

Chapter 3: Canadian Payroll

This chapter contains information specific to Canada and generating T4s. It is meant to be used in conjunction with the 2012 [Year-End Procedures Guide](#).

Year-End 2012

2012 Year-End Update

For year-end 2012, install the Year-End Software Update (available in mid-December) if EITHER of the following apply to you:

- **You use Payroll to generate T4 slips or a Record of Employment (ROE) form.** Apply this year-end software update before generating T4 or ROE forms to ensure your forms are in compliance.
- **You use Accounts Payable to generate Form T5018.** Apply this year-end software update before generating T5018s to ensure your forms are in compliance.

Tax Forms

In-product tax forms and magnetic media generation are no longer supported.

Sage 300 Construction and Real Estate is now completely integrated with [Aatrix services](#) to produce your government tax forms using data from Payroll and Accounts Payable. Aatrix lets you edit your forms on-screen, save forms in progress, and come back to work on them at any time.

To learn more about printing or eFiling your government forms with Aatrix, refer to the 2012 [Government Forms Guide](#).

Enrolling with Aatrix

Ready to get started? You can [complete Aatrix enrollment now](#) so you are ready to print or eFile your year-end government forms. Otherwise, you can enroll before you generate the forms. You will not be able to eFile any forms unless you enroll with Aatrix.

Year-End Training

Complimentary Year-End Procedures Anytime Learning Subscription

Available on December 17, 2012, this package of eight online, recorded lessons provides a convenient way to learn about the year-end release, and view step-by-step demonstrations of the year-end tasks that customers find the most challenging. This training is offered at no charge to our Canadian customers only, and it is available 24/7.

Topics include:

- When to install the year-end update and the payroll tax update
- Preparation and filing of T4s and T5018s using our interface with Aatrix Tax Forms and eFiling Service
- Making prior year adjustments to General Ledger
- Recalculating payroll subject-to amounts

To view this complimentary training, [register for the subscription](#) on Sage University. For more details about this year-end training, [view or download the PDF](#).

Do you prefer a blended approach, with both in-person and recorded training? Check with your local Sage business partner or certified consultant to learn about local classroom or on-site training options.

Go to [Sage University](#) for additional training opportunities. Questions? Contact the training information team at 877-724-3285. Year-End Checklist

This checklist provides a recommended sequence of steps only. Your actual sequence may vary, depending upon your organization's processes.

1. December Tasks, see [page 6](#)

- _____ Order T4 forms.
- _____ Run the final payroll for 2012.
- _____ Decide when to generate T4 forms, before or after closing the year.
- _____ Post cheques for 2012.
- _____ Set up T4s for your company.
- _____ Install the 2012 Year-End software update. (available in mid-December)

2. Close the Year, see [page 6](#)

- _____ Decide whether or not you want to retain totals for any pays, deductions, or fringes.
- _____ Run the **Close Year** task.
- _____ Download the year 2013 tax file and update taxes.

3. Run the First Payroll of 2013, see [page 7](#)

- _____ Verify that taxes are updated and the year-end date is 2013 prior to running payroll.
- _____ Modify the personal tax credit amounts if necessary.

4. January Tasks - Prepare for Year End, see [page 9](#)

- _____ Print all management reports.
- _____ Reconcile Payroll to itself and to General Ledger.

