242.00	9.15%	1,645
80,242.01 to 150,000.00	11.16%	3,258
150,000.01 to 220,000.00	14.16%	7,758
220,000.01 to 514,090.00	17.16%	14,358
514,090.01 and over	13.16%	-6,206

Ontario health premium

For 2014, the Ontario health premium is as follows:

- when taxable income is less than or equal to \$20,000, the premium is \$0;
- when taxable income is greater than \$20,000 and less than or equal to \$36,000, the premium is equal to the lesser of (i) \$300 and (ii) 6% of taxable income greater than \$20,000;
- when taxable income is greater than \$36,000 and less than or equal to \$48,000, the premium is equal to the lesser of (i) \$450 and (ii) \$300 plus 6% of taxable income greater than \$36,000;
- when taxable income is greater than \$48,000 and less than or equal to \$72,000, the premium is equal to the lesser of (i) \$600, and (ii) \$450 plus 25% of taxable income greater than \$48,000;
- when taxable income is greater than \$72,000 and less than or equal to \$200,000, the premium is equal to the lesser of (i) \$750 and (ii) \$600 plus 25% of taxable income greater than \$72,000; and
- when taxable income is greater than \$200,000, the premium is equal to the lesser of (i) \$900 and (ii) \$750 plus 25% of taxable income greater than \$200,000.

Surtax

For 2014, the Ontario's surtax is revised as follows:

- where the basic provincial tax payable is less than or equal to \$4,331, the surtax is \$0;
- where the basic provincial tax payable is greater than \$4,331 and less than or equal to \$5,543, the surtax is 20% of the basic provincial tax payable over \$4,331;
- where the basic provincial tax payable is greater than \$5,543, the surtax is 20% of the basic provincial tax payable over \$4,331, plus 36% of the basic provincial tax payable over \$5,543.

Tax reduction

For 2014, Ontario's tax reduction amounts are revised as follows:

Basic personal amount	\$ 223
Amount for each dependant under age 18	\$ 413
Amount for each dependant with a disability that the employee or pensioner has claimed on Form TD1ON	\$ 413

The reduction is equal to twice the individual's personal amounts minus the provincial tax payable before reduction. The reduction cannot be more than the provincial tax payable before reduction. The reduction is nil when the provincial tax payable before reduction is more than twice the personal amounts. Because of the way the reduction for dependants with disabilities is determined, we include only the basic personal amount in the provincial tax tables.

Personal amounts

For 2014, most of the provincial non-refundable personal tax credits are revised.

Basic personal amount.....	\$ 9,670
Spouse or common-law partner amount.....	\$ 8,211
Amount for an eligible dependant.....	\$ 8,211

For more detailed information on the personal amounts, see Form TD1ON, *2014 Ontario Personal Tax Credits Return*.

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

CPP contributions

There are no changes to the CPP contributions for the period of September 1, 2014 to December 31, 2014.

The maximum pensionable earnings for CPP are \$52,500 and the basic exemption for the year is \$3,500. The contribution rate is 4.95%. An employee's maximum contribution is \$2,425.50.

You stop deducting CPP when the employee reaches the maximum annual contribution for the year.

Note

As an employer, you have to remit these deductions along with your share of CPP contributions.

For more information, see Chapter 2, "Canada Pension Plan contributions" in Guide T4001, *Employer's Guide – Payroll Deductions and Remittances*.

EI premiums

There are no changes to the EI premiums for the period of September 1, 2014 to December 31, 2014.

The maximum insurable earnings for EI are \$48,600 and the premium rate is 1.88%. An employee's maximum annual premium is \$913.68.

You stop deducting EI when the employee reaches the maximum annual premium.

Note

As an employer, you have to remit these deductions along with your share of EI premiums.

For more information, see Chapter 3, "Employment Insurance premiums" in Guide T4001, *Employer's Guide – Payroll Deductions and Remittances*.

