Formulas to Calculate Source Deductions and Contributions

2012

This guide is available on our website.

revenuquebec.ca

Revenu Québec
Ensuring the funding of public services
Providing for the future of our society

Québec

The information contained in this guide does not constitute a legal interpretation of the laws or regulations of Québec or Canada. **Nor does this guide contain legislative amendments for the 2012 taxation year that were announced after October 28, 2011**. However, you should verify that the texts of the guide reflect the latest fiscal legislation. To find out the changes with respect to source deductions and contributions, including changes announced after the publication of this document, go to www.revenuquebec.ca.

Our website also contains online services and documents for employers. You can consult documents, print them or download the dynamic versions of certain documents, as needed. Most of these documents can also be ordered online or by telephone. You will find contact information at the end of the guide.

Documents that are marked "SPECIMEN" are provided for information purposes only and are not to be used for any other purpose.

Online Filing of RL slips

Employers who file more than 50 RL slips (information returns) of the same type are required to file the RL-slip data online.

For information about the electronic filing methods available, go to www.revenuquebec.ca.

If you wish to have software certified for filing RL slips online, email the Direction de la gestion des relations avec les partenaires et des communications personnalisées at Infoconcepteur@revenuquebec.ca.

Revenu Québec

IN-555-V (2011-09)

Use Revenu Québec's online services

It's the fastest and easiest way to communicate with us, and it's environmentally friendly.

In addition to filing RL-1 slip data and the *Summary of Source Deductions and Employer Contributions* (form RLZ-1.S-V) online, you can

- view your file and your messages from Revenu Québec;
- file your consumption tax returns and your source deductions and employer contributions returns
- remit your consumption taxes, source deductions and employer contributions;
- view your returns filed online; and
- manage your powers of attorney.

To register for Revenu Québec's online services, go to **www.revenuquebec.ca.**

Revenu Québec

COM-129.E-V (2011-09)

Contents

1 Introduction

1.1 Contents

This guide contains the formulas for calculating Québec income tax withholdings, QPP contributions, QPIP premiums and the employer contribution to the health services fund.

The formulas also help you calculate source deductions for certain payments, such as bonuses, retroactive pay, payments covering accumulated overtime or unused vacation time, and commissions.

Note

You cannot use the formulas to calculate a source deduction of income tax if the source deduction is calculated using a fixed rate that must be applied to the gross remuneration. For example, you cannot use the formulas to calculate the source deduction of income tax for a single payment or an income supplement payment.

The formulas to calculate Québec income tax withholdings are presented in three steps:
- calculating the annual taxable income;
- calculating the income tax for the year; and
- calculating the income tax to be withheld for the pay period.

In addition, each formula is followed by a list of all the relevant variables. Note that the formulas, the variables and their definitions generally do not change from year to year.

Note that this guide is to be used as a supplement to the *Guide for Employers* (TP-1015.G-V). For all information on source deductions and on employer and payer obligations, see the guide on our website at www.revenuquebec.ca.

1.2 Abbreviations used in the guide

CIP	Cooperative investment plan
CSST	Commission de la santé et de la sécurité du travail
FTQ	Fédération des travailleurs et travailleuses du Québec
IFC	International financial centre
QPIP	Québec parental insurance plan
QPP	Québec Pension Plan
RPP	Registered pension plan
RRSP	Registered retirement savings plan

1.3 Information on certain terms used in the guide

Below you will find information on a number of terms that we use frequently in this guide. **These definitions are specific to this guide**.

Employee

The term "employee" is used to designate an individual who holds employment or an office.

Employment

The term "employment" is used to designate work carried out by an individual under a written or verbal contract of employment.

Employment income

For the purposes of this guide, employment income includes income from an office.

Individual

An individual is a natural person. For the purposes of this guide, "individual" refers both to an employee and to a beneficiary of an amount you pay as a payer.

Office

The term "office" designates a position for which an individual is entitled to be remunerated. For example, a member of the board of directors of a corporation holds an office, even if he or she performs no administrative duties. An individual who is an elected or appointed representative also holds an office.

Person

The term "person" is used to designate both a natural person and a legal person.

