

Canadian Payroll Association Applauds Federal Budget Measures that Will Save Employers over \$100 Million Annually

Budget Details Reduce Paper Burden Costs

OTTAWA (March 22, 2017) – The Canadian Payroll Association (CPA) commends the Federal government for its progressive steps to reduce paper burden costs for employers. The Federal Budget 2017, tabled today by Finance Minister Bill Morneau, introduced measures that enable employers to save over \$100 million annually by providing electronic T4s (e-T4s) to employees as the standard delivery method with no additional costs to the government.

Current government data shows that 84% of Canadians file their personal tax returns electronically with the Canada Revenue Agency (CRA), so there is no need for employers to administer, print, mail and file over 20 million paper T4 slips that are not used.

Canada's 1.5 million employers annually pay over \$928 billion in wages and taxable benefits, \$313 billion in payroll remittances (including personal income tax, Canada Pension Plan and Employment Insurance contributions) to federal and provincial governments, and \$177 billion in health and retirement benefits. They also create, print and distribute more than 26 million T4s, 8 million T4As and 7 million Releve-1s to comply with the current paper-based tax administrative processes. These payroll remittances represent more than 60% of federal government revenues and are significantly more than corporate and consumption taxes combined.

Electronic T4 Delivery a Win-Win for Employers and Government

Since Budget 2010, the CPA has supported the federal government's cost-saving initiative that requires every employer filing more than 50 T4 slips to provide them to the CRA electronically.

Through the CRA's online 'Auto-fill my return' service, the Agency has been providing Canadians with access to these electronic T4s to complete their tax returns for the last two years, further negating the need for paper T4s. Today's announcement enables more employers to harness these same efficiencies by distributing the employee's copy of the T4 electronically as the standard delivery method.

CPA survey results from 5,600 employees in 2016 showed that 95% are neutral or prefer to receive T4s electronically and one-third of employers indicated they already provide e-T4s to employees.

Electronic T4s are more secure than paper T4s and are the next logical extension of technology after electronic funds transfers (97%) and electronic pay statements (80%).

“The CPA has been advocating for legislation enabling employers to provide e-T4s to employees as the standard delivery method, and we thank the CRA and the Ministry of Finance for making this best practice a reality,” said Patrick Culhane, President of the CPA. “This step forward is a result of us providing CRA representatives with data on the benefits of technology for employers and employees. E-T4s are more secure and this change will save employers over \$100 million dollars annually considering the cost of administering a paper T4 is \$5 per slip and over 20 million slips are never used.”

Other Impacts on Payroll:

Proposed Changes to Employment Insurance (EI) Program

- The EI rate is projected to remain at \$1.68 per \$100 of insurable earnings for 2018.
- A new caregiving benefit of up to 15 weeks for those providing care to an adult family member who requires significant support in order to recover from a critical illness or injury.
- Changes to parental benefits enabling parents the choice of up to 18 months of parental leave at a lower benefit rate of 33 per cent of average weekly earnings or the current 12 months at the existing benefit rate of 55 per cent.
- Women may also choose to claim maternity benefits up to 12 weeks before their due date (up from the previous 8 weeks).

Modernization Efforts

- Based on the recommendations in the *EI Service Quality Review Report*, which is supported by the CPA, the Government is proposing to provide \$12.1 million to Employment and Social Development Canada (ESDC) to develop more modern EI service delivery approaches. The CPA will work with ESDC and Service Canada to explore using real-time payroll data to increase service delivery quality for EI claimants, which would eliminate \$150 million in direct costs for employers and reduce millions in overpayments and bad debts. This is further supported by the Budget’s proposed measure to make high-speed Internet access available in rural and remote communities.

Proposed Changes to Taxable Benefits and Allowances

- Effective 2018, the \$25,000 home relocation loan deduction will be eliminated.
- Effective 2019, the non-accountable allowance paid to municipal officers will be eliminated.

Other Measures That May Impact Payroll Include:

- The elimination of Canada Savings Bonds in 2017;
- Changes to the Temporary Foreign Worker Program and Labour Market Impact Assessment;
- Increasing work opportunities for Canadians living with disabilities;
- Proposed work permit exemptions for short duration work terms under the Global Skills Strategy;
- Changes to the *Canada Labour Code*, which covers federally-regulated workers; and
- Efforts to increase compliance with the CRA through a crackdown on tax evasion.

The CPA will continue to monitor these and other measures and communicate additional information to its members.

CPA Continues Advocacy on Behalf of Employers

The CPA is instrumental in working with the CRA, Service Canada, ESDC and other federal, provincial and territorial government bodies on behalf of Canadian employers. We look forward to working with Government representatives in future years on the introduction of an additional remittance date for Threshold 2 remitters with irregular taxable benefits; the re-instatement of a retiree life insurance threshold; indexing taxable benefits thresholds for inflation; an online social insurance number (SIN) verification tool; and further improvements to EI legislation to improve the efficiency and effectiveness of regulatory administration for all stakeholders.

About the Canadian Payroll Association:

Since 1978, the Canadian Payroll Association (CPA) has annually influenced the payroll compliance practices and processes of over five hundred thousand organizational payrolls. As the authoritative source of Canadian payroll compliance knowledge, the CPA promotes payroll compliance through advocacy and education. For more information on the Association's [Professional Development Seminars](#), [Certification Programs](#), and the [Benefits of Membership](#) visit payroll.ca.

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