Canadian Payroll Tax Update for Navision

January 2006

Versions 3.60 – 4.00

Please be advised that if using the *Import Payroll Control Data Periodic Activity*, the Payroll Control records and related tables existing field values may be updated to the default values contained within the Import Files. (Examples of what may be updated are Base Amount Codes, Bracket Amounts, Posting Groups, Reporting Authorities, etc.) We recommend creating a full backup of existing databases before implementing any Tax Updates.

PLEASE ENSURE TO BACK-UP YOUR

CURRENT DATABASE PRIOR TO

PERFORMING ANY IMPORTS OR UPDATES

Information contained in this document uses version 3.60a as a basis for all instructions and screen shots

Improvement 14 for 3.60 must be loaded in order to take advantage of the Import Payroll Control Data Periodic Activity described in the Appendix

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Note: All of the following Canadian Tax changes, included with your tax data update, can be referenced:
Canada Revenue Agency publication T4032-AB

FEDERAL CHANGES

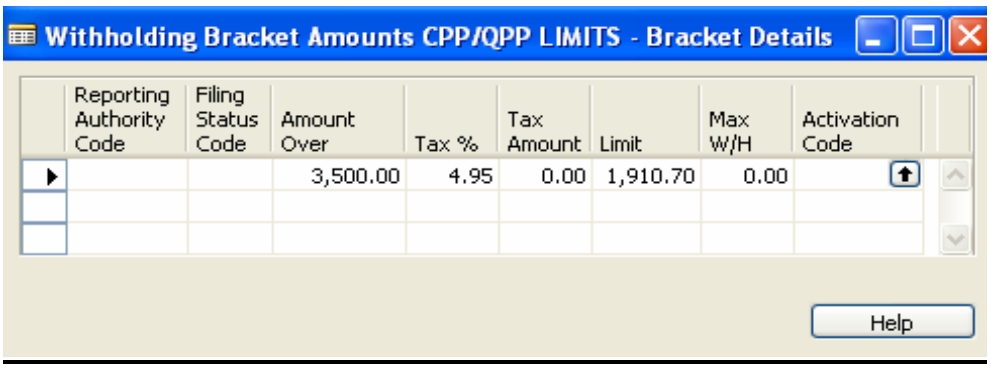
Bracket Code – CPP/QPP LIMITS

Changes to the '**CPP/QPP LIMITS**' Bracket Code will affect the following Payroll Controls:

FED TAX,
FED TAX COMM,
FED TAX OUT,
FED TAX Q,
AB TAX,
BC TAX,
MB TAX,
NB TAX,
NL TAX,
NS TAX,
NT TAX,
NU TAX,
ON TAX,
PE TAX,
SK TAX,
YT TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= CPP/QPP Withholding Limits used for the K2 and K2P calculation**



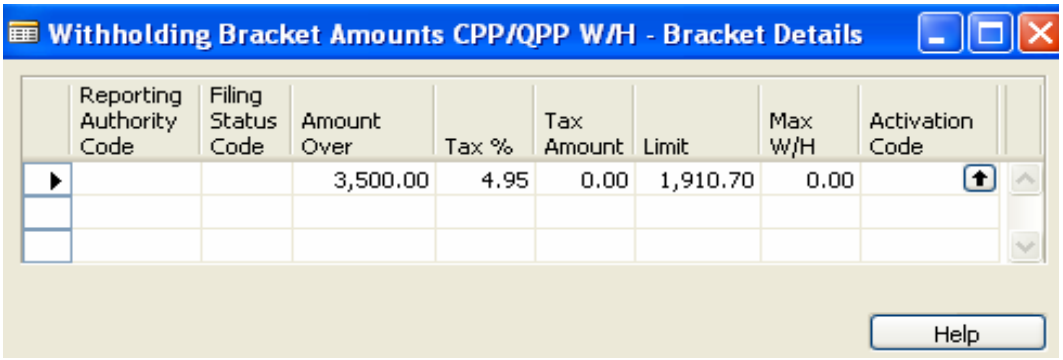
Bracket Code – CPP/QPP W/H

Changes to the '**CPP/QPP W/H**' Bracket Code will affect the following Payroll Controls:

CPP EE
QPP EE

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= CPP/QPP Withholding – Employee**



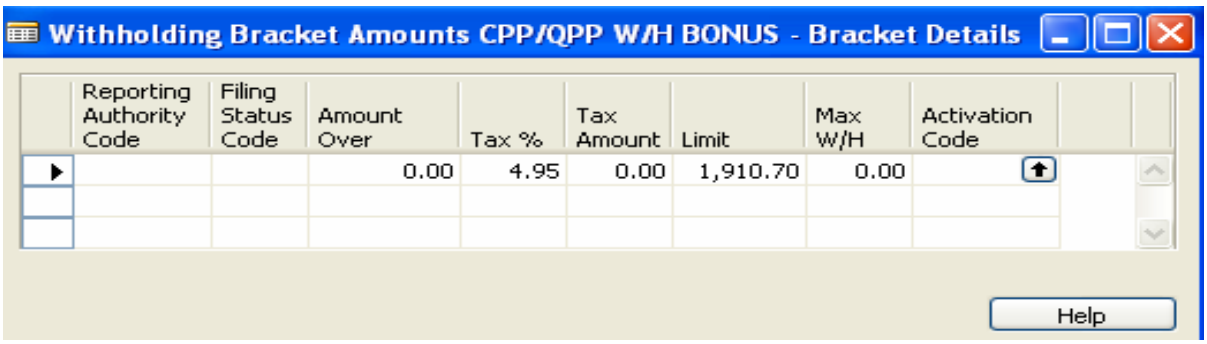
Bracket Code – CPP/QPP W/H BONUS

Changes to the '**CPP/QPP W/H BONUS**' Bracket Code will affect the following Payroll Controls:

CPP EE BONUS
QPP EE BONUS

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= CPP/QPP Withholding - Employee - Bonus**



Bracket Code – CPP/QPP MAX

Changes to the '**CPP/QPP MAX**' Bracket Code will affect the following Payroll Controls:

CPP EE
CPP EE BONUS
QPP EE
QPP EE BONUS

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= CPP/QPP Maximum using Bracket adjusted by EE Age**

Bracket Code – EI LIMITS

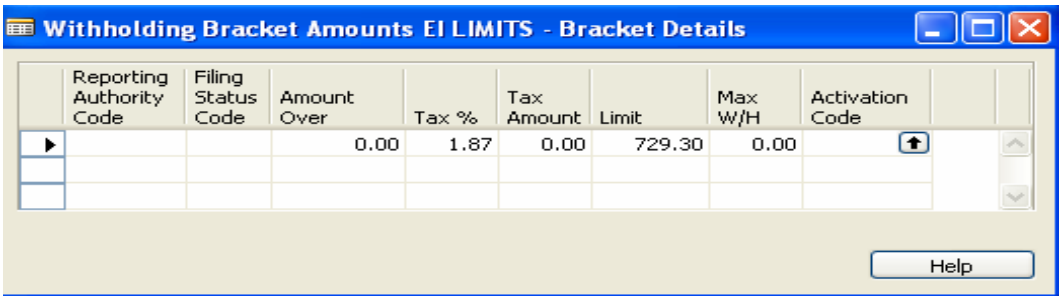
Changes to the '**EI LIMITS'** Bracket Code will affect the following Payroll Controls:

FED TAX,
FED TAX COMM,
FED TAX OUT,
FED TAX Q,
AB TAX,
BC TAX,
MB TAX,
NB TAX,
NL TAX,
NS TAX,
NT TAX,
NU TAX,
ON TAX,

PE TAX,
SK TAX,
YT TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= EI Withholding Limits used for the K2 and K2P calculation**



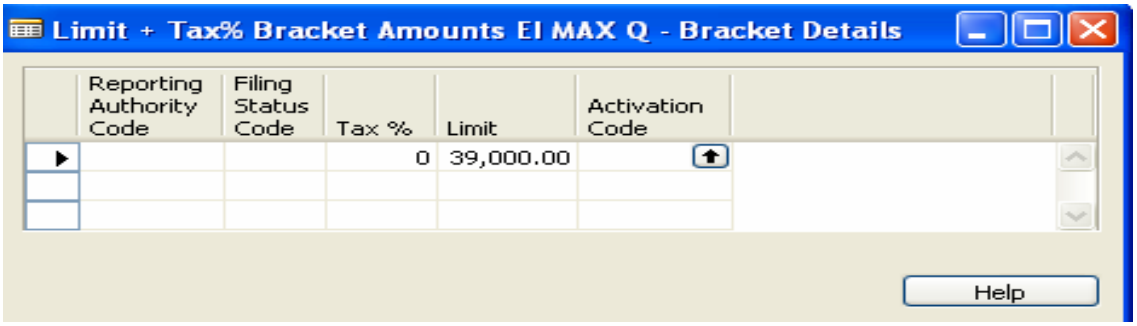
Bracket Code – EI MAX Q

Changes to the '**EI MAX Q'** Bracket Code will affect the following Payroll Controls:

EI EE Q

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= EI Quebec Maximum using Bracket**



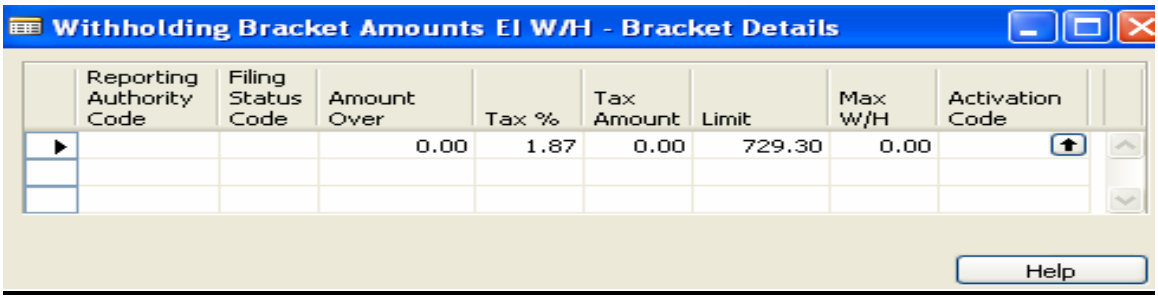
Bracket Code – EI W/H

Changes to the '**EI W/H**' Bracket Code will affect the following Payroll Controls:

EI EE

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= EI Withholding - Employee**



