



Canada Revenue
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du Canada

Payroll Deductions Formulas for Computer Programs

89th Edition

Effective April 1, 2009

Do not discard the January 1, 2009 publication.

Distribution of this publication

The printing of this guide has been discontinued. This decision reflected minimal requests in recent years for a printed guide in favour of the electronic version. It also has resulted in cost savings and benefits to the environment. The T4127 will still be available on our website at which time you may print the document or download it to your personal computer.

Payroll deductions information is available on the Canada Revenue Agency (CRA) Web site at www.cra.gc.ca/payroll.

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La version française de cette publication est intitulée *Formules pour le calcul informatisé des retenues sur la paie* – 89^e édition.

What does this publication contain?

This publication contains the formulas you need to determine federal, provincial (except Quebec), and territorial income taxes, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premium deductions. The formulas also allow you to calculate payroll deductions for special cases such as commission, pension income, bonuses, and retroactive pay increases.

The formulas used in this publication to calculate statutory deductions have been approved for purposes of the *Income Tax Act*, Canada Pension Plan, and *Employment Insurance Act* as well as their related regulations and any amendments proposed to these acts. The formulas are valid unless any adjustments are required because of changes to income tax rates, personal tax credits, Canada Pension Plan pensionable earnings, contributions, or rate, or to Employment Insurance insurable earnings, premiums, or rate.

For more information on income amounts that are subject to payroll deductions, see the *Employers' Guide – Payroll Deductions and Remittances* (T4001).

If you have any questions about the formulas contained in this publication, contact your tax services office or tax centre. For the addresses and telephone numbers of your tax services office or tax centre, see the listings in the government section of your telephone book.

Employers who have an establishment in the province of Quebec

When we refer to the annual provincial or territorial tax deduction, factor “T2,” in this publication, **this item does not apply to the province of Quebec**. Quebec administers its own provincial income tax and Quebec Pension Plan contributions. If you have any questions about the formulas for Quebec, contact the Ministère du Revenu du Québec, at the following address:

Ministère du Revenu du Québec
3800 Marly Street
Ste-Foy QC G1X 4A5

Telephone:..... 1-800-567-4692

Outside Canada: (418) 659-4692

What's new for April 1, 2009?

The information contained in this 89th edition publication is effective April 1, 2009. For formulas and factors not included in this edition, see publication T4127, *Payroll Deductions Formulas for Computer Programs* – 88th edition, effective January 1, 2009. Significant changes to the formulas and text in this publication appear with a shaded background.

Tax measures for April 2009

This publication reflects some income tax changes recently announced which, if enacted by the applicable legislature as proposed, would be effective April 1, 2009. At the time of publishing, these proposed changes had not been legislated. We recommend that you use the new payroll deductions tables and formulas in this publication for withholding, commencing with your first payroll in April 2009.

Federal changes included in this edition

Effective April 1, 2009, the federal tax rates are not changed.

In the Budget 2009, the income thresholds were retroactively increased to January 1, 2009. As three months have passed since then, we have prorated the increases for Option 1 users to account for the $\frac{1}{4}$ of the year that has concluded. The Option 2 thresholds will not be prorated.

The Option 1 income thresholds are revised as follows:

- 15% on income less than or equal to \$41,200 (formerly \$38,832);
- 22% on income greater than \$41,200, but less than or equal to \$82,399 (formerly \$77,664);
- 26% on income greater than \$82,399, but less than or equal to \$126,264; and
- 29% on income greater than \$126,264.

The lowest tax rate used to calculate the federal non-refundable tax credits (factors K1, K2 and K4) remains unchanged at 15%.

April 2009 federal tax rates and income thresholds Option 1		
Annual taxable income A More than – Not more than	Rate R	Constant K
\$ 0 – \$ 41,200	0.15	\$ 0
41,200 – 82,399	0.22	2,884
82,399 – 126,264	0.26	6,180
126,264 – and over	0.29	9,968

Federal personal amounts for April 2009

In the Budget 2009 announced on January 27, 2009, the basic personal amount, spouse or common-law partner amount and the amount for an eligible dependent were retroactively set at \$10,320 (formerly \$10,100) effective January 1, 2009. The age amount has also been retroactively set at \$6,408 (formerly \$5,408). Therefore, the **prorated** amounts are:

Basic personal amount	\$10,375
Child Amount.....	2,089
Age amount.....	6,658
Pension income amount	2,000
Education and textbook amount for each month (full-time)	465
Education and textbook amount for each month (part-time)	140
Disability amount.....	7,196
Spouse or common-law partner amount.....	10,375
Amount for an eligible dependant	10,375
Caregiver amount.....	4,198
Amount for an infirm dependant age 18 or older	4,198

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

There are no changes to CPP or EI for April 1, 2009.