Place of residence

For the purposes of this guide, the term "place of residence" means the place of residence within the meaning of the *Taxation Act*.

See interpretation bulletin IMP. 22-3/R1 to determine the place of residence of an individual who leaves Québec and Canada.

Remuneration

Remuneration includes salary or wages and any other amount that you pay as an employer (for example, a retiring allowance) or as a payer (for example, pension benefits).

Remuneration, salary or wages paid

When we refer to "remuneration paid" or "salary or wages paid," this covers remuneration, salary or wages that are **paid, allocated, granted or awarded**.

For example, if, in a given week, you pay an employee his or her regular salary of $400 and also grant the employee a taxable benefit in kind (that is, other than in cash) worth $200, the **salary paid** is $600. In other words, the benefit **granted** is considered salary or wages **paid**.

Similary, if you allocate tips to an employee, these tips constitute salary or wages that you pay to the employee.

Note

With regard to the QPIP, only remuneration actually paid to an employee is considered salary or wages paid, because benefits in kind generally do not constitute eligible salary or wages under the QPIP.

Salary or wages

The term "salary or wages" refers to gross employment income and therefore includes the following amounts and any similar payment made to an employee:

- taxable benefits (including taxable allowances);
- commissions;
- overtime pay;
- vacation pay;
- retroactive pay, including payments resulting from a collective agreement signed before the death of an employee;
- tips (including allocated tips);
- advances;
- bonuses;
- certain amounts paid further to an industrial accident – CSST;
- indemnities paid further to a precautionary cessation of work (that is, the amount paid to an employee under the *Act respecting occupational health and safety* for the first five days following the date on which the employee ceased to work);
- the portion of the salary or wages (earned during the year) that is to be paid in another year, under a salary deferral arrangement;
- amounts paid to an employee during a self-funded leave of absence;
- out-of-Canada living allowances;
- location incentives paid to a physician;
- directors' fees;
- amounts paid after an employee's death (other than a death benefit), provided the payments were foreseeable at the time of death;
- fees paid in connection with employment (for example, fees paid to council or committee members);
- earnings loss benefits, supplementary retirement benefits and permanent impairment allowances paid under the *Canadian Forces Members and Veterans Re-establishment and Compensation Act* (federal statute).

Note that, contrary to the definition provided in tax legislation, for the purposes of this guide the term "salary or wages" does not include the following:

- wage loss replacement benefits paid under a wage loss replacement plan to which the employer contributed;
- amounts paid by a trustee under an employee trust or a profit-sharing plan;
- amounts paid by a custodian under an employee benefit plan.

1.4 List of mathematical symbols used in this guide

Symbol	Definition
−	minus
+	plus
/	divided by
x	multiplied by
=	equals
≥	greater than or equal to
≤	less than or equal to
%	per cent

2 Principal changes

This chapter outlines the principal changes made to the formulas for 2012, as well as some changes that came into effect in 2011 further to tax measures announced by the Ministère des Finances after publication of the 2011 version of this guide.

2.1 Variable E – Value of personal tax credits

The indexation factor used to calculate the value of personal tax credits for 2012 is 2.66%.

In addition, to take into account the new tax credit for workers 65 or older that may be claimed in 2012 using form TP-1015.3-V, we have modified the definition of variable E to distinguish indexed amounts (variable E_1) from non-indexed amounts (variable E_2). Variable E is thus defined as follows:

E = Value of personal tax credits indicated on form TP-1015.3-V

= $\boxed{E_1 + E_2}$

If the result obtained is not a multiple of 5, round it off to the nearest multiple of 5. If the result is halfway between two multiples of 5, round it off to the higher multiple.

where

E_1 = Indexed value of personal tax credits, which corresponds to one of the following amounts:

- the indexed value of variable E for 2011 multiplied by 1.0266;
- the amount from line 7 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form;
- $10,925 (the basic amount for 2012), for employees who began employment in 2012 and who did not complete form TP-1015.3-V, or for new beneficiaries who did not complete the form.

Note

The indexed value of variable E for 2011 corresponds to the value of variable E for 2010, multiplied by the indexation factor for 2011.

E_2 = Non-indexed value of the personal tax credits, which corresponds to the amount from line 9 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form.