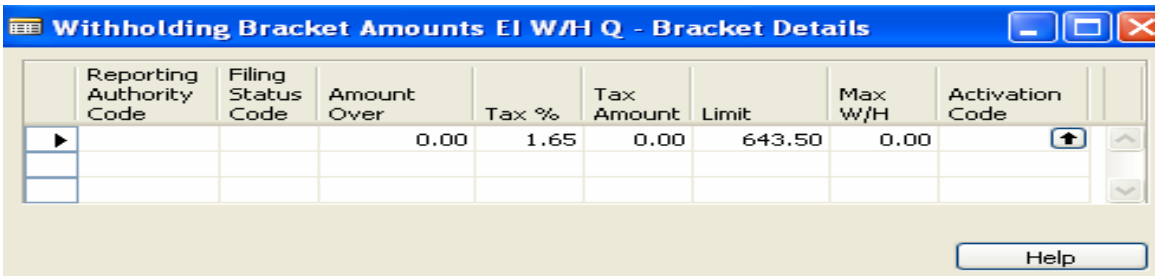
Bracket Code – EI W/H Q

Changes to the '**EI W/H Q**' Bracket Code will affect the following Payroll Controls:

EI EE Q

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= EI Withholding Quebec - Employee**



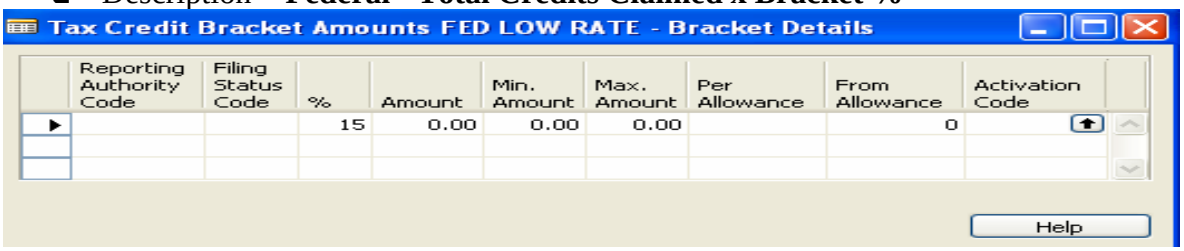
Bracket Code – FED LOW RATE

Changes to the '**FED LOW RATE'** Bracket Code will affect the following Payroll Controls:

FED TAX,
FED TAX COMM,
FED TAX OUT,
FED TAX Q

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= Federal - Total Credits Claimed x Bracket %**



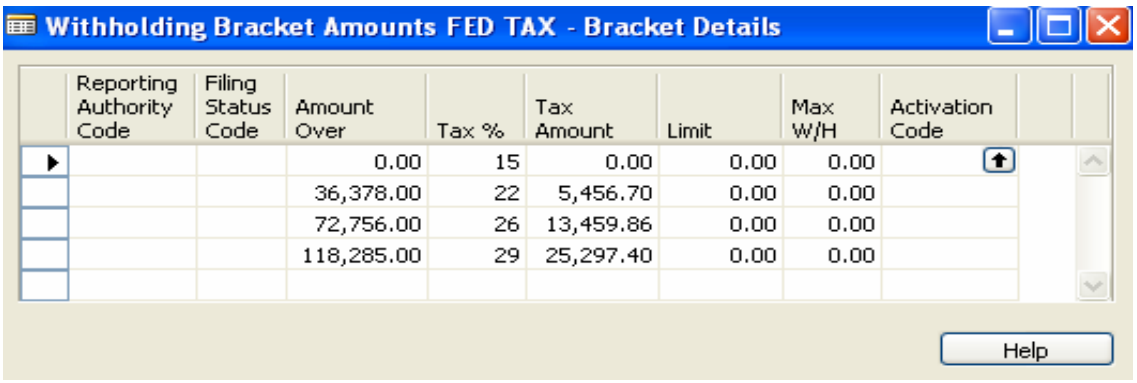
Bracket Code – FED TAX

Changes to the '**FED TAX'** Bracket Code will affect the following Payroll Controls:

FED TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= Federal Withholding using Filing Status**



PROVINCIAL CHANGES

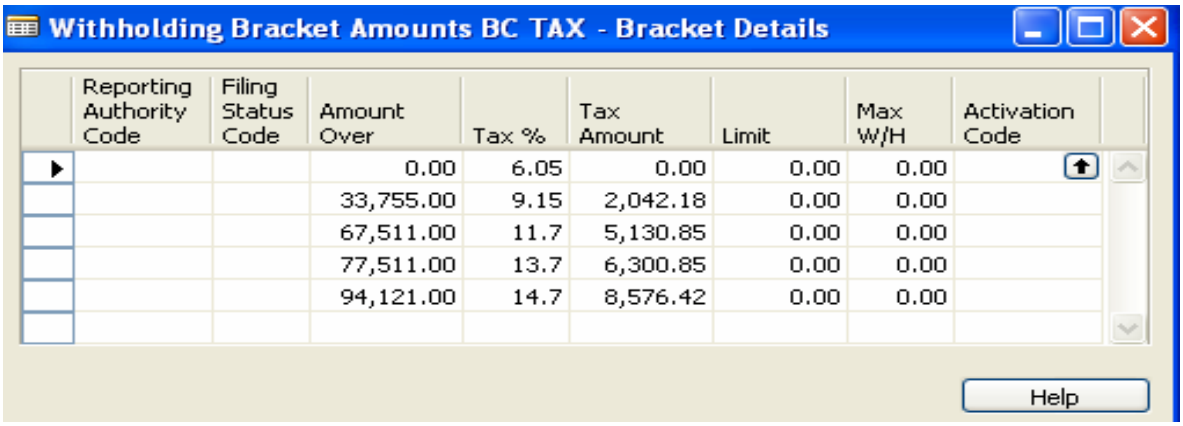
Bracket Code – BC TAX

Changes to the '**BC TAX'** Bracket Code will affect the following Payroll Controls:

BC TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= BC Withholding using Filing Status**



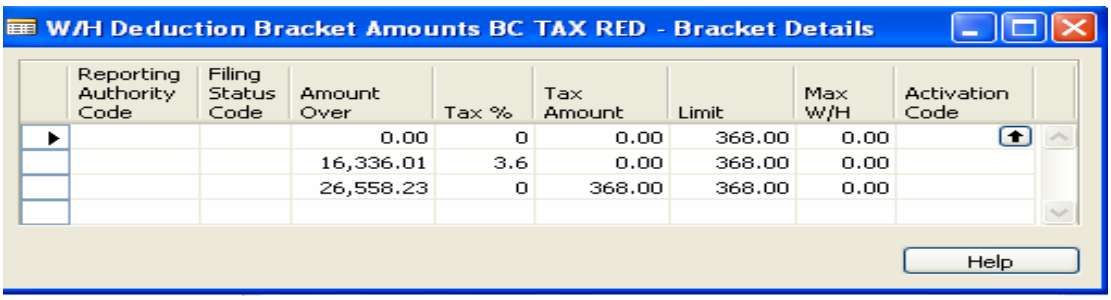
Bracket Code – BC TAX RED

Changes to the '**BC TAX'** Bracket Code will affect the following Payroll Controls:

BC TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= BC Tax Reduction Bracket**



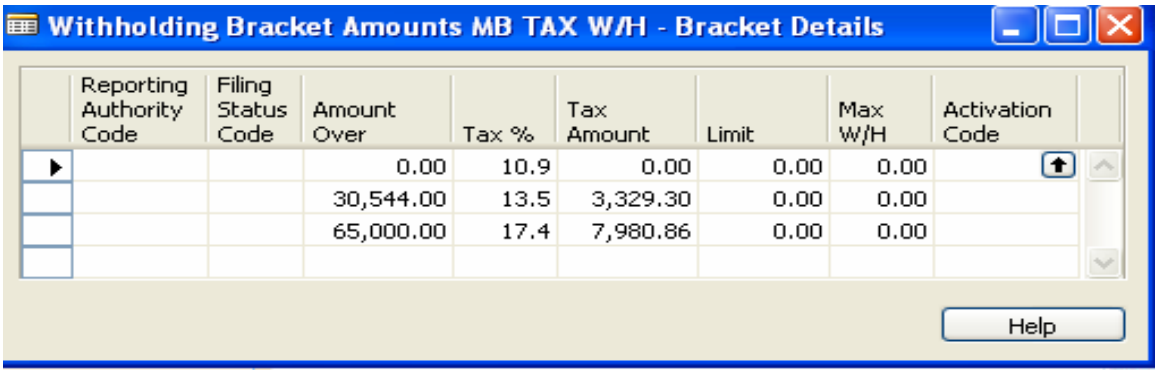
Bracket Code – MB TAX W/H

Changes to the '**MB TAX W/H'** Bracket Code will affect the following Payroll Controls:

MB TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= MB Withholding using Filing Status**



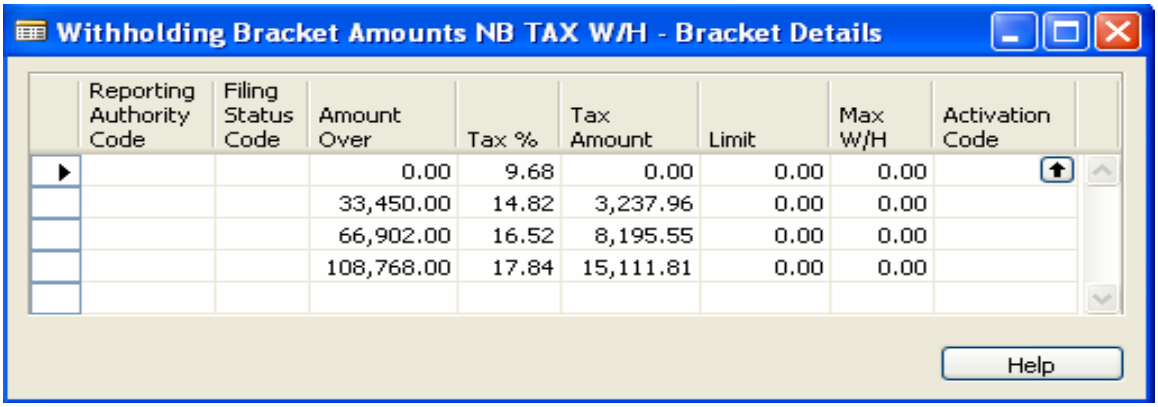
Bracket Code – NB TAX W/H

Changes to the '**NB TAX W/H'** Bracket Code will affect the following Payroll Controls:

NB TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= NB Withholding using Filing Status**



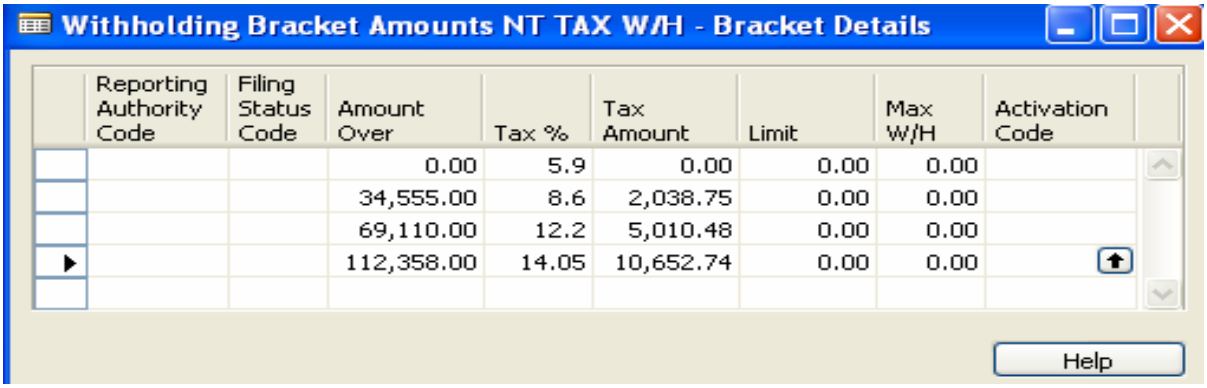
Bracket Code – NT TAX W/H

Changes to the '**NT TAX W/H'** Bracket Code will affect the following Payroll Controls:

NT TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= NT Withholding using Filing Status**



Bracket Code – NU TAX W/H

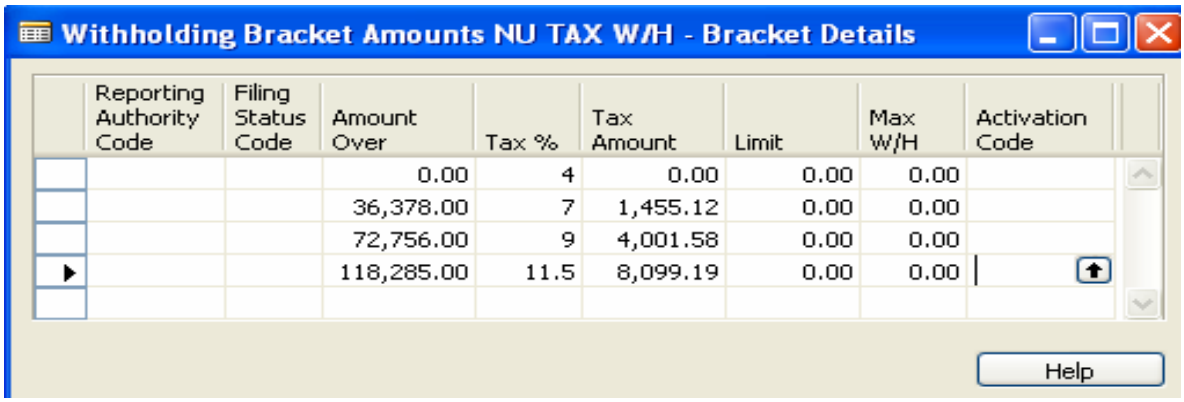
Changes to the '**NU TAX W/H'** Bracket Code will affect the following Payroll Controls:

NU TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**

- Description = **NU Withholding using Filing Status**



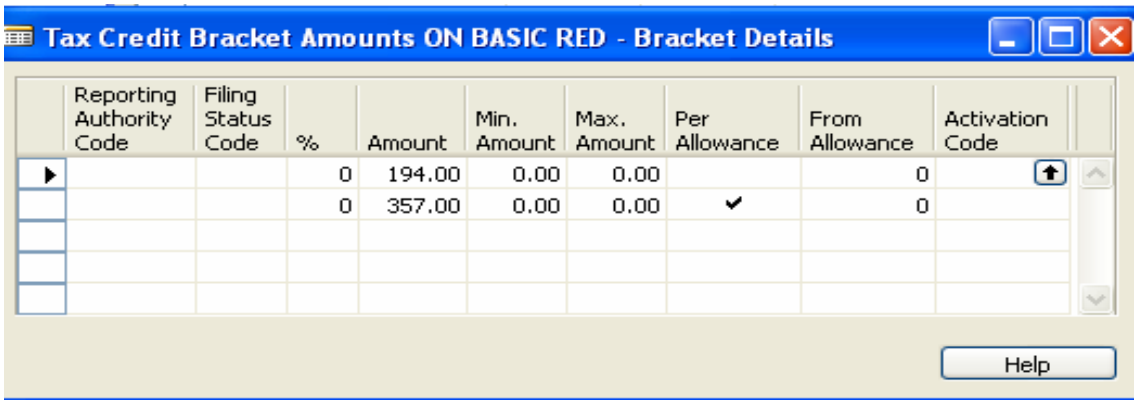
Bracket Code – ON BASIC RED

Changes to the '**ON BASIC RED'** Bracket Code will affect the following Payroll Controls:

ON TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **TAX CREDIT**
- Effective Date = **01/01/06,**
- Description = **ON - Basic Reduction amount**



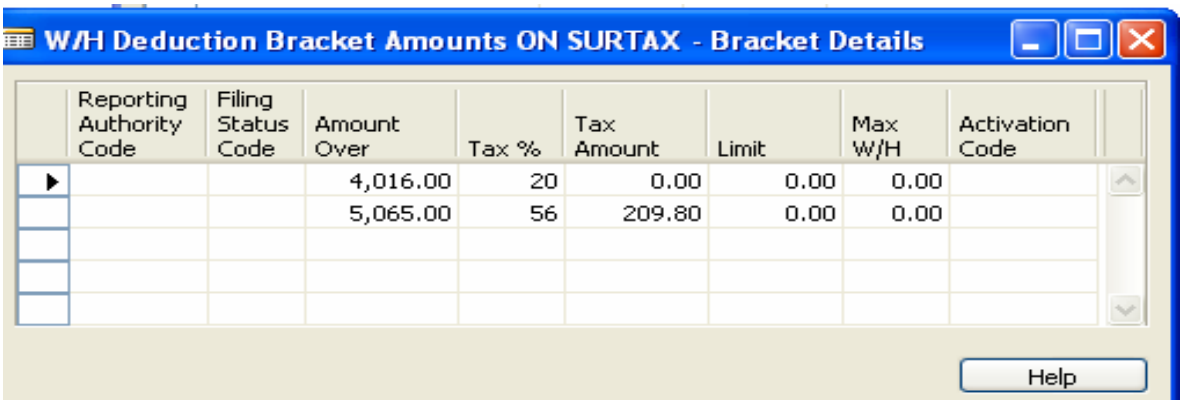
Bracket Code – ON SURTAX

Changes to the '**ON SURTAX'** Bracket Code will affect the following Payroll Controls:

ON TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **W/H DEDUCTION**
- Effective Date = **01/01/06,**
- Description = **ON Surtax**



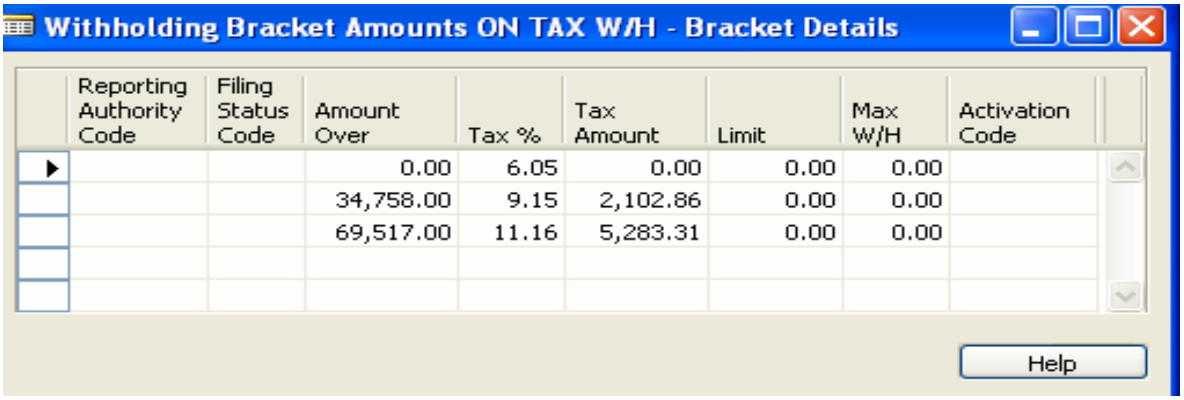
Bracket Code – ON TAX W/H

Changes to the '**ON TAX W/H'** Bracket Code will affect the following Payroll Controls:

ON TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description = **ON Withholding using Filing Status**



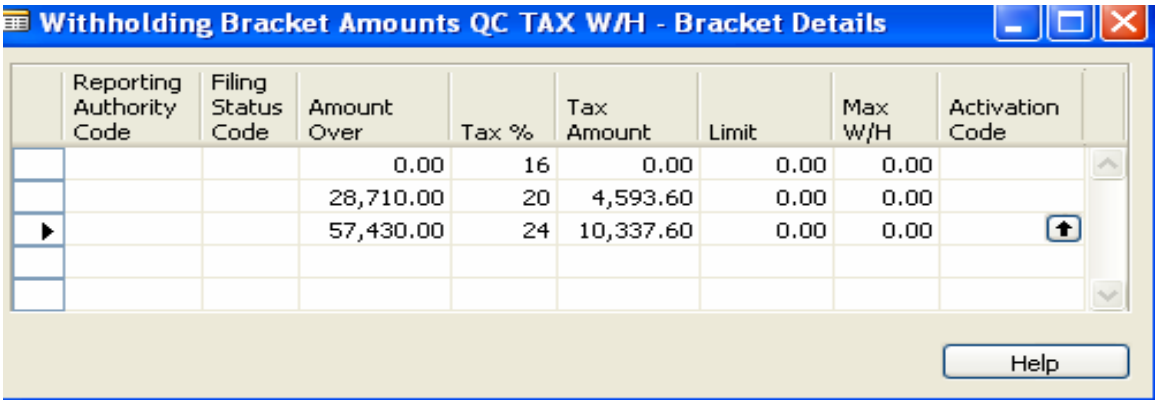
Bracket Code – QC TAX W/H

Changes to the '**QC TAX W/H'** Bracket Code will affect the following Payroll Controls:

ON TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= QC Withholding using Filing Status**



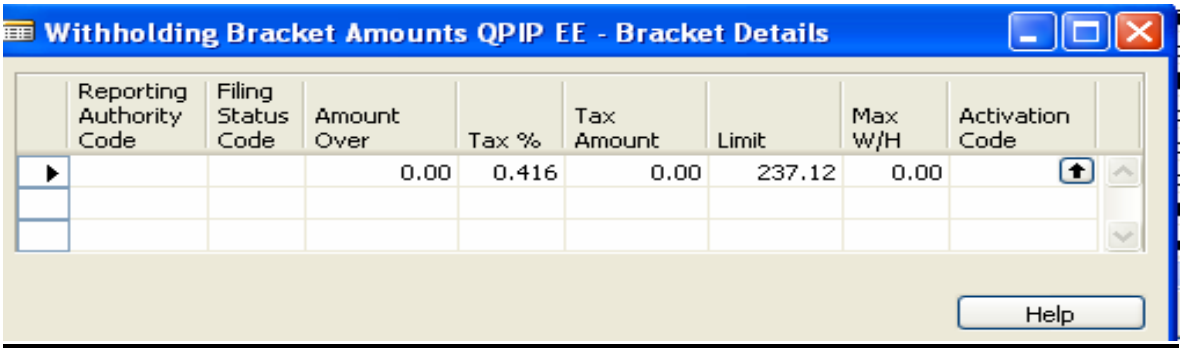
Bracket Code – QPIP EE

Changes to the '**QPIP EE'** Bracket Code will affect the following Payroll Controls:

QPIP EE

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= QPIP EE Withholding Rate and limit**



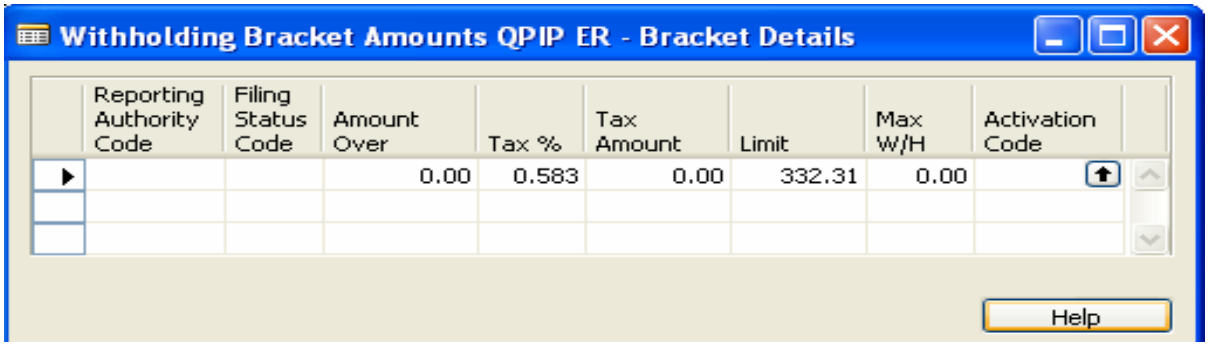
Bracket Code – QPIP ER

Changes to the '**QPIP ER'** Bracket Code will affect the following Payroll Controls:

QPIP ER

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= QPIP ER Withholding Rate and limit**



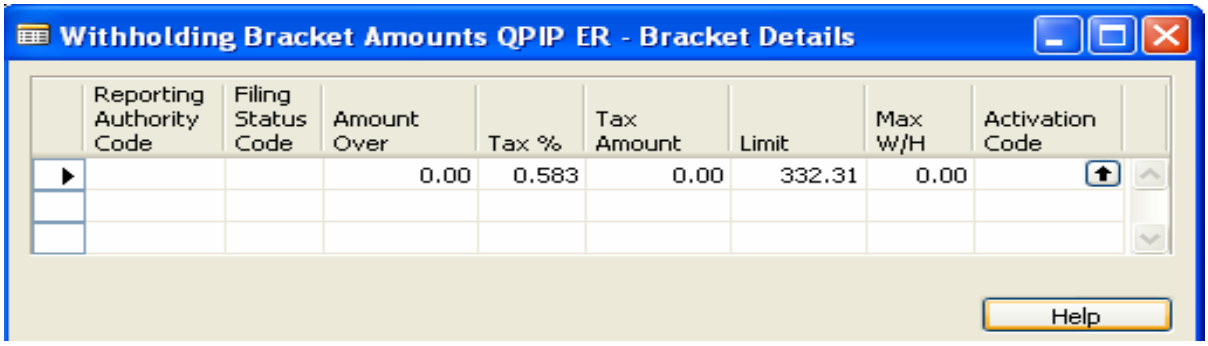
Bracket Code – QPIP MAX

Changes to the '**QPIP MAX'** Bracket Code will affect the following Payroll Controls:

QPIP EE,
QPIP ER

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= QPIP Maximum using Bracket**



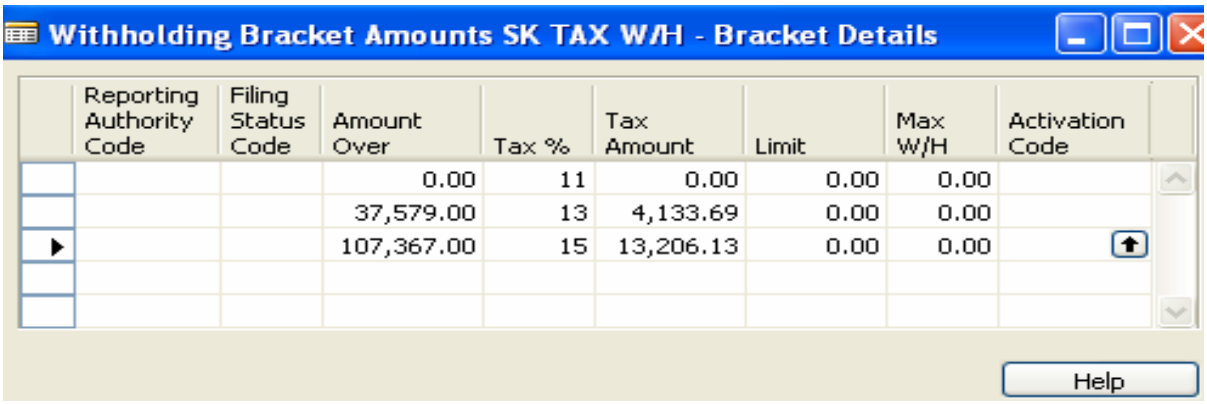
Bracket Code – SK TAX W/H

Changes to the '**SK TAX W/H'** Bracket Code will affect the following Payroll Controls:

SK TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= SK Withholding using Filing Status**



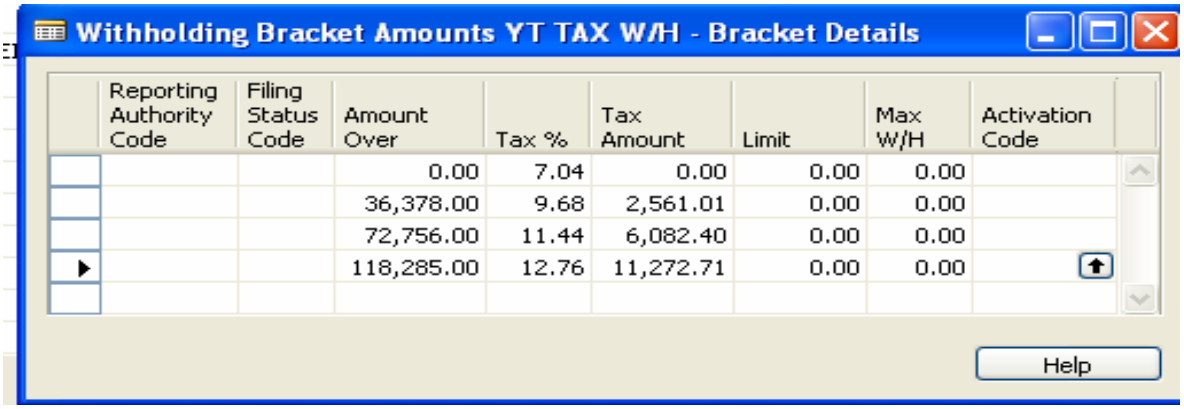
Bracket Code – YT TAX W/H

Changes to the '**YT TAX W/H'** Bracket Code will affect the following Payroll Controls:

YT TAX

If the Bracket Code that you use is NOT the same as that shown below, or if you have modified the Bracket, you will have to manually make the following changes:

- Bracket Type Code = **WITHHOLDING**
- Effective Date = **01/01/06,**
- Description **= YT Withholding using Filing Status**



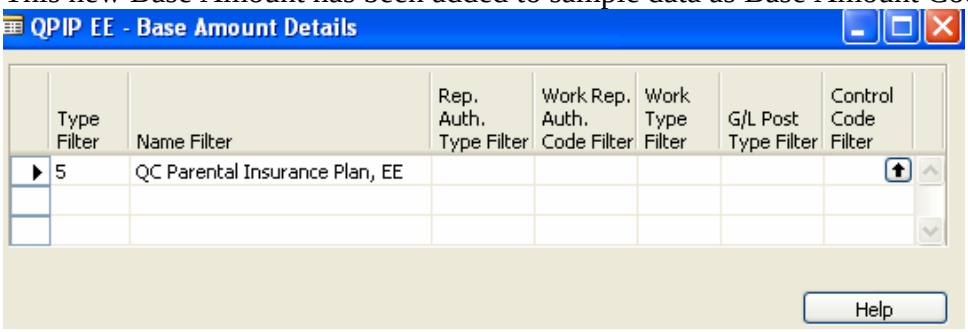
Note: All of the following Canadian Tax changes, included with your tax data update, can be referenced:
Canada Revenue Agency publication T4032-AB

New Base Amount Codes

A new base amount code is required to incorporate the new Quebec Parental Insurance premiums into the federal tax credit calculation.