____ Optional—Move employees into one file if required for government reporting.

____ Make a backup copy of all files.

5. Generate T4 Forms, see [page 9](#)

____ Print a test run of T4s on plain paper or to a file.

____ Print T4s.

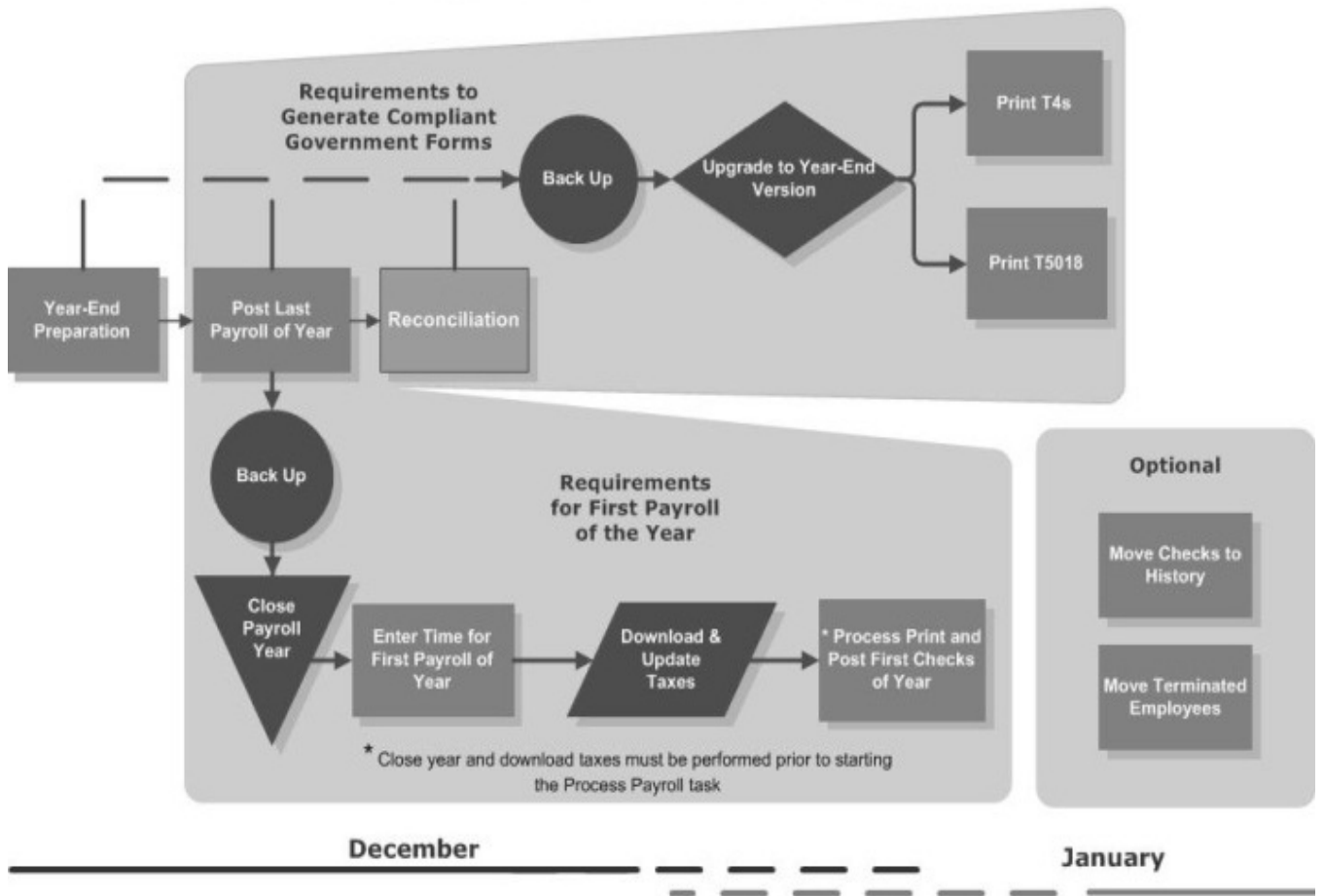
6. Move Cheques, Move Terminated Employees, and Compact Files, see [page 9](#)

____ Archive the 2012 cheques.

____ Move terminated employees.

____ Compact your Payroll master and current transaction files.

Payroll Year-End Workflow



Common Payroll Questions and Answers

1 What should I know before generating forms with Aatrix?

To learn more about printing or eFiling your government forms with Aatrix, refer to the 2012 [Government Forms Guide](#).

2 I have never closed my year before. Where do I start?

Read this guide, or participate in year-end training. For more information about training, visit Sage Software University at <http://www.SageU.com>. Select **Sage 300 Construction and Real Estate** as your product line and look for Anytime Learning options.

3 How can I run my first payroll in January and print T4s later?

Payroll can be processed for the new year *only if*:

- ▣ You have posted all cheques and adjustments for 2012.
- ▣ You have already closed the year.
- ▣ You have already updated taxes for 2013.
- ▣ Once the year is closed, verify all Payroll amounts are moved to "Prior Year" columns before processing new entries.

4 How do I delete terminated employees from the Payroll master file at the end of the year?

After T4s have been printed, use **Tools > Move > Employees** to move terminated employees to a different master file. See "[Move Terminated Employees](#)" on page 9 for further information.

