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Year-End Procedure and New Features - 2015

User's Guide



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Section 1

Introduction

1. Performing the Payroll Year-end Procedure

The **ear-end and New Features** Guide contains both information required to run the Payroll year-end procedure as well as details of new tax regulations and improvements made to the Payroll application. For more about the new features, see What's New for 2015 12.

Notice: When you have a service plan, software updates are regularly available on the Internet in order to keep your application current with the latest tax regulations. This guide references certain changes to the law. However, the various guides provided by government agencies such as Human Resources and Skills Development Canada (HRSDC), the Canada Revenue Agency (CRA) and Revenu Qu bec remain the main reference documents.

2. About this Guide

This guide provides an overview of form production tasks. It is designed to familiari e the user with the program and its navigation while giving an idea of its overall operation.

It is structured in the chronological order of steps to be performed. Each step is described individually from form creation, modification and production through to form transmission via Internet. In addition, certain steps contain a **More** section that provides additional information on certain subjects.

Caution: All the steps are essential and must be performed in order.

For detailed procedures or functions of a particular field, see the Help Topics (**Info** menu).

3. Summary of Payroll Year-end Steps

Input menu, **Pa roll**, **ear-End** or 

This table presents a summary of the steps to perform in the Payroll year-end procedure.

	Step	Objective	Procedure
1	Prior to the Year-End 6	• Transfer amounts to the General Ledger • Print audit trail for closing year • Ready the system for the year-end procedure	1. Produce a payroll journal. 2. Produce all remittance journals. 3. Print a provisions statement for the CSST (WCB). 4. Print a Condensed Statement of Earnings. 5. Print a statement of support payments. 6. Deactivate functions for employees to be deleted from the system. 7. Produce a projection report for expired HR banks as well as an HR bank statement.
2	Backup Copy	• Archive all company data	For more information, see Making a Backup Copy.
3	Year-End Procedure 7	• Backup payroll data for the current year. • Make available next year's periods. • Ready the system for the creation of government returns for the year being closed.	1. Accept the creation of the Payroll data backup. 2. Accept or refuse the deletion of inactive positions. 3. Launch the year-end procedure.
4	Payroll Update	• Run the payroll according to the regulations in effect for the new year	For more information, see Update via Internet under the **Occasional Tasks** section of the System Manager application.
5	Before Running the First Payroll 11	• Make changes to the Payroll application that cannot be made in the course of the year. • Ensure that amounts that vary from year to year are correct.	1. Adjust Payroll configuration and validate the type of earnings associated with each salary line. 2. Adjust departments. 3. Delete inactive employees. 4. Adjust employees (personal exemption amounts, indexation of support payments). 5. Adjust the HSF rate in the table. 6. Adjust HR banks.
6	First Payroll Entry 14	• Learn about the new tax regulations • Take necessary actions to implement the new regulations	1. The following taxable benefits were adjusted. • Tuition fees and scholarships • Stock options

Section 2

Payroll Year-End

1. Payroll Year-end Prerequisites

Input menu, **Pa roll**, **ear-End** or 

The Payroll year-end procedure consists of archiving all the employee payroll data in order to begin a new year.

The prerequisite steps prepare Payroll data for the year-end procedure. They ensure that all the entries are transferred to the General Ledger, because once the year-end procedure has been run, data from the preceding year will no longer be easily accessible. It is , therefore, important to keep printed copies.

2. Prior to the Year-End

Input menu, **Pa roll**, **ear-End** or 

1. All pays issued in the current year must be printed.

2. Print a summary or detailed **Pa roll Journal** including the last pay period (additional pay period) (**Report** menu, **Pa roll**, **Pa roll Journal**).

3. Print a federal, provincial or combined **Remittance Journal** dated December 31st (**Report** menu, **Pa roll**, **Remittance Journal**, **Government** tab).

4. **SP**: When the **Support Pa ments** option is activated, a **Remittance Journal** for the support payments dated December 31st must be printed (**Report** menu, **Pa roll**, **Remittance Journal** , **Support Pa ments** tab).