For complete details, see publication T4127, *Payroll Deductions Formulas for Computer Programs* – 88th Edition, effective January 1, 2009.

Provincial and territorial tax changes effective April 1, 2009

1. Yukon

Effective April 1, 2009, the territorial tax rates for Yukon are not changed.

Yukon will again be harmonized with all federal income thresholds. The income thresholds are revised as follows:

- 7.04% on income less than or equal to \$41,200 (formerly \$38,832);
- 9.68% on income greater than \$41,200, but less than or equal to \$82,399 (formerly \$77,664);
- 11.44% on income greater than \$82,399, but less than or equal to \$126,264; and
- 12.76% on income greater than \$126,264.

Yukon's territorial Canada Employment Credit, designated as factor K4P, remains \$1,044.

Yukon will again be harmonized with all federal personal amounts. Listed below are some of the revised non-refundable personal tax credits amounts for Yukon. Refer to Form TD1YT for complete information on personal amounts.

- The basic personal amount is revised to \$10,375 (formerly \$10,100).
- The spouse or common-law partner amount is revised to \$10,375 (formerly \$10,100).

Personal amounts will be multiplied by the territory's lowest non-zero tax rate of 7.04%.

The surtax payable for Yukon remains as follows:

- Where the basic territorial tax payable (T4) is less than or equal to \$6,000, the surtax payable (V1) is \$0.
- Where the basic territorial tax payable (T4) is greater than \$6,000, the surtax payable (V1) is 5% of the basic territorial tax payable in excess of \$6,000.

The territorial labour-sponsored funds tax credit (factor LCP) for Yukon remains the lesser of \$1,250 and 25% of the approved shares purchase.

Personal tax credits return (TD1 forms)

Federal Form TD1, 2009 Personal Tax Credits Return

The federal Form TD1 has been revised for April 2009. General refiling of the 2009 federal Form TD1 is not necessary, but a new employee, a new pensioner, or an individual who wishes to change his or her federal claim amounts will have to complete the April 2009 federal Form TD1.

Yukon Form TD1YT, 2009 Personal Tax Credits Return

The Yukon Form TD1YT has been revised for April 2009. General refiling of the 2009 Yukon Form TD1YT is not necessary, but a new employee, a new pensioner, or an individual who wishes to change his or her territorial claim amounts will have to complete the April 2009 Yukon Form TD1YT.

Federal, provincial, and territorial claim codes

Only the federal and Yukon claim codes have changed from the January 1, 2009 edition therefore only these two will be reproduced.

April 2009 Federal claim codes			
Claim code	Total claim amount (\$)	Option 1, TC =	Option 1, K1 =
Code 0	No claim amount	\$ 0.00	\$ 0.00
Code 1	Minimum – 10,375.00	10,375.00	1,556.25
Code 2	10,375.01 – 12,347.00	11,361.00	1,704.15
Code 3	12,347.01 – 14,319.00	13,333.00	1,999.95
Code 4	14,319.01 – 16,291.00	15,305.00	2,295.75
Code 5	16,291.01 – 18,263.00	17,277.00	2,591.55
Code 6	18,263.01 – 20,235.00	19,249.00	2,887.35
Code 7	20,235.01 – 22,207.00	21,221.00	3,183.15
Code 8	22,207.01 – 24,179.00	23,193.00	3,478.95
Code 9	24,179.01 – 26,151.00	25,165.00	3,774.75
Code 10	26,151.01 – 28,123.00	27,137.00	4,070.55