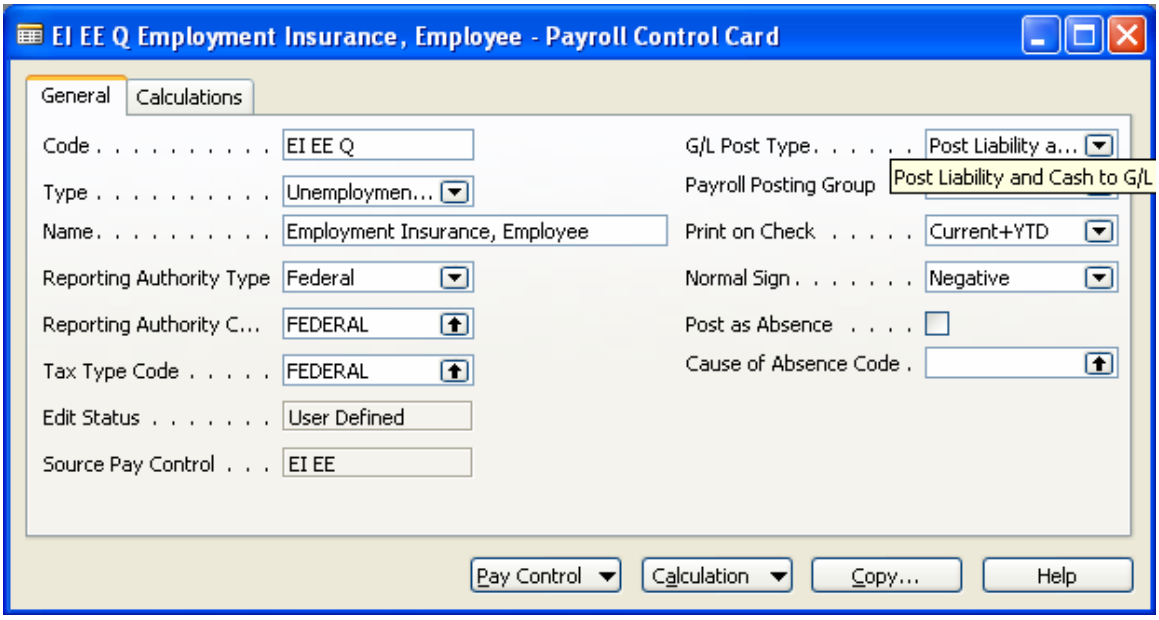
Payroll Control(s) Affected:
FED TAX Q

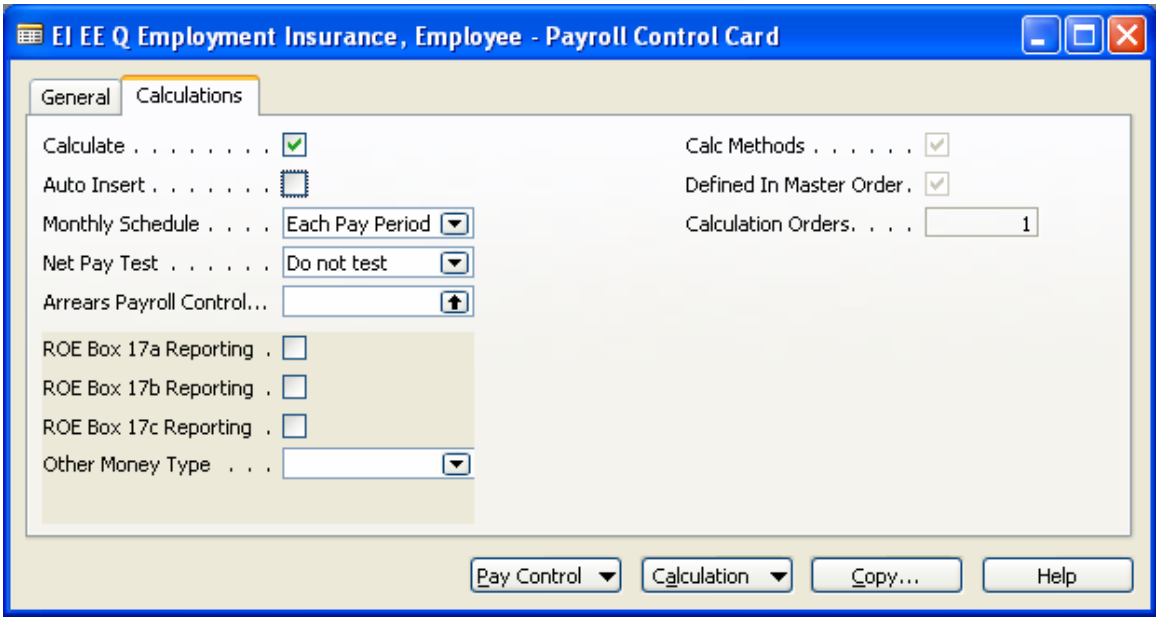
The new base amount code must filter on the new QPIP EE payroll control only.
This new Base Amount has been added to sample data as Base Amount Code QPIP EE.



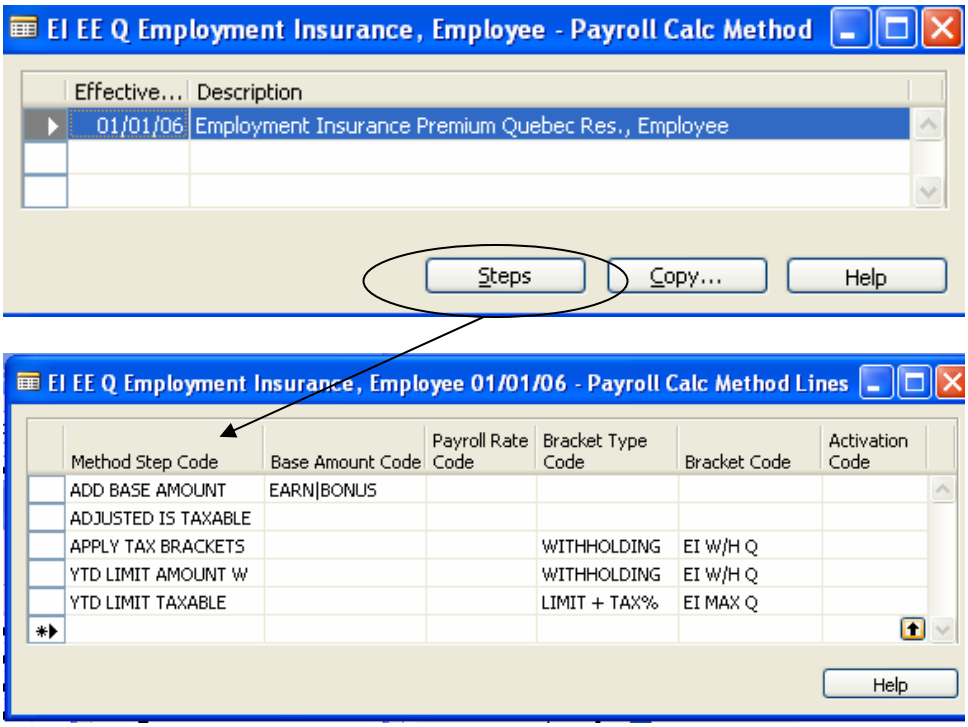
Note The following Canadian Tax changes, included with your tax data update, can be referenced:
http://www.cra-arc.gc.ca/tax/business/topics/payroll/t4032jan06/ei-quebec-b.pdf

New Payroll Controls

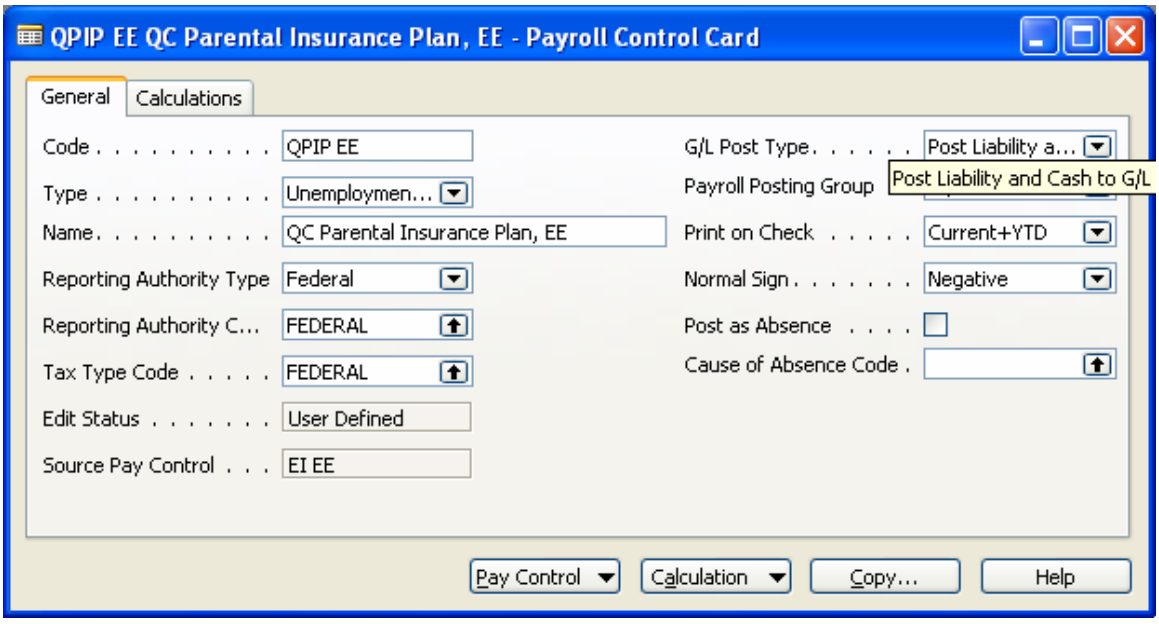


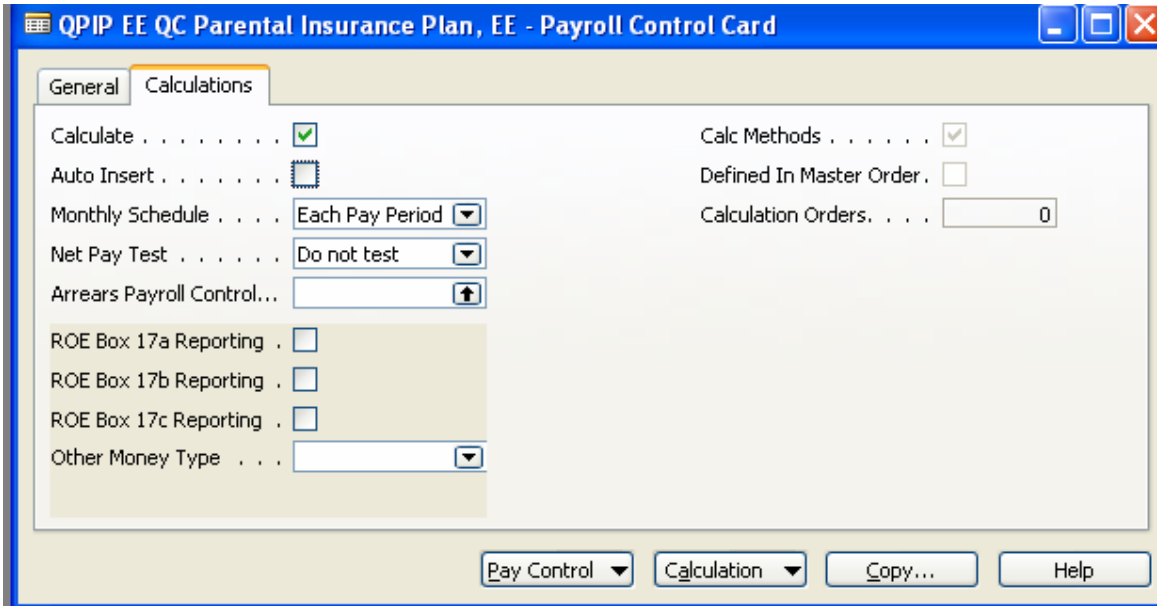


From the Payroll Control Card select the Calculation Button and choose the “Calc Method” option.