5. **CCQ**: Employers subject to the Commission de la construction du Qu bec must print a **CCQ Remittance Journal** dated the last Saturday of December for the closing year (**Report** menu, **Pa roll**, **Remittance Journal**, **CCQ** tab). There are two possible situations:

   A) The first situation occurs when days worked in January are paid in December. These amounts will not appear in January's report. This is why after producing the report dated the last Saturday in December, a second one containing the last days of the year must be produced and dated December 31st . It is then annexed to January's report.

   B) The second situation occurs when days worked before the December's journal remittance date are paid in January. Therefore, at the beginning of the following year a second CCQ report must be produced for those days worked in December and it must be annexed to the report produced before the end of the year.

6. **CSST**: When CSST (WCB) provisions are used, a provisions statement must be printed (**Report** menu, **Pa roll**, **Pa roll Reports**, **Pa roll Statement** tab). In the **T pe of Statement** box, select **CSST** (**CB**). CSST provisions were paid according to the estimated wage bill at the beginning of the year. This statement indicates whether or not the company must pay an additional amount to avoid any penalties.

7. A **Condensed**-type **Statement of Earnings** must be printed for the last period including the periods without earnings for all active and inactive employees in each department. This **Statement of Earnings** is used to check amounts when producing RL-1s and T4s after the year-end (**Report** menu, **Pa roll, Pa roll Reports**, **Pa roll Statement** tab, **Statement T pe** group box: select **Earnings, Earnings Statement** group box: select **Condensed**).

8. **SP**: When the **Support Pa ments** option is activated, a **Statement of Support Pa ments** including all periods, for all active and inactive employees in each department must be printed (**Report** menu, **Pa roll Reports**, **Pa roll Statement** tab, **Statement T pe** group box: select **Support Pa ments)**.
9. Deactivate employee functions that can be automatically deleted during the year-end procedure. (**Input** menu, **Pa roll**, **Inactive Emplo ees)**.
10. When **Human Resources** is active.

    HR: Produce a **Projection**-type report for HR banks whose expiration dates have been reached (**Report** menu, **Pa roll**, **Pa roll Reports**, **HR Bank Reports** tab, in the **Projection T pe** group box select **Expiration**): select **Projection**, **Projection T pe** group box: select **Expiration**).

    In addition, an HR Bank statement must be produced (**Report** menu, **Pa roll**, **Pa roll Reports**, **HR Bank Reports** tab, **Report T pe** group box: select **Statement** in the **List T pe** group box: select **Detailed**).
11. Ensure that the dates in the unused departments fall within the year being closed.
12. **Pa roll Service** or **M Pa cheque.net**: When these applications are active, publish data on the Web Portal.

3. Year-End Procedure

Input menu, **Pa roll**, **ear-End** or 

The year-end procedure creates a payroll backup copy and clears the periods readying them for the next year. This procedure must be run at the end of each calendar year. However, it is wise to make a complete backup copy of your data before proceeding.

Caution: Once complete the procedure cannot be cancelled.

Note: Click **No** or **Cancel** before the end of paragraph 8 of the procedure to stop the entire process.

Note: The user running the procedure must be the only user in the system.

1. Under the **Pa roll (Input)** tab, click **ear-End** .

   A message appears with a description of the Year-End procedure and a list of preliminary steps to complete prior to running the procedure.

   Caution: When no pay has been entered for the current year, the following message is displayed: ***Do yo eally ant to oceed to yea X?*** Should you happen to close the same year twice, click **es**.

2. Click **es**.

   A message is displayed showing the list of reports you should produce for your records before running the Year-End procedure.

   Note: To produce a statement, click **No** to interrupt the procedure.

   Note: When a prerequisite step has not been completed, a report is displayed showing all the steps leading to running the Year-End procedure. Click **Print Report** 

for a hard copy. For more details on the preliminary steps, see Prior to the Year-End 6.

3. Click **es.**

   A message is displayed suggesting that you make a copy of your payroll data.

4. Click **es.**

   A message is displayed informing you that the copy has been made. Data from the Payroll, System Manager and General Ledger applications are stored in the company's folder (**F1000.dta**) in a folder named ***ZPAXX Name o Com any*** where XX represents the year.