April 2009 Yukon claim codes			
Claim code	Total claim amount (\$)	Option 1, TCP =	Option 1, K1P =
Code 0	No claim amount	\$ 0.00	\$ 0.00
Code 1	Minimum – 10,375.00	10,375.00	730.40
Code 2	10,375.01 – 12,347.00	11,361.00	799.81
Code 3	12,347.01 – 14,319.00	13,333.00	938.64
Code 4	14,319.01 – 16,291.00	15,305.00	1,077.47
Code 5	16,291.01 – 18,263.00	17,277.00	1,216.30
Code 6	18,263.01 – 20,235.00	19,249.00	1,355.13
Code 7	20,235.01 – 22,207.00	21,221.00	1,493.96
Code 8	22,207.01 – 24,179.00	23,193.00	1,632.79
Code 9	24,179.01 – 26,151.00	25,165.00	1,771.62
Code 10	26,151.01 – 28,123.00	27,137.00	1,910.44

Glossary

Factor	Meaning (refer to the formulas for complete details)
A	Annual taxable income
B	Bonus, retroactive pay increase, vacation pay when vacation is not taken, and accumulated overtime payment
B1	Gross bonus, retroactive pay increase, or other non-periodic payments year-to-date
C	Canada (or Quebec) Pension Plan contributions for the pay period
EI	Employment Insurance premiums for the pay period
K	Federal constant
KP	Provincial or territorial constant
K1	Federal non-refundable personal tax credit
K1P	Provincial or territorial non-refundable personal tax credit
K2	Federal Canada (or Quebec) Pension Plan contributions and Employment Insurance premium tax credits for the year
K2P	Provincial or territorial Canada (or Quebec) Pension Plan contribution and Employment Insurance premiums tax credits for the year
K3	Other federal tax credits, such as medical expenses and charitable donations authorized by a tax services office or tax centre
K3P	Other provincial or territorial tax credits, such as medical expenses and charitable donations authorized by a tax services office or tax centre
K4	Canada Employment Credit
K4P	Provincial or territorial Canada Employment Credit (applies to Yukon only)
LCF	Federal labour-sponsored funds tax credit
LCP	Provincial or territorial labour-sponsored funds tax credit
P	The number of pay periods in the year
R	Federal tax rate applicable to the annual taxable income A
T	Estimated federal and provincial or territorial tax deductions for the pay period
T1	Annual federal tax deduction
T2	Annual provincial or territorial tax deduction
T3	Annual basic federal tax
T4	Annual basic provincial or territorial tax
TC	“Total claim amount” reported on federal Form TD1
TCP	“Total claim amount” reported on the provincial or territorial TD1 form
V	Provincial or territorial tax rate for the year
V1	Surtax calculated on the basic provincial or territorial tax
V2	Additional tax calculated on taxable income (applies to Ontario Health Premium only)
YTD	Year-to-date

Formula to calculate annual taxable income (A)

As the formula to calculate the annual taxable income and the explanatory variables have not changed, they have not been reproduced.

Formula to calculate basic federal tax (T₃)

As the formula to calculate the basic federal tax and the explanatory variables have not changed, they have not been reproduced.

Formula to calculate annual basic provincial or territorial tax (T₂)

As Yukon is the only province or territory to have a provincial/territorial change, we are only reproducing their calculations.

For Yukon only:

$$T_2 = T_4 + V_1 - S - LCP$$

If the result is negative, T₂ = \$0.

Where:

$$T_4 = (V \times A) - KP - K_1P - K_2P - K_3P - K_4P$$

Where V and KP are based on the value of A in the April 2009 Yukon tax rates and income thresholds table.

April 2009 Yukon tax rates and income thresholds Option 1		
Annual taxable income A More than – Not more than	Rate V	Constant KP
\$ 0 – \$ 41,200	0.0704	\$ 0
41,200 – 82,399	0.0968	1,088
82,399 – 126,264	0.1144	2,538
126,264 – and over	0.1276	4,205

$$K_1P = 0.0704 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1YT. If Form TD1YT is not filed, TCP is \$10,375.

$$K_2P = [(0.0704 \times (P \times C, \text{ max. } \$2,118.60)) + (0.0704 \times (P \times EI, \text{ max. } \$731.79))]^*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K₃P = Other annual territorial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K₃P when it applies and how to implement the amount after the first pay period of the year.

K₄P = The lesser of:
 (i) 0.0704 × A and
 (ii) 0.0704 × \$1,044

Note

For purposes of the Canada Employment Credit, A is the annual gross income from office or employment before deductions. This is the same amount you normally report in box 14 of the T4 slip(s). As administrative relief, you are authorized to use the regular factor A (annual taxable income) for this calculation, except when the total income is superannuation or pension benefits.