Personal tax credits returns (TD1 forms)

You may have to ask your employees or your pensioners to complete a federal and a provincial personal tax credits return using a federal Form TD1 and a provincial Form TD1.

For more information, see Chapter 5, "Deducting income tax" in Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

Claim codes

The total personal amount an employee claims on a TD1 form will determine which claim code you use. For 2014, the claim amounts that correspond to the federal claim codes are not the same as the claim amounts that correspond to the provincial claim codes. See Chart 3 and Chart 4.

Explanation of claim codes

Claim code 0

This code represents **no claim amount allowed**. If the federal claim code is "0" because the employee is a non-resident, the provincial claim code must also be "0."

Claim codes 1 to 10

The claim code amounts do not appear on either the federal or the provincial TD1 form.

You match the “Total claim amount” reported on your employee’s or pensioner’s TD1 forms with the appropriate claim codes. Then, you look up the tax for the employee’s pay under the claim code in the federal and provincial tax tables for the pay period.

Indexing of claim codes amounts

The credits that apply to each federal and provincial 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 and provincial TD1 forms for 2014, you continue to deduct income tax using the same claim code that you used last year.

Chart 3 – 2014 federal claim codes

Total claim amount (\$)	Claim code
No claim amount	0
11,138.00	1
11,138.01 to 13,266.00	2
13,266.01 to 15,394.00	3
15,394.01 to 17,522.00	4
17,522.01 to 19,650.00	5
19,650.01 to 21,778.00	6
21,778.01 to 23,906.00	7
23,906.01 to 26,034.00	8
26,034.01 to 28,162.00	9
28,162.01 to 30,290.00	10
30,290.01 and over	X The employer has to calculate the tax manually
No withholding	E

Chart 4 – 2014 Ontario claim codes

Total claim amount (\$)	Claim code
No claim amount	0
9,670.00	1
9,670.01 to 11,753.00	2
11,753.01 to 13,836.00	3
13,836.01 to 15,919.00	4
15,919.01 to 18,002.00	5
18,002.01 to 20,085.00	6
20,085.01 to 22,168.00	7
22,168.01 to 24,251.00	8
24,251.01 to 26,334.00	9
26,334.01 to 28,417.00	10
28,417.01 and over	X The employer has to calculate the tax manually
No withholding	E

Form TD1X, Statement of Commission Income and Expenses for Payroll Tax Deductions

If your employees want you to adjust their tax deductions to allow for commission expenses, they have to complete Form TD1X, *Statement of Commission Income and Expenses for Payroll Tax Deductions*.

You deduct tax from your employees' commission pay using the "Total claim amount" on their TD1 forms in the following situations:

- if your employees do **not** complete a Form TD1X; or
- if they tell you in writing that they want to cancel a previously completed Form TD1X.

How to use the tables in this publication

Use the tables in this publication to determine the CPP contributions, EI premiums, federal tax, and provincial tax that you will deduct from your employees' remuneration.

CPP tables (Section B)

The annual basic exemption is built into the CPP tables. Find the pages in Section B that correspond to your pay period.

- To find the range that includes your employee's gross pay (this includes any taxable benefits), look down the "Pay" column.
- In the shaded column next to the "Pay" column, you will find the CPP contribution that you should withhold from your employee's pay.

EI table (Section C)

- Find the page in Section C that corresponds to the "Insurable earnings" of your employee.
- To find the range that includes your employee's insurable earnings, look down the "Insurable earnings" column. When you use the table in this publication to determine the EI premiums, look up the insurable earnings for the period not the gross remuneration.
- In the shaded column next to the "Insurable earnings" column, you will find the EI premium that you should withhold from your employee's pay.

Tax deductions tables

If you are using the income tax tables in this publication to determine your employees' and pensioners' total tax deductions, you have to look up the amounts in the federal tax table and the provincial tax table.

To determine the total tax you deduct for the pay period, you must add the federal and provincial tax amounts.

Even if the period of employment for which you pay a salary is less than a full pay period, you must continue to use the tax deductions table that corresponds to your regular pay period.