5. Click **OK**.

   When certain employees have inactive functions, a message is displayed informing you these functions can be deleted.

6. To retain the inactive functions and the inactive employees, click **No**.

   OR

   To delete the inactive functions, click **es**. In the window displayed, select the inactive functions to delete and, if necessary, specify the function in which to transfer the vacation and HR bank balances, then click **OK**.

   When all the functions of an employee have been deleted, the information entered under the **Emplo ee Information** and **File** tabs of the **Emplo ee** window is archived for a period of two years; after which, the employee is automatically deleted. To consult this information, enter the number of the archived employee in the **Number** box of the **Emplo ee** window. However, this employee is still active.

   Note: It is also possible to delete inactive functions individually. For more information, see Before Running the First Payroll 11.

   The **Pa roll Configuration** window is displayed.

7. If necessary, modify the payroll lines for the next year then click **Save**.

   Note: This step can be performed later. For more information, see Before Running the First Payroll 11.

   A message is displayed stating that the Year-End procedure can be run and that you will not be able to cancel it.

8. To run the Year-End procedure, click **es**.

   Emplo ee Advances: When this complement is active, a message is displayed notifying you that the year-end procedure must be performed in this element. Then the **Advance Log** report can be printed to archive the year's data prior to its deletion. Click **es**.

   A status bar shows the progress of the Year-End procedure. A message is displayed once the procedure is complete.

9. In the **Department** window, ensure that the dates entered in the **Range** group box in each department correspond to those of the new year.

   The Year-End procedure was successfully completed.

4. More on the Year-End Procedure

Input menu, **Pa roll**, **ear-End** or 

Negative Cumulative Pa roll Line

When the cumulative amount of a payroll line is negative, an error report is generated upon running the Year-End procedure. An adjustment must be made in the opening balances for the concerned employees. The opening balances can be corrected in the **Emplo ee Consultation** window by selecting period **0** in the **Period** box and by making necessary corrections to the appropriate lines.

Accumulated Vacation Amounts

When running the year-end procedure, the amount for vacation paid is subtracted from the amount of vacation accrued for the employee. The amount comes from the following lines: 404-**Vacation on Salar Due**, 405-**Vacation on Commission Due** and 406-**Vacation on Tips Due**. Then, the balance of vacation is transferred to the opening balance on line 404-**Vacation on Salar Due**.

Section 3

Running the First Payroll in 2015

1. Procedures Prior to Running the First Payroll

Input menu, **Pa roll**, **ear-End** or 

Certain corrections must be made to the Payroll parameters before running the first payroll of the year. Certain amounts are not adjusted by the update process and, therefore, have to be corrected at this point. In addition, the impact of new tax regulations should be well understood before running the first payroll of the year.

Once pays have been entered in the new year, you can no longer make certain changes to the Payroll configuration or departments or delete employees. In addition, certain amounts that vary from one year to the next and are specific to the company must be adjusted before running the first payroll.

2. Before Running the First Payroll

Input menu, **Pa roll**, **ear-End** or 

1. In the **Pa roll Configuration** window, if necessary, select or clear the appropriate boxes.
2. In the **Department** window, delete any necessary departments or change their basic parameters (pay frequency, starting and ending dates for the periods, time format).

   Note: The rules concerning department compatibility must be respected. For more information, see Departments.

   In addition, the first pay of the new year may be advanced and issued in the previous year using the additional period. To do so, for each department, enter **2** in the **Next Period** box and make sure the **Taxable Period** box indicates the number of periods to use in the next year.
3. If necessary, in the **Emplo ee** window, delete the employee.

   Note: To delete an inactive employee, in the **Emplo ee** window, click **Number**; the list window showing all employees will display.

   Under the **File** tab, enter the amounts for the employees that have to fill out the forms.

   A) At the federal level, use the *TD1- Personal Tax Cred ts Return.* The amount in the **Personal Exemption** box was indexed. However, when the amount is not the basic exemption or **Table**, the form must be filled out by the employee and a new amount entered.