V₁ = Where T₄ ≤ \$6,000
 V₁ = \$0

Where T₄ > \$6,000
 V₁ = 0.05 × (T₄ – \$6,000)

S = \$0

- LCP =** The lesser of:
- (i) \$1,250; and
 - (ii) 25% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

Option 1 – Tax calculation examples for periodic payments

Steps to follow – for salary, wages, pensions, or other periodic payments

The following step-by-step method should provide an understandable approach to Option 1 based on the following examples.

Notes

The following example have been standardized to reflect the same income and deduction amounts for each province and territory. We trust this measure will simplify the process of reviewing and testing calculations.

In addition, the federal calculation has been shown only once, with the portion for each province and territory shown after. This method will avoid duplication and reduce the number of pages in this publication.

Changes in this section are not shaded.

Example – Assumptions and federal calculation

This example is for a married employee who has a dependent spouse and three dependent children (under 18). The total personal non-refundable tax credits amount on Form TD1 is \$27,017 (\$10,375 + \$10,375 + \$6,267). For each province and territory we have assumed the maximum claims for these dependants, as shown on the provincial or territorial TD1 forms.

The employee's salary is \$57,200 annually, or \$1,100 on a weekly payroll (52 pay periods). Registered pension plan contributions are \$50 for the pay period, and \$20 is deducted for union dues. The employee bought, by payroll deductions, \$2,000 of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

Step 1

Determine A using the following formula:

$$\begin{aligned}
 A &= [P \times (I - F - F_2 - U_1)] - HD - F_1 \\
 &= [52 \times (\$1,100 - \$50 - \$0 - \$20)] - \$0 - \$0 \\
 &= [52 \times \$1,030] - \$0 - \$0 \\
 &= \$53,560 - \$0 - \$0 \\
 &= \$53,560
 \end{aligned}$$

Determine C using the following formula:

$$\begin{aligned}
 C &= \text{The lesser of:} \\
 &\quad (i) \$2,118.60 - D; \text{ and} \\
 &\quad \quad = \$2,118.60 \\
 &\quad (ii) 0.0495 \times [PI - (\$3,500 / 52)] \\
 &\quad \quad = 0.0495 \times (\$1,100 - \$67.30) \\
 &\quad \quad = 0.0495 \times \$1,032.70 \\
 &\quad \quad = \$51.12
 \end{aligned}$$

Determine EI using the following formula:

$$\begin{aligned}
 EI &= \text{The lesser of:} \\
 &\quad (i) \$731.79 - D_1; \text{ and} \\
 &\quad \quad = \$731.79 \\
 &\quad (ii) 0.0173 \times IE \\
 &\quad \quad = 0.0173 \times \$1,100 \\
 &\quad \quad = \$19.03
 \end{aligned}$$

Step 2

Determine K1, K2, K3, and K4 using the following formula:

$$\begin{aligned}
 K_1 &= 0.15 \times TC \\
 &= 0.15 \times \$27,017 \\
 &= \$4,052.55 \\
 K_2 &= [(0.15 \times (P \times C, \text{max. } \$2,118.60)) + (0.15 \times (P \times EI, \text{max. } \$731.79))] \\
 &= [(0.15 \times (52 \times \$51.12, \text{max. } \$2,118.60)) + (0.15 \times (52 \times \$19.03, \text{max. } \$731.79))] \\
 &= [(0.15 \times (\$2,658.24, \text{max. } \$2,118.60)) + (0.15 \times (\$1,029.60, \text{max. } \$731.79))] \\
 &= (0.15 \times \$2,118.60) + (0.15 \times \$731.79) \\
 &= \$317.79 + \$109.77 \\
 &= \$427.56 \\
 K_3 &= \$0 \\
 K_4 &= \text{The lesser of:} \\
 &\quad (i) \ 0.15 \times A; \text{ and} \\
 &\quad (ii) \ 0.15 \times \$1,044 \\
 &\quad = \$156.60
 \end{aligned}$$

Step 3

Determine the annual basic federal tax, $(R \times A) - K - K_1 - K_2 - K_3 - K_4$:

A =	\$	53,560.00
Federal R	x	0.22
	\$	<u>11,783.20</u>
Less federal constant K	-	2,884.00
Federal tax	\$	<u>8,899.20</u>
Less federal tax credits, $K_1 + K_2 + K_3 + K_4$	-	4,636.71
Basic federal tax T3	\$	<u>4,262.49</u>

Step 4

Determine the federal labour-sponsored funds tax credit:

LCF = The lesser of:		
(i) \$750; and		
(ii) 15% of the purchase of approved shares.		
$0.15 \times \$2,000$	-	<u>300.00</u>
Annual federal tax deduction, except for employees in Quebec, outside Canada, and in Canada beyond the limits of any province (T1)	\$	<u>3,962.49</u>

Example 1 – For Yukon

See the section called “Example – Assumptions and federal calculation” on page 10 for more details.

