



Canada Revenue  
Agency

Agence du revenu  
du Canada

# **Payroll Deductions Supplementary Tables**

**In Canada Beyond the Limits of any  
Province/Territory or Outside Canada**

**Effective  
January 1, 2021**

## What's new as of January 1, 2021

The major changes made to this guide since the last edition are outlined.

This guide reflects some income tax changes recently announced which, if enacted as proposed, would be effective January 1, 2021. At the time of publishing, some of these proposed changes were not law. We recommend that you use the new payroll deductions tables in this guide for withholding starting with the first payroll in January 2021.

The federal Basic Personal Amount has been changed to the following:

- Where  $NI \leq \$151,978$ , **BPAF** = \$13,808
- Where  $\$151,978 < NI < \$216,511$ , **BPAF** =  $\$13,808 - (NI - \$151,978) \times (\$1,387 / \$64,533)$
- Where  $NI \geq \$216,511$ , **BPAF** = \$12,421

For 2021, employers can use a BPAF of \$13,808 for all employees, while payroll systems and procedures are updated to fully implement the proposed legislation.

If the employer uses a BPAF of \$13,808 for its employees, employees with net income above \$151,978 can ask for additional tax to be deducted, by completing the form TD1.

The federal income tax thresholds have been indexed for 2021.

The federal Canada employment amount has been indexed to \$1,257 for 2021.

### Payroll Deductions Tables

You can download Guides T4008, Payroll Deductions Supplementary Tables, and T4032, Payroll Deductions Tables, from our webpage at [canada.ca/payroll](http://canada.ca/payroll). You can also choose to print only the pages or information that you need.

### Payroll Deductions Online Calculator

For your 2021 payroll deductions, you can use our Payroll Deductions Online Calculator (PDOC). This online calculator makes it easier to calculate payroll deductions. PDOC is available at [canada.ca/pdoc](http://canada.ca/pdoc).

### Let us notify you

We provide a digital service that can notify you immediately, **free of charge**, of any changes for payroll deductions.

To subscribe, visit our webpage at [canada.ca/lists](http://canada.ca/lists) and enter your business's email address for each mailing list that you want to join.

## Special Notice

### Payroll Deductions Tables (T4032)

Effective with the January 1, 2017 edition, the Canada Revenue Agency is no longer publishing the paper and CD versions of the Guide T4032, Payroll Deductions Tables. The digital versions of the guides continue to be available on our website at [canada.ca/payroll](http://canada.ca/payroll).

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This guide uses plain language to explain the most common tax situations. If you need more help, contact your tax services office.

## General information

This guide is a supplement to the Guide T4032, Payroll Deductions Tables. See the Payroll Deductions Tables for your province or territory if you need more information about:

- what's new for January 1, 2021
- how to calculate tax deductions when you cannot use the tables
- how to deduct income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums and
- the payroll deductions required for pay periods other than those included in this guide

For information on deducting, remitting, and reporting payroll deductions, refer to the following employers' guides:

- T4001, Employers' Guide – Payroll Deductions and Remittances
- T4130, Employers' Guide – Taxable Benefits and Allowances
- RC4110, Employee or Self-employed?
- RC4120, Employers' Guide – Filing the T4 Slip and Summary
- RC4157, Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary

You can download and print a copy of the above noted guides. Our guides are available from our webpage at [canada.ca/payroll](https://canada.ca/payroll). You can also use the **Payroll Deductions Online Calculator** free of charge.

### Note

You may also want to refer to the 2020 edition of this guide until the end of 2021 to resolve any pensionable and insurable earnings review (PIER) deficiencies that may arise after we have processed your 2020 T4 return.

## Claim codes

The total personal amount an employee claims on a TD1 form will determine which claim code you use. See Chart 1 below.

The claim codes and corresponding amounts do not appear on the TD1 form.

### Explanation of claim codes

#### Claim code 0

This code represents **no claim amount**.

#### Claim codes 1 to 10

You match the total claim amount reported on your employee's or pensioner's Form TD1 with the appropriate claim codes. Then, you look up the tax for the employee's pay under the claim code in the federal tax tables for the pay period.

### Indexing of federal claim codes amounts

The credits that apply to each federal claim code have been automatically increased in the tax tables by the indexing factor for the current year. If your employee did not complete the federal TD1 form for 2021, you continue to deduct tax using the same claim code that you used last year.

#### Chart 1 – 2021 Federal Claim Codes

##### Note:

Due to the December 9, 2019 announcement, legislative changes to the Federal Basic Personal Amount, the Claim Code Chart cannot be produced with ranges, as was previously done. Accordingly, the Federal Claim Code Chart will not be produced with this edition

### Employment income from all sources

On the federal and provincial TD1 forms, under the heading "Income from other employers or payers," employees can indicate that their expected employment income from all sources will be less than their total claim amount. If an employee states that his or her total expected income will be less than the "Total claim amount" of the TD1 forms, do not deduct any federal or provincial tax.

However, as an employer, if you know that this statement is false, you must deduct federal and provincial tax from the salary. Deduct tax according to the claim code that applies to the "Total claim amount" of the TD1 forms.

It is a serious offence to knowingly accept a Form TD1 that contains false or deceptive statements. If you are not sure a statement is true, contact your tax services office for advice.