   B) For provinces except Qu bec, use the *TD1XX - Personal Tax Cred t Returns or our ro nce or terr tor* form. The amount in the **Personal Exemption** box was indexed. However, when the amount is not the basic exemption or **Table**, the form must be filled out by the employee and a new amount entered. However, for Alberta and Ontario, the personal exemption is indexed regardless of the amount because all the credits are subject to indexation.

   C) For Qu bec, use the *TP1015.3-V – Source Deduct ons Return* form. Every amount in this form is to be annually indexed. The amount in the **Basic Amount** box has been indexed. Therefore, employees are not required to fill out the TP-1015.3 form again.

4. In the **Government Tables** window, the rates and values were adjusted by the update according to the new exemptions and tax rates. For more information, see the appendix.

   In addition, under the **Qu bec** tab, adjust the HSF rates according to the company's new total payroll amount, if necessary.

5. In the **HR Bank** window, adjust the values and create any new HR banks.

   In the **Pa roll Reports** window under the **HR Bank Reports** tab, produce a projection-type report for the batch entry, then according to the expiration.

   In the **Emplo ee** window under the **HR Banks** tab, adjust the values.

3. What's New for 2015 in Payroll

Input menu, **Pa roll**, **ear-End** or 

FOR QU BEC

CSST

The *Class cat on dec s on* specifying your periodic payment rate for 2015 has been sent to you by the CSST. Make sure that the rate entered in the **Pa roll Configuration** window, under the **CSST** tab, corresponds to the correct periodic payment rate.

RL-1 Summar

Amounts paid in 2014 to Revenu Qu bec for the CSST do not appear in part 1 of the *Summar o Source Deduct ons and Em lo er Contr but ons* (RLZ-1.S) form. Please note that no information concerning the amounts paid for the CSST shall ever be added on the payment slip of the RLZ-1-s form. Therefore, no amount to the CSST must be made with this slip. In addition, the notice of assessment that you will be receiving from the CSST in 2015 will include a new section, *A end x - Per od c Pa ments*, that will indicate the periodic payments declared in 2014.

CCQ (Commission de la construction du Qu bec)

New rates: Some union dues rates as well as some taxable benefits rates must be modified on January 1st, 2015. If you are using the CCQ Rates Management, please validate the CCQ rates as soon as January 1st, 2015 in order to automatically obtain the new effective rates. If you do not use this service, refer to the *B t r*, edition of December 2014 and January 2015 that the Commission de la construction du Qu bec (CCQ) sent to you in order to know the new rates.

VRSP (Voluntar Retirement Savings Plan)

The regulations related to the Voluntary Retirement Savings Plan (VRSP) came into effect on July 1, 2014. Employees will receive a statement of their contribution. If you contribute as an employer to your employees' VRSP, you do not have to indicate an amount on RL-1 or T4 slips because your contribution is not a taxable benefit for your employees.

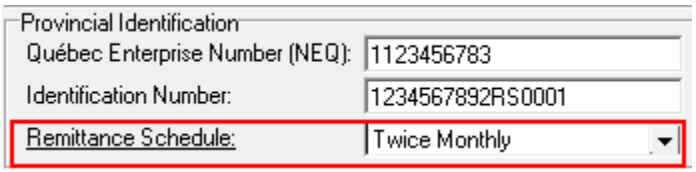
Fondaction

If you offer your employees payroll deductions for the Fondaction (CSN), the temporary increase in the provincial tax credit ends on March 31, 2015. In the **Government Tables** window, under the **Qu bec** tab, you will have to decrease the tax credit for labour-sponsored funds, from 25% to 15% on the first pay issued after May 31, 2015.

Higher thresholds for the average monthl remittance of source deductions

As of 2015, the thresholds for the average monthly remittance on which you are required to make your remittance of source deductions and employer contributions according to a twice-monthly or weekly frequency, are increased. The threshold for the average monthly remittance increases from $15,000 to $25,000, whereas the weekly frequency increases from $50,000 to $100,000.

To change the payment frequency:



1. In the **Input** menu, select **Pa roll** and **Pa roll Configuration** to display the corresponding window.
2. In the **Information** tab, **Provincial Identification** group, **Remittance Schedule** field, select the appropriate frequency: **eekl** , **Twice Monthl** , **Monthl** , **Quarterl** and **Annual**.
3. Click **Save**.