2.2 Variables H, H_1 and H_2 – Deduction for employment income

The maximum deduction for employment income has been increased from $1,045 to $1,075 for 2012. Consequently, the maximum amount of variables H, H_1 and H_2 has been increased from $1,045 to $1,075.

2.3 Variable K – The constant for adjusting the income tax rate

For 2012, the income tax rates applicable to the three income tax brackets remain at 16%, 20% and 24% and the thresholds for the three income tax brackets have been indexed:

- The 16% rate applies to taxable income of $40,100 or less. (The threshold was previously $39,060)
- The 20% rate applies to taxable income of more than $40,100 but not more than $80,200. (The threshold was previously $78,120.)
- The 24% rate applies to taxable income of more than $80,200.

The values of variable K have therefore been increased from $1,562 to $1,604 and from $4,687 to $4,812.

2.4 Variable M – QPP

The QPP contribution rate has been increased from 9.9% to 10.05%, for 2012 which corresponds to a contribution rate of 5.025% for the employee and 5.025% for the employer. In addition, the maximum pensionable earnings for the purposes of the QPP have been increased from $48,300 to $50,100. Variable M has therefore been increased from $2,217.60 to $2,341.65.

2.5 Variables N and N_1 – QPIP

The maximum insurable earnings subject to QPIP premiums have been increased from $64,000 to $66,000 for 2012. Also, the employee premium rate has been increased from 0.537% to 0.559%, and the employer premium rate has been increased from 0.752% to 0.782%. As a result, variable N is $368.94 (instead of $343.68) and variable N_1 is $516.12 (instead of $481.28).

3 Formulas to calculate Québec income tax withholdings

To calculate the income tax to be withheld from the remuneration paid at **regular intervals** to an individual (employee or beneficiary), use the formulas described in section 3.1.1.

If an employee receives, **in addition to a salary or wages**, a bonus, retroactive pay or similar lump-sum payment (for example, a payment covering **accumulated overtime or unused vacation time**), use one of the methods described in section 3.1.2.

If the employee's remuneration varies in amount from one pay period to another (for example, an **employee who earns commissions**), use instead one of the methods described in section 3.2.

Note

If you calculate an income tax withholding using the formula applicable to **regular payments** and compare the result with the amount shown in the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V), you may find that the amounts are not identical. The difference is attributable to the fact that different elements are taken into account in the calculation.

Do not withhold income tax if the employee completed the 2012-01 version of the *Source Deductions Return* (form TP-1015.3-V) and entered "X" on line 20 of the form.

3.1 Calculating income tax withholdings for regular payments

3.1.1 Regular payments

Step 1 Calculating the annual taxable income

I = Annual taxable income

= $\boxed{P \times (G - F - H) - J - J_1}$

where

P = Number of pay periods in the year

G = Gross remuneration subject to source deductions of income tax for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments.

F = Total of the following amounts for the pay period:

- amounts withheld as contributions to an RPP;
- amounts withheld as contributions to an RRSP;
- amounts withheld as contributions paid under a retirement compensation arrangement;
- the deduction respecting the CIP, that is, 125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP;
- the travel deduction for residents of designated remote areas;
- the security option deduction;
- the portion of the remuneration that gives entitlement to one of the following deductions:
  - the deduction for employment income situated on a reserve or premises,
  - the deduction for employment income earned on a vessel,

- the deduction for IFC employees,
- the deduction for foreign specialists,
- the deduction for foreign researchers,
- the deduction for foreign researchers on a post-doctoral internship,
- the deduction for foreign experts,
- the deduction for foreign professors,
- the deduction for foreign producers or foreign individuals holding a key position in a foreign production filmed in Québec,
- the deduction for foreign farm workers,
- the Canadian Forces personnel and police deduction.

H = Deduction for employment income

= $\boxed{(0.06 \times D), \text{ maximum of } \$1{,}075 / P}$

where

D = Gross salary or wages subject to source deductions of income tax for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments.

