Payroll Compliance Update

Klaudia Fetcas, Manager - Payroll

- Expense Reimbursement vs. Taxable Benefits
- SIN Cards and Employer’s Responsibility
- Payroll Administration
- Payroll Audit
- Year End T4s

February 2015
## Expense Reimbursements vs. Taxable benefits

### Expense Reimbursements
- Amounts paid to employees to cover expenses that they have incurred on behalf of the organization in performance of their job.
- These expenses are part of the organization’s cost of doing business.
- These amounts are not included in the calculation of an employee’s pay.
- They are claimed on an expense report supported by receipts via Accounts Payable.
  - e.g. Business related travel – flight and accommodation.

### Taxable benefits
- Amounts paid to or on behalf of employees that are personal in nature and are to the employees’ benefit.
- A non-cash taxable benefit is a payment made to a third party on behalf of the employee.
  - e.g. – Employer paid MSP premiums, Life Insurance, Bus Pass.
- A cash taxable benefit is a reimbursement for money paid for the benefit.
  - e.g. - yoga classes, legal fees, some memberships.
- A near-cash taxable benefit is a payment easily converted to or useable as cash.
  - e.g. – Gift Certificate, gift cards.
Taxable benefits

- Cash Donations
  
  - As per section 56 (2) of the Income Tax Act, if an employee forgoes the right to a gift or award the amount is also considered a taxable benefit
    
    - a non-cash gift in lieu of donation in excess of $500 will be treated as taxable to the employee
    
    - a cash, or near-cash gift in lieu of donation will be treated as taxable to the employee.

- For more details on taxable benefits use the Canada Revenue Agency’s T4130: Employers' Guide - Taxable Benefits and Allowances
Phasing out plastic SIN cards

- Service Canada discontinued the production of plastic SIN cards effective March 31, 2014 – new applicants receive a paper document now.

Name changes

- By law, when a person changes his/her name due to marriage or other circumstances, the person must apply to update their SIN record under the new name within 60 days.

CRA - about SIN

Employer’s Responsibility

- Request to view and record the employee’s SIN within three days of commencing employment – view other piece of identification for SIN validation

- If the SIN starts with a 9, the employer must be provided with a copy of a valid work permit

- Safeguard the privacy of employee by protecting personal information from theft or misuse

- Alert Service Canada if you suspect a misuse of a SIN
More than one job at UVic

- Hiring departments - be aware that if an employee holds another position at UVic as it may increase the overall FTE to more than 1.
- Ask the question to prevent complications such as:
  - Overtime liability
  - Non-compliance with Employment Standard due to maximum hours work per week
  - Incorrect hours reported to Service Canada for Record of Employment purposes

Submission of Payroll Paperwork

- All Payroll forms must be submitted in accordance with the Payroll Calendars and Schedules
- Departments should organize their schedule and completion of paperwork (including signatures and mail delivery) around Payroll deadlines
- Late processed paperwork such as appointments/timesheets create Labour Relations issues due to non-compliance with the Employment Standards Regulations
Records Retention for Casual Employees

- Retain only the information that was not submitted to Payroll
  - e.g. In a case of a timesheet - retain only the work schedule that supports the information recorded on the timesheet
- Follows the same rule as all other payroll documents – retain for 7 years and then destroy – refer to the UVic Secure Destruction Policy IM7700
- For more information refer to the Record Management Policy IM7700

Payroll Timesheet Approval

- Only direct supervisors responsible for hiring and managing staff, or above (Department Heads, etc.) can approve timesheets for hours worked.
- The New or Rehire Payroll Form used for Department and Web Time Entry is now changed to incorporate not just the signature of the person completing the form but also the signature of the Account Holder

New-rehire-form-web-time-entry
Year-end Form Distribution

- CRA reminds employers not to mail tax slips to former employees if are aware that their last known address is invalid – might place the employee’s privacy at risk
- The employer must make a reasonable attempt to obtain a new address, hold the employee copy of tax slip, and make note of the reason for not mailing.

2014 T4s

- Are available online since Feb 13/15
- Employees are encouraged to consider the electronic version of the T4s to reduce the campus community’s foot print and to take advantage of web based options as they do for payroll deposit information
- 2014 Printed T4 will be distributed and mailed out no later than February 27th.