Federal (Section D)

- Find the pages in Section D that correspond to your pay period.
- To find the range that corresponds to your employee's taxable income (this includes any taxable benefits), look down the "Pay" column.
- In the row under the applicable claim code, you will find the amount of federal tax that you should withhold from your employee's pay (for more information, see the section called "Claim codes" and Chart 3).

Provincial (Section E)

- Find the pages in Section E that correspond to your pay period.
- To find the range that includes your employee's taxable income (this includes any taxable benefits), look down the "Pay" column.
- In the row under the applicable claim code, you will find the amount of provincial tax that you should withhold from your employee's pay (for more information, see the section called "Claim codes" and Chart 4).

Example

You are an employer in Ontario. Sara, your employee, earns \$615 a week in 2014. She has a federal claim code 1 and a provincial claim code 1.

To determine Sara's federal tax deductions, you look at the weekly federal tax deductions table and find the range for her weekly salary, which is 610-618. The federal tax deductions for \$615 weekly under claim code 1 is \$50.95.

To determine Sara's provincial tax deductions, you use the weekly provincial tax deductions table. In the Ontario tax deductions table, the provincial tax deduction for \$615 weekly under claim code 1 is \$25.45.

Sara's total tax deduction is \$76.40 (\$50.95 + \$25.45). This amount of taxes will be included in your remittance to us.

Additional information about payroll deductions

Deducting tax from income not subject to CPP contributions or EI premiums

We have built the tax credits for CPP contributions and EI premiums into the federal and provincial tax deductions tables in this publication. However, certain types of income, such as pension income, are not subject to CPP contributions and EI premiums. As a result, you will have to adjust the amount of federal and provincial income tax you are deducting.

To determine the amount of tax to deduct from income not subject to CPP contributions or EI premiums, use the Payroll Deductions Online Calculator, available at www.cra.gc.ca/pdoc. On the "Salary calculation" and/or on the "Commission calculation" screen, go to Step 3 and select the "CPP exempt" and/or "EI exempt" option before clicking on the "Calculate" button.

Step-by-step calculation of tax deductions

You can use the following step-by-step calculations to calculate the tax deductions for any employee or pensioner who earns more than the maximum amounts included in the tax deductions tables.

The example shows you how to determine the amount of tax to deduct from all income.

However, if you design your own payroll program or spreadsheets to calculate tax deductions, do not use either of these calculations. Instead, see Publication T4127, *Payroll Deductions Formulas for Computer Programs*.

Example

Tax to deduct for all income

This example applies to a person who earns \$1,100 weekly and contributes \$80 to a registered retirement savings plan (RRSP).

This person claims the basic personal amount.

Calculate annual taxable income

	Description	Sub-amounts	Amounts
(1)	Gross remuneration for the pay period (weekly)		\$ 1,100.00
(2)	Minus		
	■ the other amounts authorized by a tax services office	0.00	
	■ the RRSP contributions*	<u>80.00</u>	
			- <u>80.00</u>
	* This amount has to be deducted at source.		
	* Note		
	If you have an employee you paid by commission, subtract the total expenses reported on Form TD1X from the gross remuneration reported on Form TD1X if applicable.		
(3)	Net remuneration for the pay period		\$ 1,020.00
(4)	Annual net income (\$1,020 × 52 weeks)		\$ 53,040.00
(5)	Minus the annual deduction for living in a prescribed zone, reported on Form TD1		- <u>n/a</u>
(6)	Annual taxable income		\$ 53,040.00