Reduction in the HSF contribution rate

If your total payroll for the year is less than $5 million and you meet certain conditions, you may be able to take advantage of:

- A reduction in the contribution to the HSF for SMEs in the primary and manufacturing sectors;
  - For the terms of application of this new measure, which takes effect on January 1, 2015, refer to the Quebec TP1015.G guide.
  - If this reduction affects you, you will be able to indicate your reduced HSF rate in the **Government Tables**, **Qu bec** tab, **HSF** field.
- A reduction in the contribution to the HSF to create speciali ed jobs in the natural and applied sciences sector.
  - For the terms of application of this new reduction, which took effect on June 5, 2014, refer to the Qu bec RL-1.G guide.
  - If this reduction affects you, you will be able to provide the additional information when you produce your summary RL-1.

Adjustment of childcare funding

The government will make the legislative amendments required to implement the changes announced regarding the rate for childcare services.

An information campaign will be deployed to make parents aware that they will have to modify their source deductions in order to avoid having to pay a balance when they file their income tax return.

Revenu Qu bec will prepare an information guide for employers to enable them to assist employees who request changes to their source deductions.

You can already use your Payroll software to deduct an additional amount of taxes from the payroll of employees who request it.

Simply indicate the amount under: **Pa roll (Input)**, **Emplo ees**, **File** tab, **Additional Income Tax ithheld** field.

The employee must make a written request on the *Source Deduct ons Return - TP-1015.3-*

form for Qu bec income tax and on the *Personal Tax Cred ts Return - TD1* form for federal income tax.

FOR CANADA

Federal labour-sponsored funds tax credit

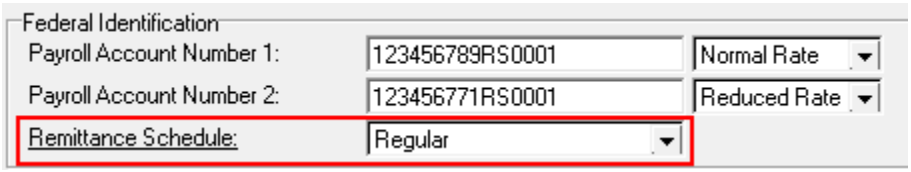
The tax credit for labour-sponsored funds, which is currently 15%, will be reduced to 10% in 2015, 5% in 2016 and completely eliminated in 2017. You do not have to make any changes to your software because the amount of the federal tax credit is taken into account directly in the federal tax calculation formula.

Caution: The tax credit for labour-sponsored funds indicated in the **Government Tables**, under the **Qu bec** tab, remains at 15%.

Higher thresholds for the average monthl remittance for pa roll deductions

As of 2015, the thresholds for the average monthly remittance on which you are required to make your remittance of source deductions and employer contributions according to a twice-monthly or weekly frequency, are increased. The threshold for the average monthly remittance increases from $15,000 to $25,000 whereas the weekly frequency increases from $50,000 to $100,000.

To change the payment frequency:



1. In the **Input** menu, select **Pa roll** and **Pa roll Configuration** to display the corresponding window.
2. In the **Information** tab, **Provincial Identification** group, **Remittance Schedule** field, select the appropriate frequency: **Regular**, **Quarterl** , **Accelerated – Threshold 1** and **Accelerated – Threshold 2**.
3. Click **Save**.

4. First Payroll Entry

Input menu, **Pa roll**, **ear-End** or 

The first payroll of the year can be run after the update and year-end procedures have been completed and the steps prior to the first payroll have been completed.

Additional Period: When the additional period of the preceding year has been used, make sure to enter the first pay in the correct period. In this case, the beginning and end of period dates for the additional period of the preceding year are the same as those of the first period of the new year. Thus, the first period of the new year, while available, must not be used. The new year will start with period 2.

Note: If the additional period of the preceding year was not used, payroll entries for the current year will begin with Period 1.

Note: When producing the first record of employment for the new year, 1 must be entered in the **Unused Periods** box for the appropriate year.

CCQ (Commission de la construction du Qu bec): For subject employers, as explained in the

Prior to the Year-End 6 procedure (step 5, situation B), once the first payroll has been run, a CCQ Remittance Journal must be produced for the days worked in December and attached to the December report produced prior to the end of year.