QPIP EE
Resource: http://www.revenu.gouv.qc.ca/eng/formulaires/tp/tp-1015_g-v.asp





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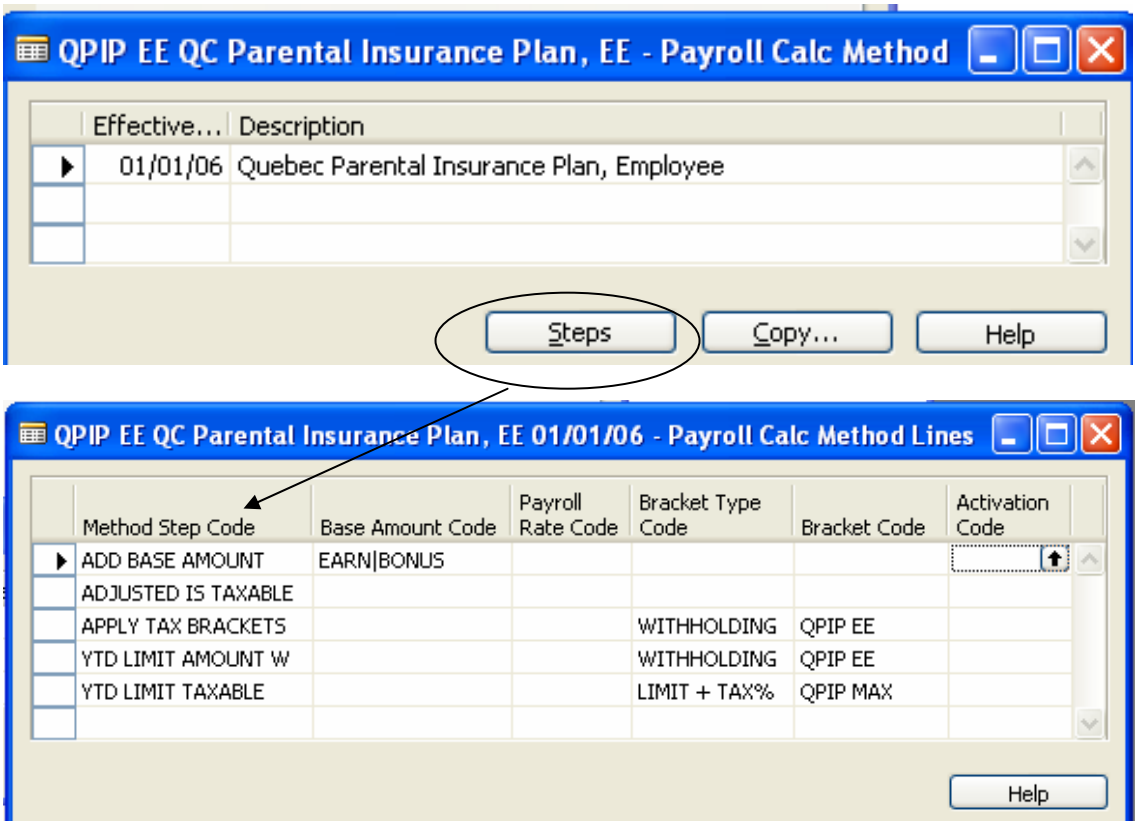
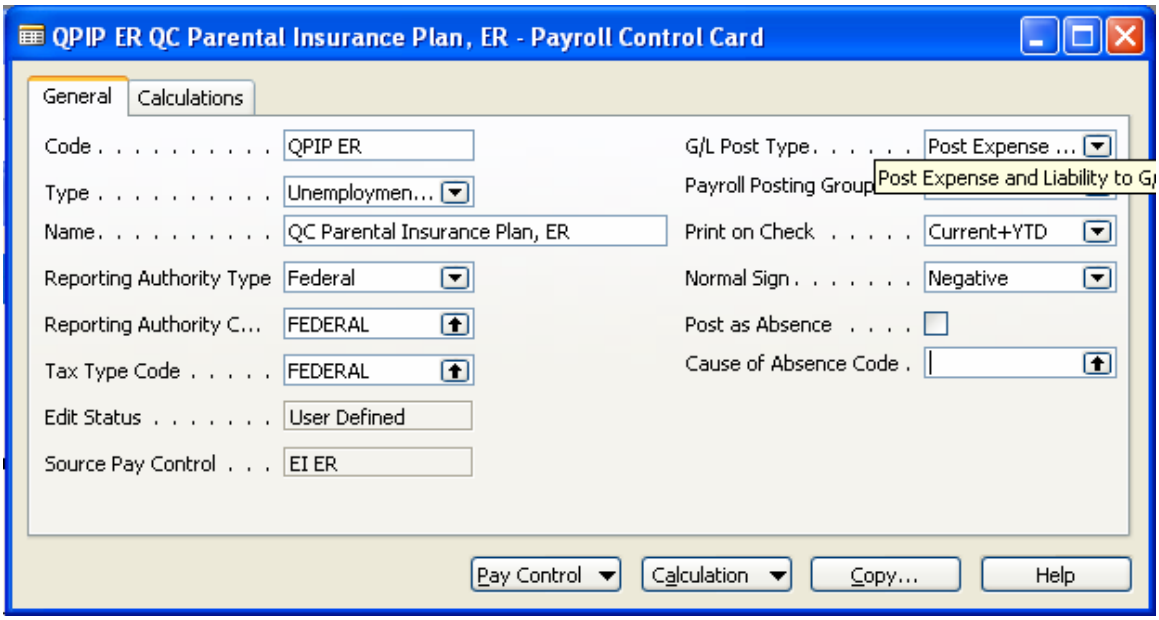
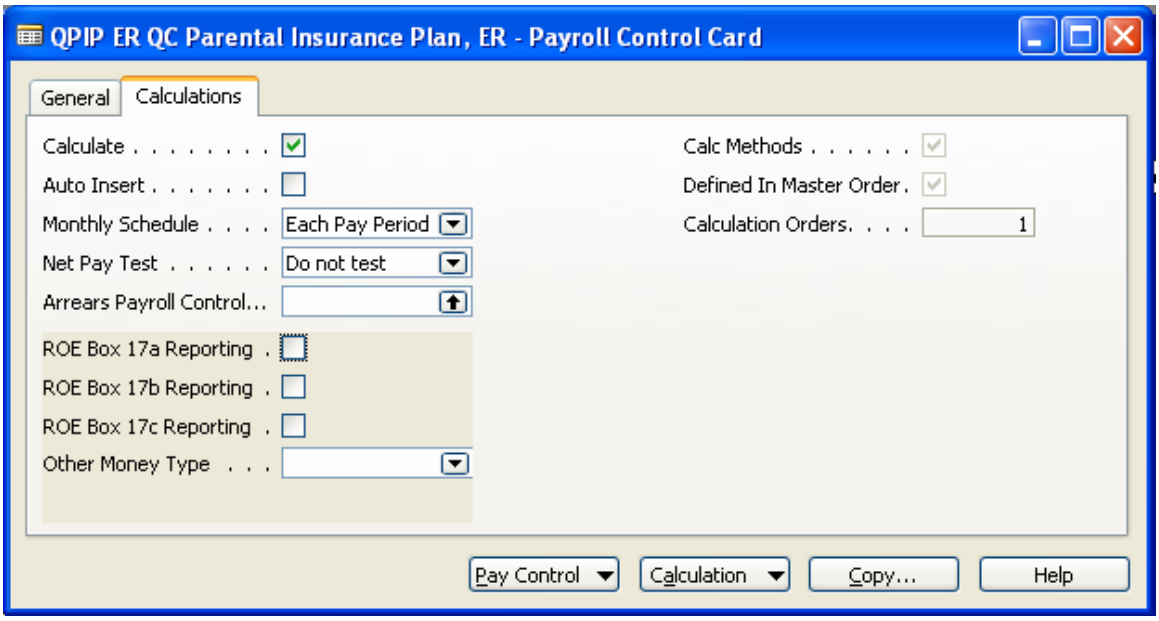
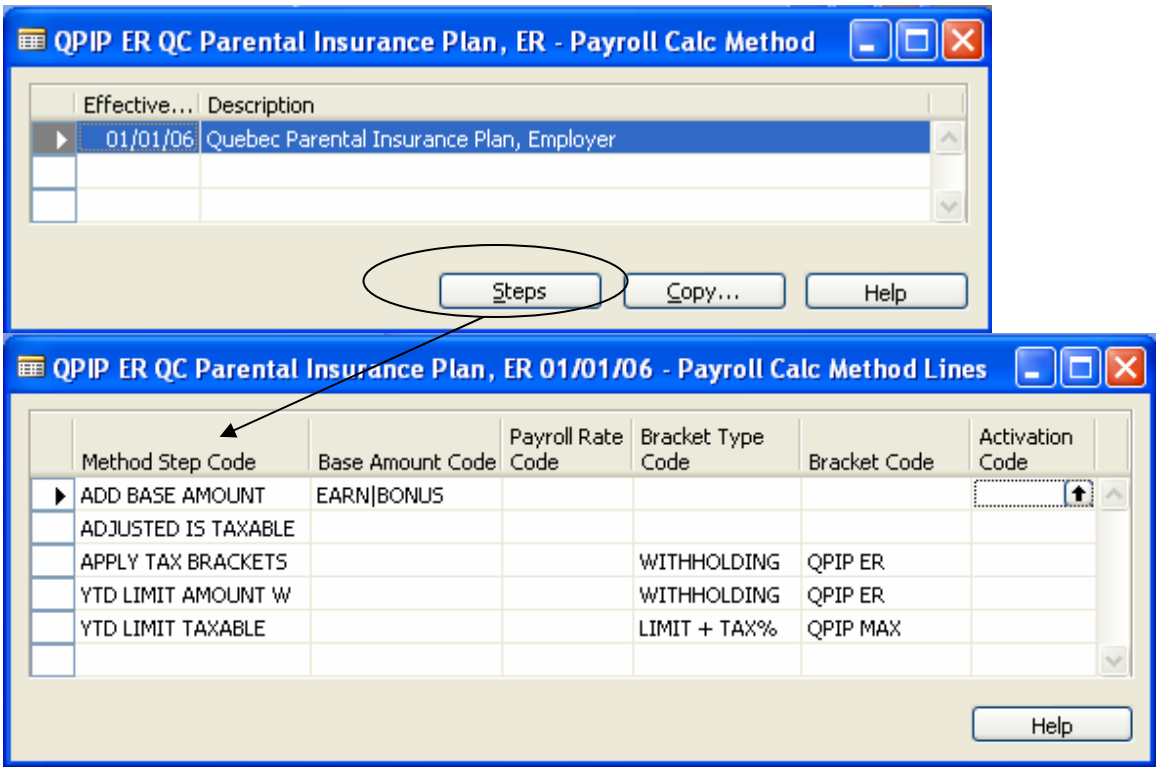


QPIP ER
Resource: http://www.revenu.gouv.qc.ca/eng/formulaires/tp/tp-1015_g-v.asp





From the Payroll Control Card select the Calculation Button and choose the “Calc Method” option.


