



## **PAYROLL DEDUCTION ONLINE CALCULATOR INSTRUCTIONS (last revision April, 2017)**

Payroll calculation and remittance can be a stressful activity for congregational treasurers who are not able to keep up with the latest legislation that impacts the salary and deductions that effect staff pay if you do not have access to third party software that calculates payroll for you.

To assist with this, Canada Revenue Agency has a helpful online tool that requests the necessary inputs from the user and then calculates most of the relevant deductions to arrive at the appropriate net pay that a gross salary should provide.

The following is a step by step instruction (including web site screen shots, sample data, and additional explanations in red) for how to use this online tool. If you have any questions about the tool or these instructions, please contact Sean East at the MCEC Office ([seast@mcec.ca](mailto:seast@mcec.ca), 1-855-476-2500, ext. 702)

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- 1. Go to <http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/pdoc-eng.html>. After reading through the description of the online calculator tool, click on the radial button underneath the description that says "I Accept" to proceed.**

### **Payroll Deductions Online Calculator**

Use the Payroll Deductions Online Calculator (PDOC) to calculate federal, provincial (except for Quebec), and territorial payroll deductions. It will confirm the deductions you include on your official statement of earnings. You assume the risks associated with using this calculator. The reliability of the calculations produced depends on the accuracy of the information you provide.

#### **What you need to know**

To limit the risks you take when using PDOC, we recommend that you do the following:

##### **Clear your cache**

Clear your Internet browser cache and close the browser after you complete your calculations. Although we do not keep any of the information you enter, the information does remain in your session for up to 30 minutes of inactivity. Information stored within your browser could be viewed by others.

##### **Create your own statements of earnings**

Do not use your printed calculations as an official statement of earnings. An official statement of earnings must have certain information that the calculator does not include. Follow provincial or territorial employment standards to create complete statements of earnings.

#### **What's new**

Updated tax rates, effective January 1, 2017.

#### **Use the calculator**

To continue, select 'I accept' below.

Select the type of calculation required. In virtually all cases, “Salary” is the correct choice. Hit the radial button that says “Next”.

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## Payroll Deductions Online Calculator

To calculate provincial payroll deductions for Quebec, download the WINRAS program from [Revenu Québec](#) (Note: this link will load in another window or tab).

Select the type of calculation **(required)**

- ☒ Salary
- ☐ Commission (Use only if the employee incurs expenses and Form TD1X has been completed)
- ☐ Pension
- ☐ Verify CPP contributions and EI premiums

Fill in the relevant identification and payroll information as noted below. When completed, hit the radial button that says “Next”.

### Salary calculation: Step 1 of 3

[Privacy Alert](#) (Note: this link will load in another window or tab)

Employee's name

Employer's name

Province or territory of employment **(required)**  (select appropriate province)

Pay period frequency **(required)**  (indicate pay period frequency)

Date the employee is paid **(required)** (Enter the date on which the employee will be paid)

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Fill in the relevant salary and non-statutory deductions information. When completed, hit the radial button that says “Next”.

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## Salary calculation: Step 2 of 3

### Gross Income

Salary or wages income per pay period (required)

\$  Enter gross salary per pay period here.

### Vacation pay

\$  For non-salary staff, if a vacation pay amount is paid out each pay period, enter it here.

Add a bonus or retroactive payment: **Typically will not apply.**

- ☐ A bonus payment
- ☐ A retroactive payment
- ☒ No bonus or retroactive payment

Select any of the following that apply:

- ☒ Taxable benefits and allowances provided to your employee (such as parking, cell phone use, Internet use, employee training) **Must select if church pays for life insurance premiums through the MC Canada Benefit Plan or provides other non-salary benefits as noted.**
- ☐ Employer's contributions to the employee's RRSP **Usually not applicable**
- ☒ Employee's contributions to RRSPs or RPPs or PRPPs **Required for any employee who is a member of the MC Canada pension plan**
- ☐ Union dues **Usually not applicable**
- ☐ Annual deduction for living in a prescribed zone **Usually not applicable**
- ☐ Other deduction amounts approved by a tax services office **Required only if provided with a letter approving non-clergy residence deduction amounts from your local tax services office.**
- ☐ Alimony or maintenance payments **Required only if requested by a court order** (for garnishment or a similar order of a court or competent tribunal)
- ☐ Tax exempt for Aboriginal peoples, if employment income is situated on a reserve **Not usually applicable**

For a member of the clergy, select one of the following:

- ☐ Housing benefit
- ☐ Housing allowance
- ☒ No housing benefit or allowance
- ☐ No selection

“No housing benefit or allowance” is the usual selection. If a Housing benefit or allowance is being paid, select this option accordingly.