P = Number of pay periods in the year

J = Deductions indicated on line 19 of form TP-1015.3-V. If the value of J is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times J_3) / Pr}$

where

P = Number of pay periods in the year

J_3 = Deductions indicated on line 19 of form TP-1015.3-V after the first pay period in the year

Pr = Number of pay periods remaining in the year

J_1 = Annual deductions that we authorized after the individual completed form TP-1016-V. If the value of J_1 is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times J_2) / Pr}$

where

P = Number of pay periods in the year

J_2 = Deductions that we authorized after the first pay period in the year

Pr = Number of pay periods remaining in the year

Step 2 Calculating the income tax for the year

Y = Income tax for the year

= $\boxed{(T \times I) - K - K_1 - (0.20 \times E) - (0.15 \times P \times Q) - (0.25 \times P \times Q_1)}$

If the result is negative, enter 0.

where

T = Income tax rate applicable to the bracket of annual taxable income

Annual taxable income (I)		Income tax rate (T)	Constant (K)
Over	But not over		
$0	$40,100	16%	$0
$40,100	$80,200	20%	$1,604
$80,200		24%	$4,812

I = Annual taxable income

K = Constant applicable for the adjustment of the income tax rate on the basis of the annual taxable income

K_1 = Non-refundable tax credits that we authorized for the year after the individual completed form TP-1016-V (for example, the tax credit for charitable donations). If the value of K_1 is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times K_2) / Pr}$

where

P = Number of pay periods in the year

K_2 = Non-refundable tax credits that we authorized after the first pay period in the year

Pr = Number of pay periods remaining in the year

E = Value of personal tax credits indicated on form TP-1015.3-V

= $\boxed{E_1 + E_2}$

If the result obtained is not a multiple of 5, round it off to the nearest multiple of 5. If the result is halfway between two multiples of 5, round it off to the higher multiple.

where

E_1 = Indexed value of personal tax credits, which corresponds to one of the following amounts:

- the indexed value of variable E for 2011 multiplied by 1.0266;
- the amount from line 7 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form;
- $10,925 (the basic amount for 2012), for employees who began employment in 2012 and who did not complete form TP-1015.3-V, or for new beneficiaries who did not complete the form.

Note

The indexed value of variable E for 2011 corresponds to the value of variable E for 2010, multiplied by the indexation factor for 2011.

E_2 = Non-indexed value of the personal tax credits, which corresponds to the amount from line 9 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form.

Note

There may be a limit on the deductions and personal tax credits an individual can claim on form TP-1015.3-V if the individual is not resident in Canada in 2012, or if he or she becomes resident in Canada during the year. For more information, consult section 13.13.4 of guide TP-1015.G-V.

P = Number of pay periods in the year

Q = Amount withheld for the pay period for the purchase of class A shares in the Fonds de solidarité des travailleurs du Québec (FTQ)

Q_1 = Amount withheld for the pay period for the purchase of class A or class B shares in Fondaction, the Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi

Note

The total of the amounts withheld for the year after adding the value of variables Q and Q_1 must not exceed $5,000. For the pay period in which the annual maximum is reached, the value of variables Q and Q_1 must be zero.

Step 3 Calculating the income tax to be withheld for the pay period

A = Income tax to be withheld for the pay period

$$= \boxed{(Y / P)} + L$$

If the result is negative, enter 0.

where

Y = Income tax for the year

P = Number of pay periods in the year

L = Additional source deduction of income tax requested by the individual on form TP-1017-V, source deduction of income tax requested by a fisher on form TP-1015.N-V, or amount indicated on line 11 of form TP-1015.3-V, for the pay period

Example: Calculating income tax withholdings for regular payments

Pierre is an employee who earns a gross annual salary of $52,000 and is paid weekly ($1,000 per week). He contributes $70 per week, or $3,640 for the year, to an RPP. The amount indicated on line 10 of Pierre's TP-1015.3-V form is $21,830. On January 3, Pierre purchases $2,000 in shares of the Fonds de solidarité des travailleurs du Québec (FTQ) and $3,000 in shares of Fondaction, the Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, payable over the first 20 pay periods in the year.