Calculate federal tax

Description	Sub-amounts	Amounts
(7) Multiply the amount on line 6 by the federal tax rate based on Chart 1.		× <u>0.22</u> \$ 11,668.80
(8) Minus the federal constant based on the annual taxable income on line 6 (see Chart 1)		– <u>3,077.00</u>
(9) Federal tax (line 7 minus line 8)		\$ 8,591.80
(10) Minus the federal tax credits:		
■ the total of personal tax credit amounts reported on the federal Form TD1	\$ 11,138.00	
■ the CPP contributions for the pay period multiplied by the number of pay periods in the year (annual maximum \$2,425.50)*	2,425.50	
■ the EI premiums for the pay period multiplied by the number of pay periods in the year (annual maximum \$913.68)*	913.68	
■ the Canada employment credit (annual maximum \$1,127.00)	<u>1,127.00</u>	
Total	\$ 15,604.18	
* Note		
When the maximum CPP contributions or EI premiums for the year is reached, use the maximum amount for later calculations		
(11) Multiply the total on line 10 by the lowest federal tax rate for the year.	× <u>0.15</u>	
(12) Total federal tax credits		– <u>2,340.63</u>
(13) Total federal tax payable for the year (line 9 minus line 12)		\$ <u>6,251.17</u>

Calculate provincial tax

Description	Sub-amounts	Amounts
(14) Basic provincial tax for Ontario: Multiply the amount on line 6 by the provincial tax rate based on Chart 2.		\$ 4,853.16
(15) Minus the provincial constant based on the annual taxable income on line 6 (See Chart 2)		– <u>1,645.00</u>
(16) Provincial tax on income for Ontario (line 14 minus line 15)		\$ 3,228.16
(17) Minus the provincial tax credits:		
■ the total of personal tax credit amounts reported on Form TD1ON	\$ 9,670.00	
■ the CPP contributions for the pay period multiplied by the number of pay periods in the year (annual maximum \$2,425.50)*	2,425.50	
■ the EI premiums for the pay period multiplied by the number of pay periods in the year (annual maximum \$913.68)*	<u>913.68</u>	
Total	\$ 13,009.18	
* Note		
When the maximum CPP contributions or EI premiums for the year is reached, use the maximum amount for later calculations		
(18) Multiply the total on line 17 by the lowest provincial tax rate for the year.	× <u>0.0505</u>	
(19) Total provincial tax credits		– <u>656.96</u>
(20) Basic provincial tax (line 16 minus line 19)		\$ 2,551.20
(21) Provincial surtax		
■ Where line 20 is less than or equal to \$4,289, the surtax is \$0		
■ Where line 20 is greater than \$4,289 and less than or equal to \$5,489, the surtax is 20% of line 20 that is more than \$4,289	\$ 0.00	
■ Where line 20 is greater than \$5,489, the surtax is 20% of line 20 that is more than \$4,289 plus 36% of line 20 that is more than \$5,489	<u>0.00</u>	
Provincial surtax		+ <u>0.00</u>
(22) Total provincial tax including surtax		\$ 2,551.20
(23) Ontario health premium		
Determine the premium based on the annual taxable income (line 6) and the explanation on page A-7.		

The premium is whichever amount is less:

- (i) \$600; or
- (ii) \$450 **plus** 25% of taxable income greater than \$48,000 and less than or equal to \$72,000:

+ 600.00

(24) Provincial tax payable before reduction (line 22 plus line 23)

\$ 3,151.20

(25) **Minus** the provincial tax reduction:

The lesser of:

(i) the total provincial tax payable on line 22; and

\$ 2,551.20

(ii) twice the applicable personal amounts

\$ 446.00

minus the amount on line (i) above.

- 2,105.20

If the result is negative, substitute \$0.

\$ 0.00

- 0.00

(26) Total provincial tax payable for the year (line 24 minus line 25)

\$ 3,151.20

Calculate total tax and the tax deduction for the pay period

Description	Sub-amounts	Amounts
(27) Total federal and provincial tax deductions for the year (line 13 plus line 26). If the result is negative, substitute \$0.		\$ <u>9,402.37</u>
(28) Tax deduction for the pay period: Divide the amount on line 27 by the number of pay periods in the year (52).		\$ <u>180.81</u>

Your opinion counts!

If you have any comments or suggestions that would help us improve this publication, we would like to hear from you. Please send your comments to:

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