Step 5

Determine the basic territorial tax (T4) using the following formula:

$(V \times A) - KP - K_1P - K_2P - K_3P - K_4P$		
$(V \times A) = 0.0968 \times \$53,560$	\$	5,184.61
KP = \$1,088	-	1,088.00
K ₁ P = $0.0704 \times TCP$		
= $0.0704 \times \$27,017$	-	1,902.00
K ₂ P = $[(0.0704 \times (P \times C, \text{max. } \$2,118.60)) + (0.0704 \times (P \times EI, \text{max. } \$731.79))]$		
= $[(0.0704 \times \$2,118.60) + (0.0704 \times \$731.79)]$		
= \$149.15 + \$51.52	-	200.67
K ₃ P = \$0	-	0.00

K4P = The lesser of:	
(i) 0.0704 × A; and	
(ii) 0.0704 × \$1,044	
0.0704 × \$1,044.....	– 73.50
Basic territorial tax for the year (T4).....	\$ 1,920.44

Determine the annual territorial tax deduction using the following formula:

$$T_2 = T_4 + V_1 - S - LCP$$

Where $T_4 \leq \$6,000$,	
V1 = \$0.....	0.00
S = \$0.....	0.00
Net territorial tax deduction for the year before LCP.....	\$ 1,920.44

LCP = The lesser of:	
(i) \$1,250; and	
(ii) 25% of the purchase of approved shares.	
0.25 × \$2,000.....	– 500.00
Net territorial tax deduction for the year (T2).....	\$ <u>1,420.44</u>

Step 6

Total federal and territorial tax deductions for the year:

T1 (see federal portion of example) \$3,962.49 + T2.....	\$ <u>5,382.93</u>
T = Tax prorated for the pay period.....	\$ <u>103.52</u>

Option 2 – Tax formula based on cumulative averaging

Formula to calculate basic federal tax (T3)

T3 = Annual basic federal tax
= (R × A) – K – K1 – K2 – K3 – K4
If the result is negative, T3 = \$0.

R = Federal tax rate applicable to the annual taxable income A. See the “April 2009 federal tax rates and income thresholds – Option 2” table below.

April 2009 federal tax rates and income thresholds Option 2		
Annual taxable income A More than – Not more than	Rate R	Constant K
\$ 0 – \$ 40,726	0.15	\$ 0
40,726 – 81,452	0.22	2,851
81,452 – 126,264	0.26	6,109
126,264 – and over	0.29	9,897

- A** = Projected annual taxable income.
- K** = Federal constant to adjust application of the federal rate to the total annual taxable income A. See the “April 2009 federal tax rates and income thresholds – Option 2” table above.
- K1** = Non-refundable personal tax credit
= $0.15 \times TC$

Note

0.15 = The appropriate percentage for the year. The appropriate percentage is the lowest percentage referred to in the “April 2009 federal tax rates and income thresholds – Option 2” table above.

Where:

TC = The total personal tax credits amounts reported on Form TD1. If Form TD1 is not filed by the employee or pensioner, TC is \$10,320, and for non-resident individuals, TC is \$0. If the claim code is E, T = \$0.

Note

If the province is Ontario, even if the claim code is E, the Ontario Health Premium is payable on annual income over \$20,000.

- K2** = Canada (or Quebec) Pension Plan contribution and Employment Insurance premium federal tax credits for the year.
- = $[(0.15 \times (0.0495 \times ((S1 \times I) + B - \$3,500)^*, \text{max. } \$2,118.60)) + (0.15 \times (0.0173 \times ((S1 \times I) + B), \text{max. } \$731.79))]$

For employees in Quebec only:

K2Q = Quebec Pension Plan contributions, Employment Insurance premiums, and provincial parental insurance plan premiums federal tax credits for the year.

$$= [(0.15 \times (0.0495 \times ((S1 \times I) + B - \$3,500)^*, \text{max. } \$2,118.60)) + (0.15 \times (0.0138 \times ((S1 \times I) + B), \text{max. } \$583.74)) + (0.15 \times (0.00484 \times S1 \times I) + B), \text{max } \$300.08)]$$

Note

* If the result is negative, substitute \$0.