QPIP ER QC Parental Insurance Plan, ER - Payroll Calc Method
Effective...
Description
01/01/06
Quebec Parental Insurance Plan, Employer
Steps
Copy...
Help
QPIP ER QC Parental Insurance Plan, ER 01/01/06 - Payroll Calc Method Lines
Method Step Code
Base Amount Code
Payroll Rate Code
Bracket Type Code
Bracket Code
Activation Code
ADD BASE AMOUNT
EARN|BONUS
ADJUSTED IS TAXABLE
APPLY TAX BRACKETS
WITHHOLDING
QPIP ER
YTD LIMIT AMOUNT W
WITHHOLDING
QPIP ER
YTD LIMIT TAXABLE
LIMIT + TAX%
QPIP MAX
Help

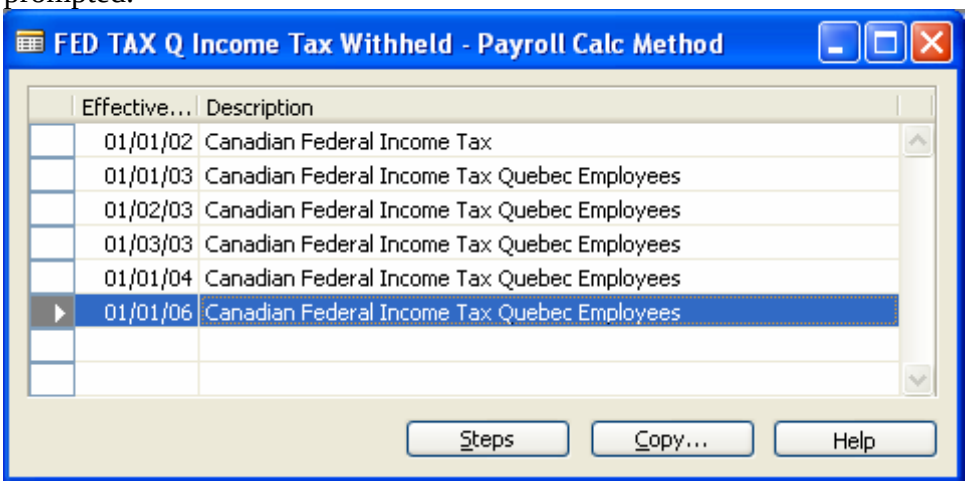
Note: All of the following Canadian Tax changes, included with your tax data update, can be referenced:
Canada Revenue Agency publication T4032-AB

New Calculation Methods

A new arrangement of method steps is required to incorporate the new Quebec Parental Insurance premiums into the federal tax credit calculation.

Payroll Control(s) Affected:
FED TAX Q

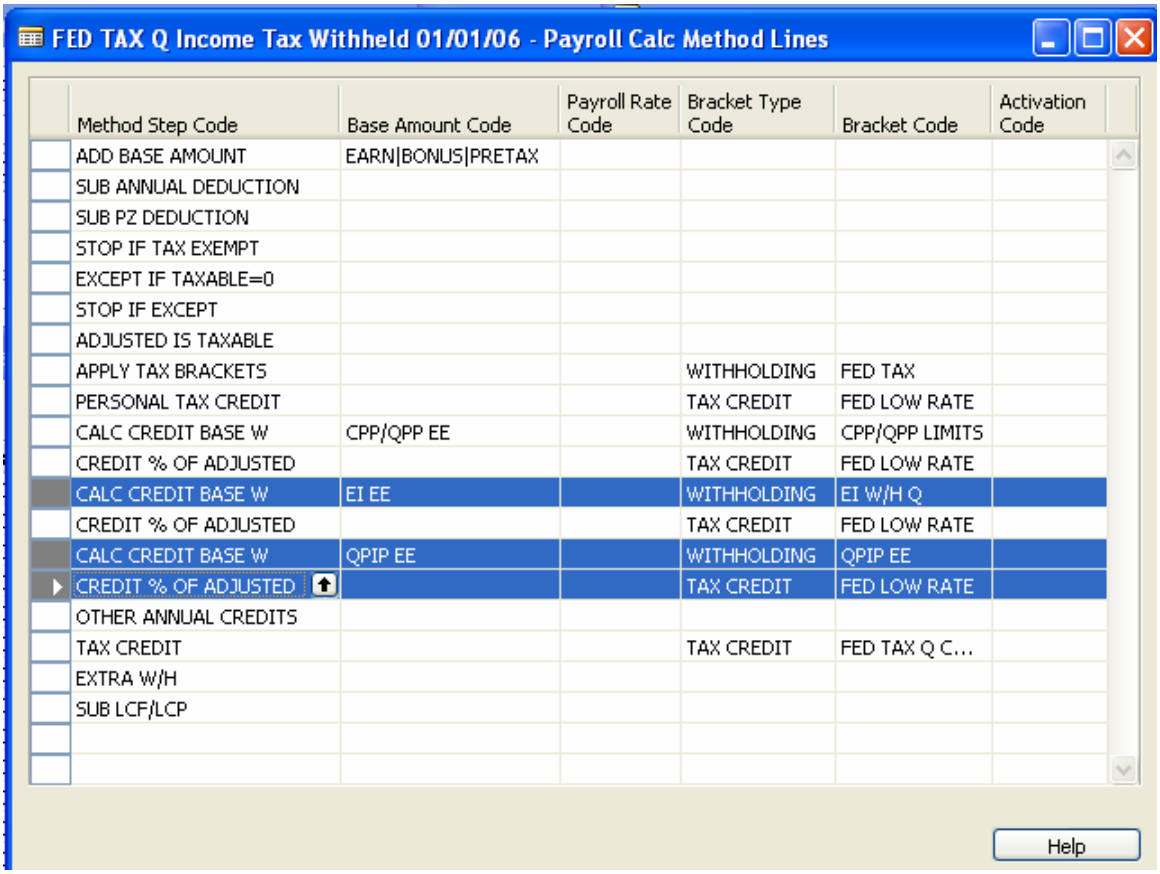
Copy Calc Method line for 01/01/04 and specify the new effective date of 01/01/06 when prompted.



With the new Calculation Method highlighted, select the Steps button and insure your steps appear as follows. (Base Amount Codes and Bracket Codes may differ from the sample data shown below)

Changes:

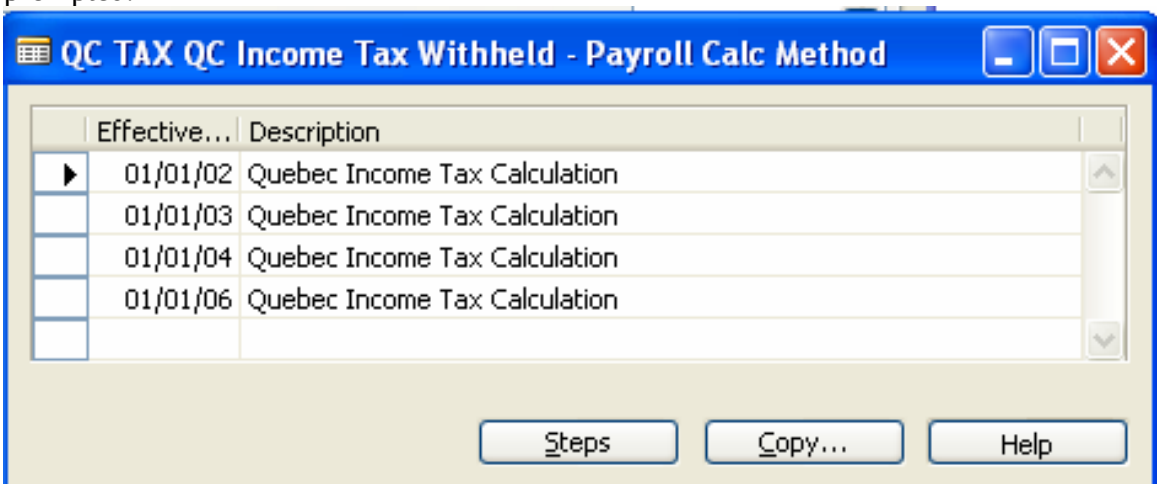
1. Bracket Code change from EI LIMITS to EI W/H Q for the second instance of the CALC CREDIT BASE W Method Step (12th Method Step on the list below)
2. Method Step CALC CREDIT BASE W inserted as step 14 to gather the QPIP premiums from the existing Payroll Journal (if not over limit defined in the QPIP EE Bracket Code)
3. Method Step CREDIT % OF ADJUSTED inserted as step 15 in the calculation to apply the lowest Federal tax rate to the value gather by step 14



Payroll Control(s) Affected:
QC TAX

A new arrangement of method steps is required to incorporate the new 6% Reduction in Taxable Income for the purpose of Quebec Income Tax calculations.

Copy Calc Method line for 01/01/04 and specify the new effective date of 01/01/06 when prompted.



With the new Calculation Method highlighted, select the Steps button and insure your steps appear as follows. (Your Base Amount Codes and Bracket Codes may differ from the sample data shown below)

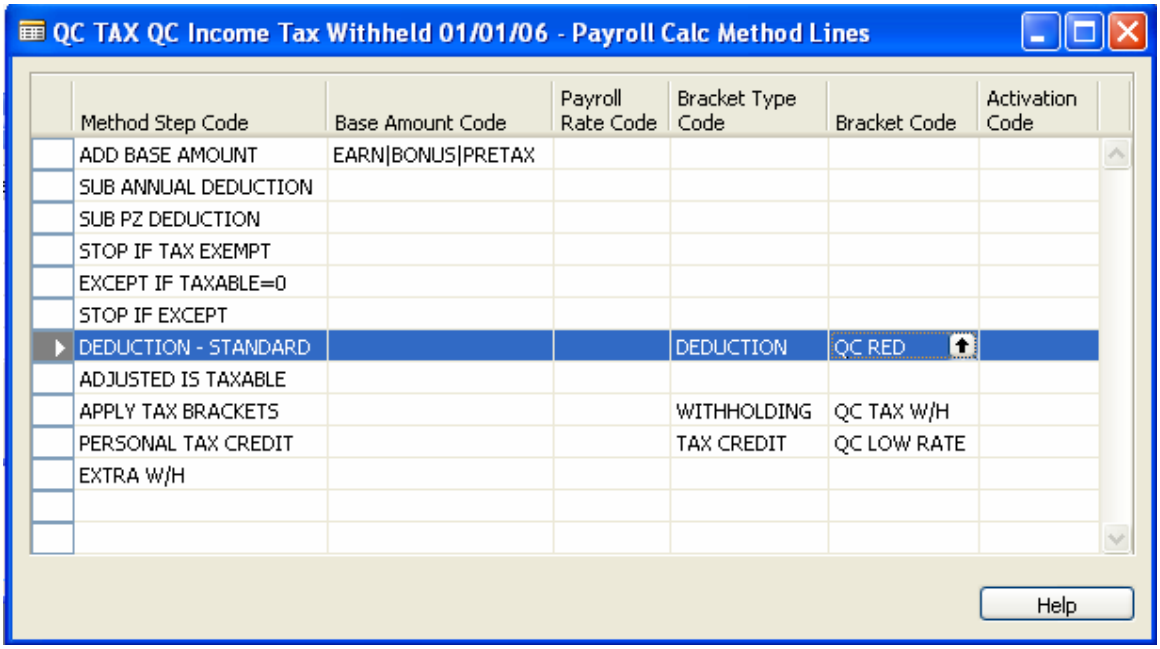
Changes:

1. Method Step DEDUCTION - STANDARD inserted as step 7 to further reduce the Taxable Income stored in the Adjusted Column by the amounts specified in the new QC RED Bracket Code

Equation performed by DEDUCTION – STANDARD:

$$\frac{[(\text{Adjusted Amount}) \text{ Pay Periods}] \text{ Bracket \%}}{\text{Pay Periods}}$$

If result in numerator is greater than the Max Amount in the Bracket then numerator becomes Bracket Max Amount.



