

CIRCULAR

Date: March 26, 2012

CIRCULAR NUMBER: EIA #2012-25

Alternate Program(s):

To: Community Social Service Supervisors/Program Managers

Subject: Verification of Payroll Deductions

Reference: 16.2.6 of the EIA Policy Manual

Type: Policy Replaces # _____
 Procedure
 Rate
 Information Only

Effective Date: Immediately

The purpose of this circular is to provide a tool to estimate regular payroll deductions from an EIA participant's pay.

Background:

Irregular employer deductions from an EIA participant's pay will result in their EIA assistance being improperly calculated. Periodically, staff are required to verify if payroll deductions are reasonable or irregular.

Tax tables that are currently available to EIA staff to verify irregular payroll deductions from EIA participant's pay do not accurately reflect the current amounts that should be deducted. However, there is no longer a unifying table available that can accurately reflect the fairly complex federal and provincial tax structures.

Procedure:

When there is a need to verify irregular payroll deductions, including Canada Pension Plan (CPP), Employment Insurance (EI), federal or provincial income tax, staff should use Canada Revenue Agency's on-line payroll deductions calculator found on their website: <http://www.cra-arc.gc.ca/pdoc/>. When using the on-line calculator staff are advised to leave the employee's name blank, as entering a first and last name, in addition to income information, results in a significant collection of personal information.

This tool provides a close estimation of what employment deductions should look like but should not be counted on as 100% accurate.

Corresponding federal and provincial claim codes for case categories and family composition that need to be entered in the calculator for proper tax calculations can be found in the **Appendix 1** below.

Note: Not all individuals who qualify for EIA as a person with a disability will be eligible for the federal Disability Tax Credit. Staff may verify directly with EIA participants if they have a Disability Tax Credit Certificate. For EIA participants who are not eligible for the Disability Tax Credit, staff should use the applicable claim codes for Single General Assistance (GA), Single Parent or GA couple.

In situations where staff determine an irregular payroll deduction exists, staff are advised to enter the payroll deductions as is but should direct participants to speak to their employer directly to amend deductions to only include compulsory deduction amounts. If the irregular payroll deductions continue, staff should discuss this with their supervisor.

Appendix 1

Tax Credit Claim Codes for Selected Case Types Effective January 1, 2012

Tax Credit Claim Codes for Selected Case Types		
	Claim Codes	
	Federal	Provincial
Single GA Case	1	1
Single Parent		
with 1 child under age 18	7	7
with 2 children under age 18	E	9
with 3 (or more) children under age 18	E	E
GA Couple		
One person employed	7	7
One person employed 1 child under 18	E	9
One person employed, 2 children (or more) under 18	E	E
Both Working	1	1
Person with a Disability* and CRA Tax Credit Eligible		
	Federal	Provincial
Single person with a disability*	5	5
Single parent with a disability*		
with 1 child under age 18	10	10
with 2 children (or more) under age 18	E	E
Couple with one person with a disability*		
One person employed	10	10
One person employed with 1 child (or more) under 18	E	E
Couple where both persons have a disability*		
One person employed	E	E
One person employed with 1 child under 18	E	E
Both employed	5	3
Both employed, with 1 child under 18	10	10
Both employed, with 2 children (or more) under 18	E	E
<p>* The EIA participant with a disability must be eligible for Canada Revenue Agency (CRA) disability tax credit. If the EIA participant with disability does not qualify for tax credit then use the applicable Code for Single GA, Single Parent or GA Couple.</p>		
<p>To obtain forms for recalculating the TD1 Claim Code, go to cra-arc.gc.ca/formspubs/menu-eng.html</p>		