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Fill in the remaining deduction information as required. When completed, hit the radial button that says "Next".

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## Salary calculation: Step 2 of 3

**Taxable Benefits and Allowances** (if particular benefits/allowances are being paid outside of expense reimbursement or per km trip mileage and payments related to benefit plan, consult the [CRA Benefits and Allowances Chart](#) or call CRA to confirm the proper treatment of the benefit/allowance)

For help on whether the benefit is cash or non-cash, and insurable or not insurable for EI, see the [Benefits and Allowances Chart](#) (Note: this link will load in another window or tab).

Cash, insurable for EI Typically 0.00 unless there is a non-standard cash benefit or allowance

\$

Non-cash, insurable for EI Typically 0.00 unless there is a non-standard non-cash benefit or allowance

\$

Non-cash, not insurable for EI Typically an amount equal to the per pay cost of Life, AD&D, and Dependent Life insurance premiums part of the standard MC Canada Benefit package **including PST**.

\$

### Employee's Contributions to RRSPs or RPPs or PRPPs

Employee's contributions to a RRSP (deduct at source) Typically 0.00

\$

Employee's contributions to a RPP (deduct at source) Enter the amount of the employee contribution to the MC Canada Pension Plan, typically 4% or 5% of gross salary

\$

Employee's contributions to a PRPP (deduct at source) Typically 0.00

\$

### Clergy Residence Deduction

Select the following box, if it applies. (if no letter has been received, leave the check box blank)

☒ Your employee has given you a letter of authority approved by a tax services office.

Clergy residence deduction

\$

If a letter of authority has been received, enter the amount indication in the letter

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**Fill in the TD1 Claim amounts and YTD CPP and EI information when applicable (see more detailed explanation below). When completed, hit the radial button that says “Calculate”.**

Notes:

Both CPP and EI have maximum annual contributions that could be triggered and change net pay for your employees if their gross salary for the year is above certain thresholds. Unless there is an agreement between the congregation and employee to ignore these thresholds (keeping CPP and EI deductions constant for the year) and for the employee to recover their overpayment through income taxes, this may involve recalculating employee pay periodically during the year. Some treasurers choose to simply return to this tool every pay period and recalculate the net pay even if nothing will change to manage these thresholds in a systematic way.

For the calendar year, 2017:

1. If an individual employee salary is LESS than \$51,300 then neither the CPP or EI contributions will max out during the year. A change to the calculation of CPP and EI will not be necessary.
2. If an individual employee salary is MORE than \$51,300 but LESS than \$55,300, only their EI contributions will max out during the year.
3. If an individual employee salary is MORE than \$55,300 then both the CPP and EI contributions will max out during the year.

Thresholds can change year to year and should be verified every calendar year. What this means practically for employee's with salary greater than \$51,300 is:

1. If an employee gross pay for the year is between \$51,300 and \$55,300, this calculation would be done once in January, once in the pay period where year-to-date gross salary goes over \$51,300, and once more in the next pay period. This would be in addition to any re-calculations due to a change in salary or MC Canada Benefit Plan costs shared with the pastor.
2. If an employee gross pay for the year is more than \$55,300, this calculation would be done once in January and then be redone once for the pay period where year-to-date gross salary goes over \$51,300, once more for the next pay period, then again in the pay period where year-to-date gross salary goes over \$55,300 and in the next pay period. This would be in addition to any re-calculations due to a change in salary or MC Canada Benefit Plan costs shared with the pastor.
3. To recalculate a salary based on exceeding the threshold for CPP or EI, the only calculation change will be in the final screen for step 3 of 3. After selecting the TD1 claim code, you will either:
  - a) If the threshold is exceeded for CPP or EI during the current pay period, select the radial button “Year to date Amount” and enter both the year-to-date pensionable/insurable earnings and year-to-date CPP/EI contributions related to that employee in the labeled boxes.
  - b) If the threshold has already been exceeded for CPP or EI during a prior pay period, select the radial button CPP/EI Maximum Annual Contribution of \$\*\*\*\*.\*\* has been reached. No further action or input is required.

