

Activating Payroll Status within Your Business

Follow these steps to set yourself up on Payroll in compliance with CRA's mandate to ensure employees are acting as true employees and remitting payroll regularly.

1. Call CRA's general business line (1800-959-5525) to initialize your payroll account number. Quote your Business Number (BN) and they will activate a new ending such as "RP 0001" which you will add to BN to use on all future payroll correspondence (green sheets received from CRA as opposed to the pink GST forms).
2. Estimate what your ANNUAL salary will be (remember for payroll purposes the calendar year applies from Jan 1st to Dec. 31st even if different from your corporate fiscal year.) Be as accurate as possible in estimating, but if salary ends up being higher at year-end than what you used to estimate remittances throughout the year, a final catch-up payment can be remitted in the last month.
3. If you choose to employ a Payroll Service Company to handle the payroll function for your business (we recommend Pay Matters or Ceridian as they provide our clients with a reduced rate based on our referral) they will calculate all remittances (Tax, CPP, EI if applicable) direct deposit money in your personal account and generate monthly payroll summary sheets plus prepare your year end T4's and T4 summaries which must be filed with CRA by February 28th deadline. Fees are reasonable starting at ~ \$25 per single employee (+\$1.50 per person).
4. If you want to do it yourself, CRA provides relatively user friendly tables and formulae on their web site to calculate your remittances and generate T4 returns. <http://www.cra-arc.gc.ca/tax/business/topics/payroll/tables-e.html>

Under **Payroll Tables**, select Payroll Calculator or **Tables on Diskette**. It will guide you through the process of selection.

Reminder: It is critical to pay your remittances to CRA on the 15th of every month subsequent to the month you have issued a salary cheque.

For example, any salary amount paid to employee(s) of the corporation in December 2007 (up to and including the 31st) must have appropriate payroll remittances paid by January 15th, 2008 at the bank using your preprinted green remittance form provided by CRA or by using online payment options. The Payroll Remittance Division of CRA must be notified if you are not paying salaries and therefore not making a remittance in a regular pay period by sending in a nil form (with zeros) or by phone call.