- K3** = Other federal tax credits, such as medical expenses and charitable donations requested by an employee or pensioner and authorized by the tax services office or tax centre. The tax services office or tax centre will inform the employer or payer of the amount to be used with K3. If no amount has been authorized, K3 = \$0.
- K4** = Canada Employment Credit
= The lesser of:
(i) $0.15 \times A$; and
(ii) $0.15 \times \$1,044$

Note

For purposes of the Canada Employment Credit, A is the annual gross income from office or employment before deductions. This is the same amount you normally report in box 14 of the T4 slip(s). As administrative relief, you are authorized to use the regular factor A (annual taxable income) for this calculation, except when the total income is superannuation or pension benefits.

Formula to calculate provincial and territorial tax payable (T₂)

As Yukon is the only province or territory to have a provincial/territorial change, we are only reproducing their calculations.

For Yukon only:

$$T_2 = T_4 + V_1 - S - LCP$$

If the result is negative, T₂ = \$0.

Where:

$$T_4 = (V \times A) - KP - K1P - K2P - K3P - K4P$$

Where V and KP are based on the value of A in the April 2009 Yukon tax rates and income thresholds table.

April 2009 Yukon tax rates and income thresholds Option 2		
Annual taxable income A More than – Not more than	Rate R	Constant K
\$ 0 – \$ 40,726	0.0704	\$ 0
40,726 – 81,452	0.0968	1,075
81,452 – 126,264	0.1144	2,509
126,264 – and over	0.1276	4,175

$$K1P = 0.0704 \times TCP$$

Where:

TCP = The total of personal non-refundable tax credits amounts reported on Form TD1YT. If Form TD1YT is not filed, TCP is \$10,320.

$$K2P = [(0.0704 \times (P \times C, \text{ max. } \$2,118.60)) + (0.0704 \times (P \times EI, \text{ max. } \$731.79))]^*$$

* Where an employee has already contributed the maximum CPP or EI for the year with the employer, use the maximum CPP or EI deduction to determine the credit for the remainder of the year. Where, during the pay period in which the employee reaches the maximum, the CPP or EI when annualized, is less than the annual maximum, then use the maximum annual deduction(s) in that pay period.

K3P = Other annual territorial non-refundable tax credits, such as medical expenses or charitable donations authorized by a tax services office or tax centre. The tax office will inform the employer or payer of the amount of K3P when it applies and how to implement the amount after the first pay period of the year.

K4P = The lesser of:
 (i) $0.0704 \times A$ and
 (ii) $0.0704 \times \$1,044$

Note

For purposes of the Canada Employment Credit, A is the annual gross income from office or employment before deductions. This is the same amount you normally report in box 14 of the T4 slip(s). As administrative relief, you are authorized to use the regular factor A (annual taxable income) for this calculation, except when the total income is superannuation or pension benefits.

V₁ = Where $T_4 \leq \$6,000$

$V_1 = \$0$

Where $T_4 > \$6,000$

$V_1 = 0.05 \times (T_4 - \$6,000)$

S = \$0

LCP = The lesser of:

(i) \$1,250; and

(ii) 25% of the amount deducted or withheld during the year for the acquisition by the employee of approved shares of the capital stock of a prescribed labour-sponsored venture capital corporation.

Option 2 – Examples when calculating the tax deductions on salary and non-periodic payments separately

On the following page, you will find an example for the territory of Yukon for the results expected when using Option 2 when calculating separately the tax on regular salary and on non-periodic payments. A bi-weekly (26) pay period and the optional non-periodic payment formula are used in this example. The April change is shown beginning in pay period 7.