5 Will the period-end date of my last payroll affect my T4s?

Payroll always posts by cheque date. Because T4s should include only dollars paid during the year being reported, any cheques dated January 2013 or later, regardless of the period-end date, are not included in your 2012 T4s. These cheques are not posted until you close the year.

6 If I have multiple Payroll master files, should I move all my employees into one Payroll master file to print T4s?

You are required to combine employees in all master files only if both of the following apply:

- ▣ The same business number applies to all master files.
- ▣ You are submitting the data to the CRA on magnetic media.

7 I just received notification of the availability of a new payroll tax file for 2013 tax changes. When should I install it?

Install this tax file after the last payroll for 2012 but before you process cheques for the first 2013 payroll. When you are ready to install the taxes, select **Tools > Download Taxes** and remember to either

select the **Update taxes after download is complete** check box while running download taxes or select **Tools > Update Taxes** after you download the new taxes and prior to processing your first payroll for 2013.

8 When I ran Payroll > Tools > Update Taxes, I got an error message that reads, "NEW.PRX not found." What does it mean?

This message usually means that you have already selected **Update Taxes** or you have not yet downloaded the new tax files. The New.prx file is installed during **Download Taxes** and deleted after you select **Update Taxes**.

Prepare for Payroll Year-End: December Tasks

In this insert, default file names are used (for example, Current.prt and Master.prm). If you use named files, substitute your named files for these default names.

Ordering T4 forms is no longer necessary. You can now eFile your tax forms. To learn more about printing or eFiling your government forms with Aatrix, refer to the 2012 [Government Forms Guide](#).

Perform the standard steps for a normal month-end closing. You should also add the following steps:

- 1 Run the final payroll for cheques dated in 2012.



NOTE: As an optional step, if you have entered time in Payroll and your pay period extends beyond the calendar year-end date of 31/12/2012, you may want to use the **Generate Accrual Entries** command on the **Tasks** menu in Payroll. This command creates Billing, Equipment Cost, General Ledger, and Job Cost accrual entries for the earnings expense portion of time entered. This will give you a clearer picture of year-end costs. Accrued entries may be a part of your reconciliation process at year-end, but they do not affect your T4 employee totals. Payroll files are updated by cheque date rather than period-end date. For more information about the **Generate Accrual Entries** command, refer to "Generating Accrual Entries" in Payroll Help.

- 2 Post all new payroll transaction files. Only posted cheques are included in the T4 totals.
- 3 Set up T4s for your company.
- 4 Decide whether you want to print T4 forms now or after the first of the year.
- 5 Make a year-end backup copy of your payroll files. For backup instructions, see Appendix B in the 2012 [Year-End Procedures Guide](#).

Payroll Year-End Closing Procedures



NOTE: We recommend you back up your entire database, creating an annual archive before closing your year. This archive can be used for restoring data or reporting purposes. See "Appendix B: Backup and Copy Procedures" in the 2012 [Year-End Procedures Guide](#) more for information.

- 1 Determine whether you need to retain year-to-date totals for any pays, fringes, or deductions. For example, you may want to retain totals for accrued vacation time or employee loans that have not been paid in full. When you retain year-to-date totals, the retained amounts become the accumulated totals in the employee setup for the new Payroll year.

- 2 If you have any pays, deductions, or fringes that need to be retained, select the **Pays, Deductions**, or **Fringes** command from the **Setup** menu and select the **Retain YTD totals at close year** check box.
- 3 Select **Tasks > Close Year**. This task:
 - Reminds you to back up your Payroll master file.
 - Clears month-to-date, quarter-to-date, and year-to-date totals in the Payroll master file.
 - Moves employee totals to the prior period fields.
 - Changes the **Current Month** field in **Payroll Settings** to January and changes the year-end date to 2013.
- 4 Select **Tools > Download Taxes** to download and update the 2013 Payroll Tax file before you process your first payroll for 2013. Remember to select **Tools > Update Taxes** in Payroll prior to processing your first payroll for 2013 if you did not update the taxes immediately after you downloaded them.
- 5 If you updated taxes too early, then you should restore prior payroll taxes with **File Tools**.

The First Payroll of the New Year

You can enter time for the new year, however, do not process your payroll until you have:

- Performed the **Close Year** task to reset all employee year-to-date accumulators to zero.
- Downloaded and updated taxes for the new year.
- Verified if the Federal or Provincial tax credit amounts have changed.