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# Salary calculation: Step 3 of 3

## TD1 Federal and TD1 Provincial Tax Credit Return

Total claim amount from employee's federal Form TD1

Minimum - 11,635.00 (Claim code 1)

Select Federal TD1 Claim code based on employee completed form. If no form, select Minimum.

Requested additional tax deductions from Form TD1

\$ 0.00

Enter additional tax deductions requested by employee. If no request, enter 0.

Total claim amount from employee's provincial Form TD1

Minimum - 10,171.00 (Claim Code 1)

Select Provincial TD1 Claim code based on employee completed form. If no form, select Minimum.

### Canada Pension Plan (CPP)

- ☐ CPP maximum annual contribution of \$ 2,564.10 has been reached (select if YTD salary over \$51,300)
- ☐ CPP Exempt (typically not used)
- ☒ Year-to-date amount (from your records) (select if YTD salary less than \$51,300)

Pensionable earnings year-to-date (Enter YTD pensionable earnings prior to the current pay period)

\$ 0.00

CPP contributions deducted year-to-date (Enter YTD CPP contributions prior to the current pay period)

\$ 0.00

### Employment Insurance (EI)

- ☐ EI maximum annual premium of \$ 836.19 has been reached (select if YTD salary over \$55,300)
- ☐ EI Exempt (typically not used)
- ☒ Year-to-date amount (from your records) (select if YTD salary less than \$55,300)

Insurable earnings year-to-date (Enter YTD insurable earnings prior to the current pay period)

\$ 0.00

EI premiums deducted year-to-date (Enter YTD EI contributions prior to the current pay period)

\$ 0.00

Employer's Employment Insurance (EI) Premium Rate

The employer's EI premium is equal to 1.4 times the employee's premium, unless a reduced rate applies. If a reduced rate applies, enter the rate in the field: 1.400 (Typically no reason to change this from default)

Calculate

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Review and print the results.

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## Salary calculation: Result

Employee's name: A Pastor

Employer's name: A MCEC Congregation

Pay period frequency: Semi-monthly (24 pay periods a year)

Date the employee is paid: 2017-01-15 (YYYY-MM-DD)

Province of employment: Ontario

Federal amount from TD1: Minimum - 11,635.00 (Claim code 1)

Provincial amount from TD1: Minimum - 10,171.00 (Claim Code 1)

Salary or wages income	2,000.00
<b>Total cash income</b>	<b>2,000.00</b>
Taxable income for the pay period	1,591.98
Pensionable earnings for the pay period	1,591.98
Insurable earnings for the pay period	2,000.00
Federal tax deduction	143.09
Provincial tax deduction	71.75
Total tax deductions	214.84
CPP deductions	71.58
EI deductions	32.60
<b>Total deductions</b>	<b>319.02</b>
<b>Net amount</b>	<b>1,680.98</b>

**Note:** There is nowhere in the online calculator to enter the deduction from employee pay for Long Term Disability premiums and for the employee contribution to Extended Health and Dental premiums. These deductions are after tax deductions and will have to be manually deducted from the Net amount shown above to calculate the final employee net pay.

## Taxable benefits (non-cash)

Non-cash, not insurable for EI 8.65

**Year-to-Date Amounts Inputted Value Total for this Record**

Pensionable earnings	0.00	1,591.98
CPP contributions	0.00	71.58
Insurable earnings	0.00	2,000.00
EI premiums	0.00	32.60

The printed calculations created by PDOC are **not intended to be used as a statement of earnings**. Please contact your employment standards representative for all of the information legally required on a statement of earnings specific to your province or territory.

Employer Remittance Summary		
Print/Save Result	Print/Save Combined Result	
Modify the Current Calculation	Next Calculation	Start Over