For the first 20 pay periods in the year, the income tax withholdings are calculated as follows:

Step 1

I = Annual taxable income

$= P \times (G - F - H) - J - J_1$

$= 52 \times (\$1{,}000.00 - \$70.00 - \$20.67) - \$0.00 - \$0.00$

$= 52 \times (\$909.33) - \$0.00 - \$0.00$

$= \$47{,}285.16 - \$0.00 - \$0.00$

$= \$47{,}285.16$

Step 2

Y = Income tax for the year

$= (T \times I) - K - K_1 - (0.20 \times E) - (0.15 \times P \times Q) - (0.25 \times P \times Q_1)$

$= (0.20 \times \$47{,}285.16) - \$1{,}604 - \$0.00 - (0.20 \times \$21{,}830.00) - (0.15 \times 52 \times \$100.00) - (0.25 \times 52 \times \$150.00)$

$= \$9{,}457.03 - \$1{,}604 - \$0.00 - \$4{,}366 - \$780 - \$1{,}950$

$= \$7{,}853.03 - \$4{,}366 - \$780 - \$1{,}950$

$= \$757.03$

Step 3

A = Income tax to be withheld for the pay period

= (Y / P) + L

= ($757.03 / 52) + $0.00

= $14.56

For the 32 pay periods remaining in the year, the income tax withholdings are calculated as follows:

Step 1

I = Annual taxable income

= $P \times (G - F - H) - J - J_1$

= 52 x ($1,000.00 – $70.00 – $20.67) – $0.00 – $0.00

= 52 x ($909.33) – $0.00 – $0.00

= $47,285.16 – $0.00 – $0.00

= $47,285.16

Step 2

Y = Income tax for the year

= $(T \times I) - K - K_1 - (0.20 \times E) - (0.15 \times P \times Q) - (0.25 \times P \times Q_1)$

= (0.20 x $47,285.16) – $1,604 – $0.00 – (0.20 x $21,830.00) – (0.15 x 52 x $0.00) – (0.25 x 52 x $0.00)

= $9,457.03 – $1,604 – $0.00 – $4,366 – $0.00 – $0.00

= $7,853.03 – $4,366

= $3,487.03

Step 3

A = Income tax to be withheld for the pay period

= (Y / P) + L

= ($3,487.03 / 52) + $0.00

= $67.06

3.1.2 Bonuses, retroactive pay or similar lump-sum payments

You may use either of the following methods to calculate the income tax to be withheld from bonuses, retroactive pay or similar lump-sum payments (for example, a payment covering **accumulated overtime or unused vacation time**). Please note that Method 1 is more precise than Method 2.

Note

If the total of the employee's annual salary or wages and the amount of the lump-sum payment is not more than $13,700, do not use these formulas. Simply withhold 8% income tax from the lump-sum payment.

Do not withhold income tax if the employee completed the 2012-01 version of form TP-1015.3-V and entered "X" on line 20 of the form.

Method 1

Step 1 Calculating the annual taxable income

I_1 = Annual taxable income **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

= $\boxed{(G_1 - F_1 - H_1) + [Pr \times (G - F - H_2)] - J - J_1}$

where

G_1 = Total of the amounts included in variable G below, **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

F_1 = Total of the amounts included in variable F below, **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

H_1 = Total of the amounts included in variable H in section 3.1.1, **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

Pr = Number of pay periods remaining in the year

G = Gross remuneration subject to source deductions of income tax for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments.

F = Total of the following amounts for the pay period:
- amounts withheld as contributions to an RPP;
- amounts withheld as contributions to an RRSP;
- amounts withheld as contributions paid under a retirement compensation arrangement;
- the deduction respecting the CIP, that is, 125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP;
- the travel deduction for residents of designated remote areas;
- the security option deduction;
- the portion of the remuneration that gives entitlement to one of the following deductions:
  - the deduction for employment income situated on a reserve or premises,
  - the deduction for employment income earned on a vessel,
  - the deduction for IFC employees,
  - the deduction for foreign specialists,

- the deduction for foreign researchers,
- the deduction for foreign researchers on a post-doctoral internship,
- the deduction for foreign experts,
- the deduction for foreign professors,
- the deduction for foreign producers or foreign individuals holding a key position in a foreign production filmed in Québec,
- the deduction for foreign farm workers,
- the Canadian Forces personnel and police deduction.