Option 2 – Examples when calculating the tax deductions on salary and non-periodic payments separately (continued)

Yukon

PP	Salary	I YTD	B	B1	A	K1 + K2 + K4	T1	K1P + K2P + K4P	T2	M1	(T1+T2- M1)/S1	M	T	TB
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	740	740			19,240.00	1,838.40	1,047.60	862.82	491.68		59.20		59.20	
2	740	1,480			19,240.00	1,838.40	1,047.60	862.82	491.68		118.41	-59.20	59.21	
3	740	2,220			19,240.00	1,838.40	1,047.60	862.82	491.68		177.61	-118.41	59.20	
4	740	2,960			19,240.00	1,838.40	1,047.60	862.82	491.68		236.81	-177.61	59.20	
4B		2,960	100	100	19,340.00	1,839.40	1,061.60	863.29	498.25		see*	-236.81		20.57
5	680	3,640		100	19,028.00	1,836.28	1,017.92	861.82	477.75	-20.57	283.67	-236.81	46.86	
6	510	4,150		100	18,083.33	1,826.81	885.69	857.38	415.69	-20.57	295.57	-283.67	11.90	
7	680	4,830		100	18,040.00	1,859.37	846.63	872.67	397.35	-20.57	329.38	-295.57	33.81	
7B		4,830	50	150	18,090.00	1,859.87	853.63	872.90	400.64	-20.57	see*	-329.38		10.29
8	680	5,510		150	18,057.50	1,859.55	849.08	872.75	398.50	-30.86	374.38	-329.38	45.00	
9	680	6,190		150	18,032.22	1,859.29	845.54	872.63	396.84	-30.86	419.37	-374.38	44.99	
10	680	6,870		150	18,012.00	1,859.09	842.71	872.54	395.50	-30.86	464.37	-419.37	45.00	
11	680	7,550		150	17,995.45	1,858.93	840.39	872.46	394.42	-30.86	509.36	-464.37	44.99	
12	485	8,035		150	17,559.17	1,854.56	779.32	870.41	365.76	-30.86	514.26	-509.36	4.90	
13	680	8,715		150	17,580.00	1,854.76	782.24	870.51	367.12	-30.86	559.25	-514.26	44.99	
14	740	9,455		150	17,709.29	1,856.06	800.33	871.12	375.61	-30.86	616.58	-559.25	57.33	
14B		9,455	500	650	18,209.29	1,861.07	870.32	873.47	408.46	-30.86	see*	-616.58		102.84
15	680	10,135		650	18,217.33	1,861.15	871.45	873.51	408.99	-133.70	661.58	-616.58	45.00	
16	680	10,815		650	18,224.38	1,861.22	872.44	873.54	409.46	-133.70	706.58	-661.58	45.00	
17	680	11,495		650	18,230.59	1,861.28	873.31	873.56	409.87	-133.70	751.58	-706.58	45.00	
18	680	12,175		650	18,236.11	1,861.34	874.08	873.59	410.23	-133.70	796.58	-751.58	45.00	
19	680	12,855		650	18,241.05	1,861.39	874.77	873.62	410.55	-133.70	841.57	-796.58	44.99	
20	680	13,535		650	18,245.50	1,861.44	875.39	873.63	410.85	-133.70	886.57	-841.57	45.00	
21	680	14,215		650	18,249.52	1,861.48	875.95	873.66	411.11	-133.70	931.56	-886.57	44.99	
22	680	14,895		650	18,253.18	1,861.51	876.47	873.67	411.35	-133.70	976.56	-931.56	45.00	
23	680	15,575		650	18,256.52	1,861.55	876.93	873.69	411.57	-133.70	1,021.55	-976.56	44.99	
24	680	16,255		650	18,259.58	1,861.57	877.37	873.70	411.77	-133.70	1,066.56	-1,021.55	45.01	
25	680	16,935		650	18,262.40	1,861.60	877.76	873.71	411.96	-133.70	1,111.56	-1,066.56	45.00	
26	680	17,615		650	18,265.00	1,861.63	878.12	873.72	412.14	-133.70	1,156.56	-1,111.56	45.00	
Total tax deducted for the year on regular salary														\$1,156.56
Total tax deducted for the year on non-periodic payments.....														133.70
Total tax deducted for the year on salary and non-periodic payments.....														\$1,290.26

*** Note**

Tax on the non-periodic payment is T1 + T2 amounts determined at line 4B, less T1 + T2 amounts determined at line 4. For other similar payments, such as lump-sum payments, the same principle will apply. The non-periodic payment tax calculation for pay period 7 has been used to determine the steps to follow.

YTD = year-to-date