5. More on Running the First Payroll

Input menu, **Pa roll**, **ear-End** or 

Prerequisites not Performed

Should a pay be entered for the new year without having first performed the prerequisite steps, it is possible to delete the pay. Afterward, select **Checking Idle Files** in the **Input** menu, under **Utilities**. It is then be possible to proceed with the preliminary steps.

Pa s Entered in the First Period

If a pay has been entered in the first period, but it had already been issued in the previous year, when it is time to run a new payroll, select the period corresponding to the dates of the payroll to enter. There will be a period without a payroll entry. However, an adjustment must be made when producing a record of employment as a pay period without a pay entry was detected.

Section 4

Appendix

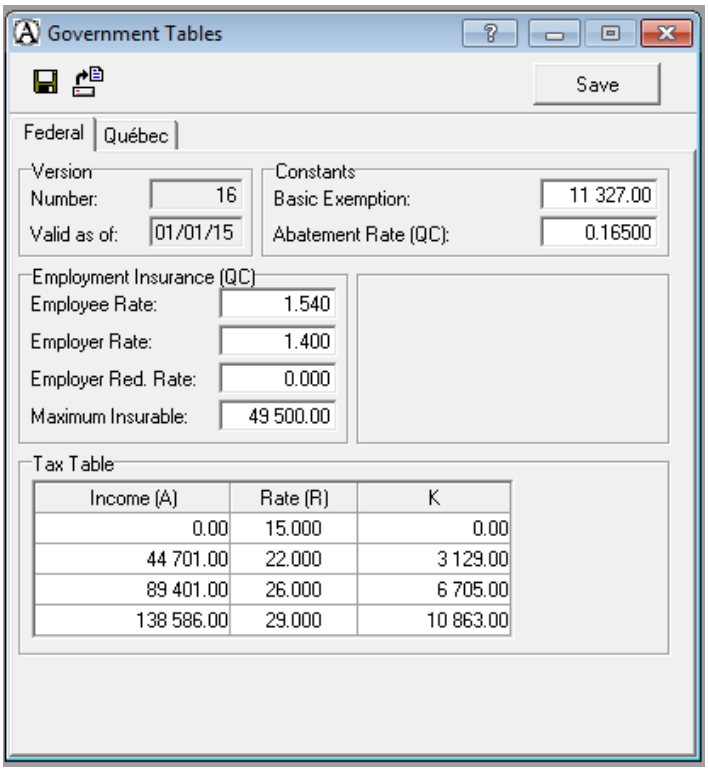
1. Government Tables

Input menu, **Pa roll**, **Government Tax Tables** or 

In the **Government Tax Tables** window, the rates and values are automatically adjusted by the update according to the new exemption amounts and tax rates.

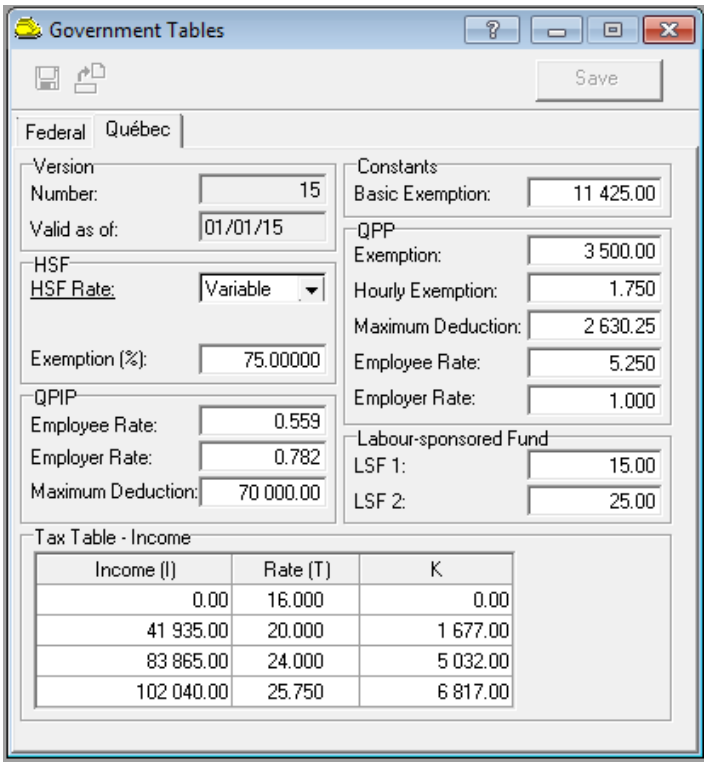
Note: Government tax tables for all provinces have been modified including those not shown below.

