

Sage HRMS Canadian Payroll

Year-End Checklist

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Whether you are processing T4 forms or installing the latest release, we want to ensure that you have easy access to all of the information and resources available.

Use this checklist to guide you through preparing your year-end payroll information.

This year-end checklist includes information about downloading product updates, making adjustments and processing T4 forms.

Step 1: Download the product update

Start by downloading the product update for year-end from the Sage Knowledgebase. For access to the updates you must have a valid business care plan and log in to support.na.sage.com.

Note: The updates are usually available in the middle of December. We will send you an in-product message to let you know when your year-end product update is available to download.

Step 2: Update earnings, deductions and taxes

Use the **Update Earnings/Deductions** window to change an earning or deduction rate, amount, start date, or other field at the employee level. Use the **Income Taxes** setup window to update federal and provincial taxes. Use the **Workers' Compensation Codes** setup window to update those rates and ceiling amounts.

You can use the Update Earnings/Deductions function to:

- Modify the values assigned to employees' earnings and deductions.
- Update single or multiple employee records at once.
- Update current employee records (while ignoring terminated and inactive employees).

For more information about updating earnings and deductions:

- Review the online help topic [Using Update Earnings/Deductions](#).
- Review the Knowledgebase article, [How to update earnings and deductions](#) (ID 50530).

Step 3: Verify employee tax information

Verify your current year tax information for each employee and update if necessary.

To review TD1 values on each employee's Taxes detail page in Sage HRMS:

1. Select **Employees > View/Edit Employee > Payroll tab > Employee Payroll > Taxes** tab and review each tax setting (withholding, amount/percent, and so on).
2. To update the tax credits, select a tax from the table, and then click the **Tax Info** button.
3. Save any changes.

Tip: Tip: You can also use the **Update TD1 Claim** process (Canadian Payroll > Tasks) to update employee tax information.

For more information about updating employee tax information:

- Review the online help topic, [Using the Update TD1 Claim](#) window.

Note that federal, provincial, and territorial personal tax credit amounts may change each year. To confirm the amounts employees can claim, go to the CRA website: <http://www.cra-arc.gc.ca/>.

Step 4: Validate year-end reports and transaction history

With Sage HRMS, year-end requires a little effort to validate the amounts reported for tax filing purposes. Verify the year-to-date values are correct for gross wages, earnings subject to tax, earnings subject to tax (no ceiling), employer expense, and employee withholding. Two reports you can use to validate this information are **Earnings and Hours** (select Reports > Canadian Payroll > Transaction Reports), and **Tax Calculation Analysis** (select Reports > Canadian Payroll > Transaction Reports).

Compare Earnings and Hours to Tax Calculation Analysis

Using the Earnings and Hours and Tax Calculation Analysis reports, select the Report Type of **Calendar Year Totals** to retrieve year-to-date information. Use the Report Summary pages and Year To Date columns in the reports to balance the following taxes:

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Notes
INCTAX	Earnings Subject to Tax (no ceiling)	Calculate the wagebase by subtracting base deductions from base earnings.	If the base earnings or base taxes were changed because they were set up incorrectly, the earnings subject to tax will be incorrect. Adjustments can be made on the employee's Transaction History Detail.
	Employee Withholding	Confirm amounts for each employee INCTAX.	

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Notes
EIR	Earnings Subject to Tax		Federal maximum annual insurable earnings should not exceed the limit for each employee.
	Employee Withholding	Confirm amounts for each employee EIR.	Employee withholding must not exceed the Federal maximum amount.
	Employee Expense		Maximum annual employer premium must not exceed the limit for per employee.

Tax Code	Report: Tax Calculation Analysis Report Style: Calendar Totals	Report: Earnings and Hours Report Style: Calendar Year Totals	Notes
CPP	Earnings Subject to Tax		Employee withholding must not exceed the
	Earnings Subject to Tax (no ceiling)	Go to www.cra-arc.gc.ca for this year's limit.	
	Employer Expense		Employer expense must not exceed the maximum annual employer contribution limit for each employee.
Provincial and Territorial taxes	Earnings Subject to Tax	Calculate by subtracting base deductions from base earnings.	Multiply earnings subject to tax by the rates to verify the amounts.
	Earnings Subject to Tax (no ceiling)		
Other Deferred		Verify the Year To Date amounts listed.	Add other deferred deductions.

If amounts are incorrect, you can use the **Transaction History** task to make adjustments.

For more information about using Transaction History:

- Review the online help topic [Using Transaction History](#).
- Review the Knowledgebase articles, [How to create a transaction history record](#) (ID 47670) and [Transaction history and general ledger](#) (ID 21088).

Step 5: Prepare and file year-end tax forms

Before you start

Verify that all employees have the correct province entered on their employee records so the tax files can be generated. The province of residence and employment must be entered in Sage HRMS on both the **Employees > View/Edit Employee > Payroll tab > Employee Payroll > General and Class/Schd** tabs.

To file your T4 forms electronically:

1. Go to **Reports > Canadian Payroll > Government Reports > T4s Electronic Filing**.
2. Enter or verify all information on both the **Employer Info** and **Transmitter Info 1** windows.
 - Enter the social insurance number (SIN) of the 1st Proprietor field. Note that this field is required in order to process the file (if necessary, the system will accept zeros).
3. Complete all fields on the **Transmitter Info II** window. Note the following field information:
 - **Transmitter Number**. No longer required by the CRA. Enter zeros in this field to continue.
 - **Submission Reference ID**. Enter a unique number for your own purposes to identify each submission you file with CRA. For example, if you have more than one RPP number, you can include it here.
4. Click **Browse** to specify where you want to save the file and click **Process** to create the file.
5. On the CRA website, select **T4 by Internet > Filing a T4 Information Return > Internet File Transfer (XML) > FILE NOW > Enter Secure Site**.
6. When prompted, agree with the CRA website terms and conditions to continue.
7. Enter your company's **RPP number**.
8. Scroll down on the website to enter the **Web Access Code** provided to you (the employer) by the CRA, and click **Continue**.
9. Select the file you created and saved in Sage HRMS and click the prompts to upload it.
10. Review the website notifications to confirm that the correct number of T4 forms were uploaded successfully. Print or save the page with confirmation for your records.

Step 6: Prepare for next year's payroll

After you complete year-end processing and before you process payroll for the new calendar year, complete all of the following:

1. Review the tax rates and wage caps for next year's taxes.
2. Update next year's tax settings (for example, TD1 information) for employees.
3. If you need to update employee wage caps, use the **Update Earnings/Deductions** task to update the annual and lifetime maximums for multiple or all employees at once.
4. On the **Employees > Payroll** detail pages, review earnings and deductions that have reached their maximum amounts. For the earnings and deductions to calculate again this year, set the **Calculate** field to **Yes**.
5. Review accrual balances. You can use the **Accruals** report (**Reports > Canadian Payroll > Transaction Reports**) to validate each employee's accruals as they were earned and taken by date.
6. Define the next fiscal year if you haven't already done so (**Setup > Canadian Payroll > Fiscal Year Calendar**).