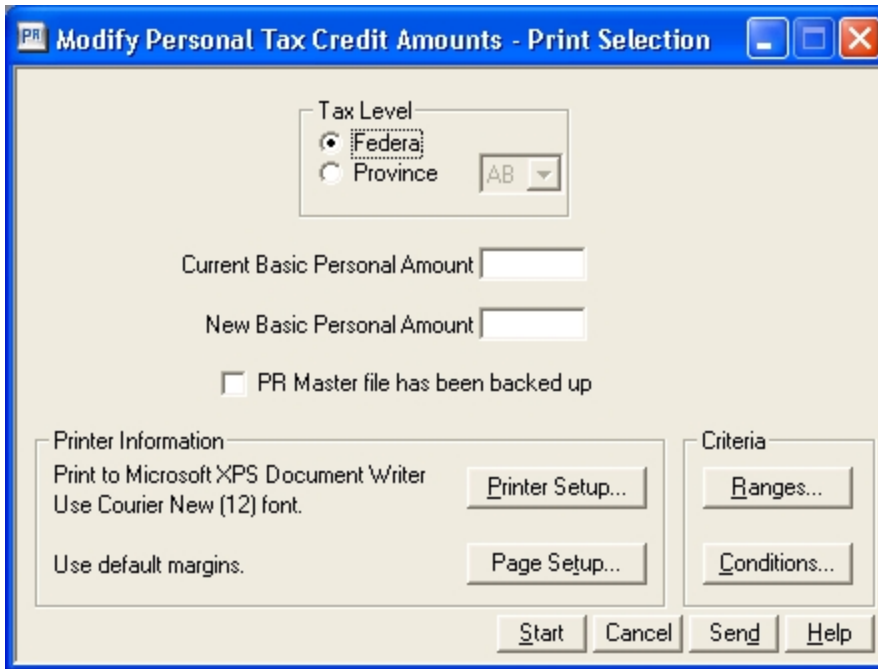
Update taxes for the new year only when you have:

- Completely finished cheque processing for the prior year.
- Performed the **Close Year** task to reset all employee year-to-date accumulators to zero.

Payroll calculations are based on year-to-date totals. Therefore if you did not close the year prior to processing payroll, your pays, taxes, fringes, and deductions may not calculate correctly. For example, an employee may have already met the limit for a tax so it does not calculate.

If you processed payroll without closing the year or updating taxes, you can still perform those two tasks. Then perform the **Process Payroll** command again with the cheque box **Reprocess cheques** selected.

Modify Personal Tax Credit Amounts



If the federal or provincial personal tax credits have changed for the new year use the following steps to update your employee's tax credits:

- 1 Make a backup your master.prm. Refer to Appendix B of the [Year-End Procedures Guide](#) for more information.
- 2 Choose **Tools > Modify Personal Tax Credits Amounts**.
- 3 Choose the Federal or Provincial tax levels. If you choose the provincial level, choose the province from the dropdown menu.
- 4 Enter the current personal credit amount in the **Current Basic Personal Amount** box.
- 5 Enter the new personal credit amount in the **New Basic Personal Amount** field.
- 6 Select **The PR Master file has been backed up** and click [**Start**].
- 7 Repeat the steps above until the personal tax credit amounts have been updated for all changes.

Prepare for Payroll Year-End: January Tasks

- 1 Print all management reports.
- 2 Reconcile Payroll to itself and to General Ledger.

Generate T4s

To learn more about printing or eFiling your government forms with Aatrix, refer to the 2012 [Government Forms Guide](#).

File Maintenance Procedures

For detailed instructions on moving cheques and moving employees, see Payroll Archiving Procedures in Appendix A of the [Year-End Procedures Guide](#).

Move Cheques

You can move cheques to a current or history file to keep your historical cheques separate from your current cheques. Moving cheques also decreases the size of your data file and improves processing time. After the cheques have been transferred to history, they can still be used for reporting purposes.

Move Terminated Employees



CAUTION: If you need to print T4s for terminated employees, do not move them until you have printed the T4s. Also, if you do not use conditions or ranges or if you use a single condition, all employees will be moved.

Compact Files

After you successfully move cheques and employees, review "Compacting Files" in Appendix A of the 2012 [Year-End Procedures Guide](#) for steps to compact the Payroll master file and the Payroll current transaction file. This step reduces the size of these files by compacting the unused space.