Federal Tab: Qu bec

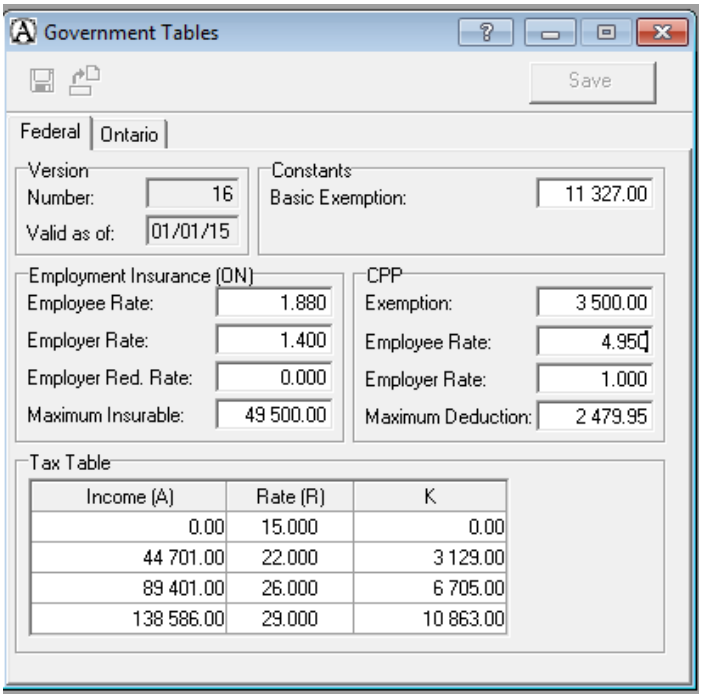


Province Tab: Qu bec

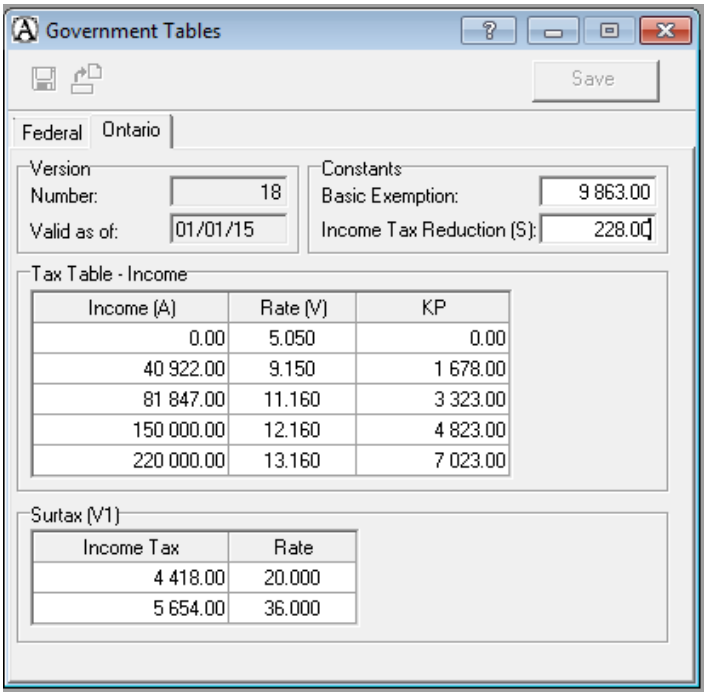
Note: In the **HSF** group, select the appropriate HFS rate depending on your payroll.



Federal Tab: Other Provinces



Province Tab: Ontario



Province Tab: New Brunswick