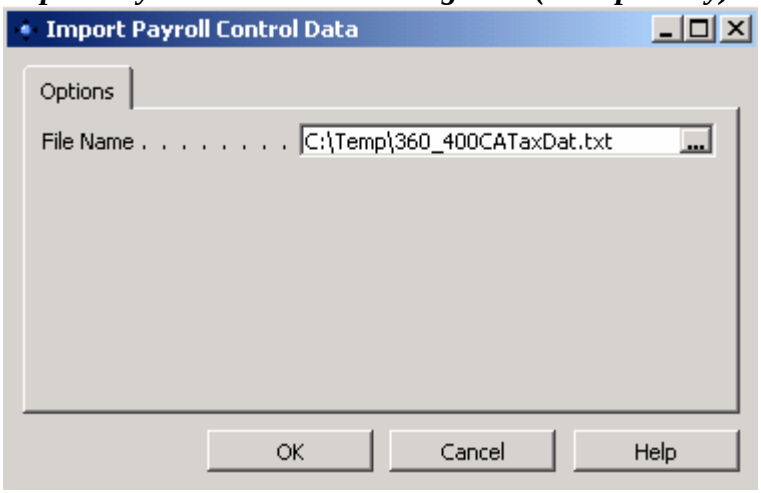
APPENDIX

Import Instructions (Step 1)

Using the Import Payroll Control Data periodic activity

1. Save the import file (360_400CATaxDatX.txt or 360_400CATax&SampleDatX.txt) to a folder on your network or your local hard drive.
2. Open Navision to the Payroll Main Menu.
3. Select "Periodic Activities>>Import Payroll Control Data…"
4. Use the Ellipsis button at the end of the "File Name" field to browse to the import file. (*See Import Payroll Control Data Figure 5*)
5. Select the import file and click 'Open'.
6. Click "OK" on the Import Payroll Control Data form:

Import Payroll Control Data – Figure 5 (example only)

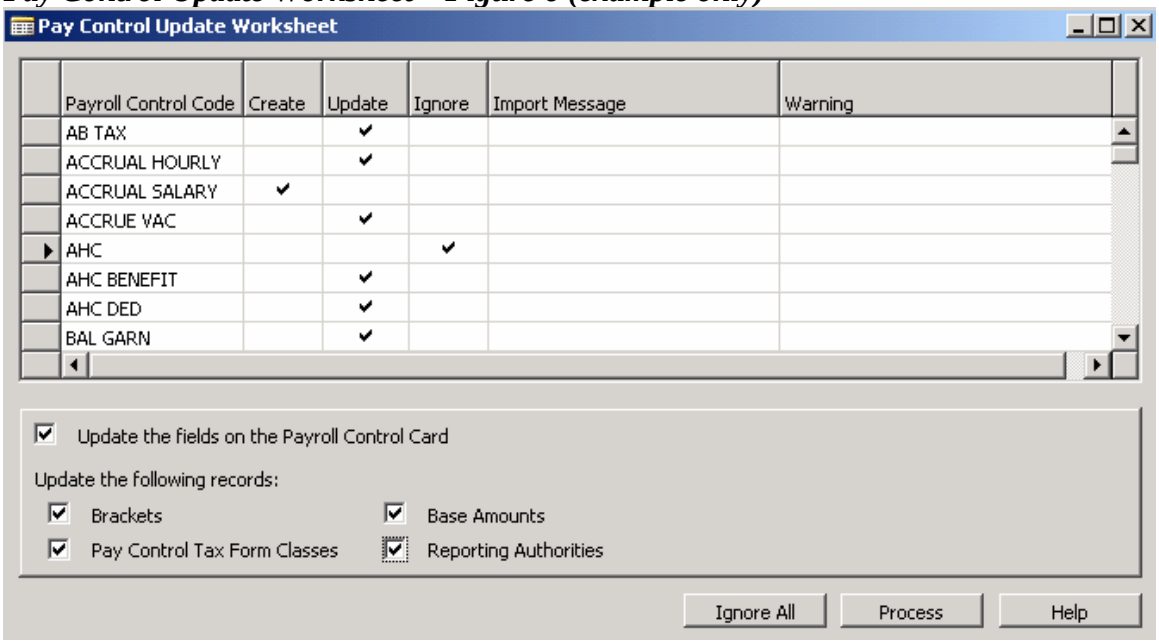


7. The "Pay Control Update Worksheet" will display which controls are included in the Import file. Review the default settings to insure each control is being handled in the desired manner. You can select to Create, Update, or Ignore each Payroll Control.
8. Placing a checkmark on the desired action can change the action for each Payroll Control Code Make changes if necessary. You should select "Ignore" for all controls that do not apply to you. (*See Pay Control Update Worksheet Figure 6)*
   NOTE: Subsidiary records used on the Payroll Control or Calc Method Line will be updated into the database regardless if they will be used or not. These include Payroll Calc Method and Payroll Calc Method Lines, Payroll Rates, Payroll Tax Types, Activations, and Split Information records.

The "Pay Control Tax Form Classes" checkbox will have to be checked in order to update/insert Pay Control Tax Form Class records on an existing Payroll Control.

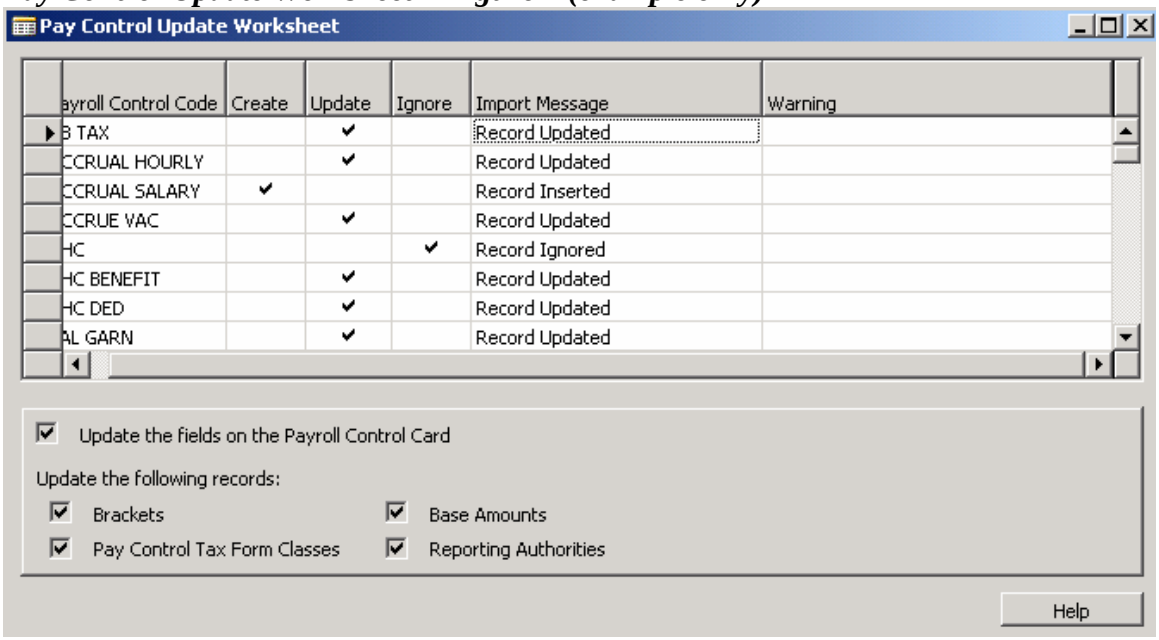
a. Line Check Boxes:
    i. Create – This action will create the Payroll Control Code specified on the line if it does not already exist in the database. Only the selected components will be created, according to the Control Check boxes based on the control check boxes settings (*See below for details on Control Check boxes*)
    ii. Update – This action will update the existing settings of the Payroll Control Code, specified on the line, according to the selected Control Check boxes. (*See below for details on Control Check boxes*)
    iii. Ignore – This action will not apply any changes to the database relating to the Payroll Control Code Specified on the line.
b. Control Check Boxes:
    i. Update the fields on the Payroll Control Card – This option updates only the fields that are on the General and Calculations tab on the Payroll Control Card. It does not refer to any components of the Payroll Control that are accessed through either the Pay Control or Calculation menu buttons at the bottom of the Payroll Control Card.
    ii. Brackets – This option will add/update bracket details for the Payroll Control Code specified on the line according to the effective date from the import file.
    iii. Base Amount – This option will add/update base amount details for the Payroll Control Code specified on the line according to the effective date from the import file.
    iv. Pay Control Tax Form Classes - This option will add/update Tax Form Classes for the Payroll Control Code specified on the line.
    v. Reporting Authorities - This option will add/update the Reporting Authority information for the Payroll Control Code specified on the line.

Pay Control Update Worksheet – Figure 6 (example only)



9. Click 'X' to close the window to cancel the process
10. Click 'Process' to initiate the routine.
11. Review the import message for each Payroll Control Code to insure the desired action was performed. *(See Pay Control Update Worksheet Figure 7)*

Pay Control Update Worksheet – Figure 7 (example only)



Sample Scenarios:

Scenarios	Update Fields on the Payroll Control Card	Brackets	Pay Control Tax Form Classes	Base Amounts	Reporting Authorities	Expected Outcome
Existing Payroll Control with Existing Sub records	Checked	Checked	Checked	Checked	Checked	Updates the Payroll Control as well as the sub records
Existing Payroll Control with Existing Sub records	Unchecked	Unchecked	Unchecked	Unchecked	Unchecked	Does not update the Payroll Control or the sub records
Existing Payroll Control with New Sub records	Checked	Checked	Checked	Checked	Checked	Updates the Payroll Control record and inserts the new sub records
Existing Payroll Control with New Sub records	Unchecked	Unchecked	Unchecked	Unchecked	Unchecked	Does not update the Payroll Control record, but inserts all of the new sub records except for the Payroll Control tax form class
New Payroll Control with Existing Sub records	Checked	Checked	Checked	Checked	Checked	Inserts new Payroll Control record and updates sub records
New Payroll Control with Existing Sub records	Unchecked	Unchecked	Unchecked	Unchecked	Unchecked	Inserts new Payroll Control record and does not update sub records
New Payroll Control with New Sub records	Checked	Checked	Checked	Checked	Checked	Inserts new Payroll Control record and inserts new sub records
New Payroll Control with New Sub records	Unchecked	Unchecked	Unchecked	Unchecked	Unchecked	Inserts new Payroll Control record and inserts new sub records

NOTE: "sub records" as mentioned above refers to the Bracket, Pay Control Tax Form Class, Base Amount, and Reporting Authority records