

# What's New

## 2017 Taxation Rates & Legislative Updates

### Taxation rates

A guide to the most recent taxation rates.

### **Federal labour-sponsored funds tax credit elimination as of January 1 2017**

The federal tax credit for federally registered Labour-Sponsored Venture Capital Corporations (LSVCCs) is now eliminated. The federal tax credit for provincially registered LSVCCs will be the lesser of: (i) \$750 and (ii) 15% 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.

For more information, see [T4127-JAN Payroll Deductions Formulas for Computer Programs - 105th Edition - Effective January 1, 2017](#)

Also refer to ADP [Taxation Rates](#)

### **T4 2016 - Principal Changes**

Certified non-resident employer may not have to report the salary, wages or other remuneration paid for a qualified non-resident employee if the amount is \$10,000 or less if certain conditions are met.

Effective January 1, 2016, the Overseas Employment Tax Credit has been eliminated. Employment income outside Canada (Code 72) and the Number of days outside Canada (Code 73) are no longer part of the list of Codes to declare in 2016.

For more details refer to [RC4120 Employers' Guide - Filing the T4 Slip and Summary](#)

### **Security Options Cash outs subject to CPP, EI premiums and Income tax**

In the latest edition of CRA Employers' guide- Taxable benefits and Allowances, published Nov 30, 2016, there is a clarification of the definition of cash outs of security options and update to the Benefits Chart.

Security Options- Cash outs subject to CPP, EI premiums and Income tax.

For more details refer to [T4130 Employers' Guide - Taxable Benefits and Allowances](#)

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### Quebec - 2017 Taxation Changes

#### Emergency service volunteer

Québec tax-exempt financial compensation paid to an emergency services volunteer has been increased from \$1,130 to \$1,140 for 2017.

#### Contribution related to labour standards

Effective January 1, 2017, the rate applicable to remuneration subject to the contribution related to labour standards (formerly the “contribution to the financing of the CNT”) is reduced from 0.08% to 0.07%. Also, for 2017, the portion of the remuneration in excess of \$72,500 (instead of \$71,500) is not subject to the contribution related to labour standards.

#### Reduced rate of the contribution to the health services fund for small and medium-sized businesses

As of 2017, the health services fund contribution rate applicable to employers whose total payroll for a given year is less than \$5 million will be gradually reduced over a five-year period.

For 2017, if you are an **employer in the primary or manufacturing sectors** and 50% of your total payroll is related to activities in these sectors (see the note below), your contribution rate will be determined as follows:

- If your total payroll is less than or equal to \$1 million, your contribution rate is 1.55%.
- If your total payroll is between \$1 million and \$5 million, your contribution rate (W) is determined using the following formula:  $w(\%) = 0.8725 + (0.6775 \times S)$ ..... S= total payroll divided by \$1,000,000
- If your total payroll is \$5 million or more, your contribution rate is 4.26%.

#### In other cases, your contribution rate is determined as follows:

- If your total payroll is less than or equal to \$1 million, your contribution rate is 2.5%.
- If your total payroll is between \$1 million and \$5 million, your contribution rate (W) is determined using the following formula:  $w(\%) = 2.06 + (0.44 \times S)$ .....s = total payroll divided by \$1,000,000
- If your total payroll is \$5 million or more, your contribution rate is 4.26%.

For more information, see [Formulas to Calculate Source Deductions and Contributions](#)

#### Elimination of the health contribution as of 2017

On October 25, 2016, the Minister of Finance of Quebec announced the elimination of the health contribution as of 2017. Consequently, you no longer have to withhold the health contribution on remuneration paid to an employee or to a beneficiary as of January 1, 2017.

Accordingly, variable Z (health contribution) and variable R (annual net income) have been taken out of the formulas for calculating Quebec income tax.

For more information, see [Formulas to Calculate Source Deductions and Contributions](#)

Also refer to ADP [Taxation Rates](#)

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### Releve 1 2016 - Principal changes

For 2016, the per-kilometer rate for the use of a motor vehicle that you pay an employee and that we consider reasonable has decreased from \$0.55 to \$0.54 for the first 5,000 kilometers and from \$0.49 to \$0.48 for each additional kilometer.

For 2016, the per-kilometer rate used to calculate the operating-costs benefit related to an automobile made available to an employee has decreased from \$0.27 to \$0.26. For employees engaged principally in selling or leasing automobiles, the per-kilometer rate has decreased from \$0.24 to \$0.23.

On January 1, 2016, the Régie des rentes du Québec and the Commission administrative des régimes de retraite et d'assurances became a single agency named Retraite Québec.

On January 1, 2016, the Commission des normes du travail (CNT), the Commission de l'équité salariale (CES) and the Commission de la santé et de la sécurité du travail (CSST) became a single agency named the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST).

For more information, see 2016 [Guide to Filing the RL-1 Slip: Employment and Other Income](#)

### Releve 2 Summary has been eliminated

The RL-2 summary has been eliminated. Therefore, you no longer have to file the RL-2 summary (RL-2.S-V) when filing RL-2 slips. This also applies to RL-2 slips for previous years.

For more information, see 2016 [Guide to Filing the RL-2 Slip: Retirement and Annuity Income](#)

### British Columbia 2017 MSP Premium Increase Cancelled

On Sept. 15, 2016, the government of British Columbia announced updates to the previously published 2017 MSP premium and Regular Premium Assistance rates. The planned 4% increase has been cancelled. As a result, the full premium rate for one adult will not increase and will remain at the 2016 rate of \$75.

In addition, rates for those receiving Regular Premium Assistance will be reduced by at least 4% beyond what was announced with Budget 2016.

For more information, see details on British Columbia site <http://www2.gov.bc.ca/gov/content/health/health-drug-coverage/msp>