H_2 = Deduction for employment income

= $\boxed{(0.06 \times D_1), \text{ maximum of } (\$1,075 - H_1) / P}$

where

D_1 = $\boxed{B_1 + B_2 + G_1 + D}$

where

B_1 = Bonuses, retroactive pay or similar lump-sum payments paid **since the beginning of the year** (excluding variable B_2) (see note below)

B_2 = Bonuses, retroactive pay or similar lump-sum payments paid **during the pay period** (see note below)

G_1 = Total of the amounts included in variable G, **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

D = Gross salary or wages subject to source deductions of income tax for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments.

Note

If you took into account an amount included in variable F in calculating the income tax to be withheld from bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year (variable B_1), including those paid during the pay period (variable B_2), you must reduce variables B_1 and B_2 accordingly.

H_1 = Total of the amounts included in variable H in section 3.1.1, **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

P = Number of pay periods in the year

J = Deductions indicated on line 19 of form TP-1015.3-V. If the value of J is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times J_3) / Pr}$

where

P = Number of pay periods in the year

J_3 = Deductions indicated on line 19 of form TP-1015.3-V after the first pay period in the year

Pr = Number of pay periods remaining in the year

J_1 = Annual deductions that we authorized after the individual completed form TP-1016-V. If the value of J_1 is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times J_2) / Pr}$

where

P = Number of pay periods in the year

J_2 = Deductions that we authorized after the first pay period in the year

Pr = Number of pay periods remaining in the year

Step 2 Calculating the income tax for the year

Y_1 = Income tax for the year on the remuneration included in variable B_1

= $\boxed{[T \times (I_1 + B_1)] - K - K_1 - (0.20 \times E) - (0.15 \times P \times Q) - (0.25 \times P \times Q_1)}$

Y_2 = Income tax for the year on the remuneration included in variables B_1 and B_2

= $\boxed{[T \times (I_1 + B_1 + B_2)] - K - K_1 - (0.20 \times E) - (0.15 \times P \times Q) - (0.25 \times P \times Q_1)}$

Note

In calculating variable Y_1, you must determine the income tax rate (variable T) according to the result obtained when you add variables I_1 and B_1. For example, if variable I_1 equals $50,000 and variable B_1 equals $5,000, the income tax rate (variable T) is the rate applicable to taxable income of $55,000 ($50,000 + $5,000), that is, 20%.

In calculating variable Y_2, you must determine the income tax rate (variable T) according to the result obtained when you add variables I_1, B_1 and B_2.

where

T = Income tax rate applicable to the bracket of annual taxable income

Annual taxable income (I)		**Income tax rate (T)**	**Constant (K)**
Over	But not over		
$0	$40,100	16%	$0
$40,100	$80,200	20%	$1,604
$80,200		24%	$4,812

I_1 = Annual taxable income **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid

B_1 = Bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year (excluding variable B_2) (see note below)

B_2 = Bonuses, retroactive pay or similar lump-sum payments paid during the pay period (see note below)

Note

If you took into account an amount included in variable F in calculating the income tax to be withheld from bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year (variable B_1), including those paid during the pay period (variable B_2), you must reduce variables B_1 and B_2 accordingly.

K = Constant applicable for the adjustment of the income tax rate on the basis of the annual taxable income

K_1 = Non-refundable tax credits that we authorized for the year after the individual completed form TP-1016-V (for example, the tax credit for charitable donations). If the value of K_1 is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times K_2) / Pr}$

where

P = Number of pay periods in the year

K_2 = Non-refundable tax credits that we authorized after the first pay period in the year

Pr = Number of pay periods remaining in the year

E = Value of personal tax credits indicated on form TP-1015.3-V

= $\boxed{E_1 + E_2}$

If the result obtained is not a multiple of 5, round it off to the nearest multiple of 5. If the result is halfway between two multiples of 5, round it off to the higher multiple.

where

E_1 = Indexed value of personal tax credits, which corresponds to one of the following amounts:

- the indexed value of variable E for 2011 multiplied by 1.0266;
- the amount from line 7 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form;
- $10,925 (the basic amount for 2012), for employees who began employment in 2012 and who did not complete form TP-1015.3-V, or for new beneficiaries who did not complete the form.

Note

The indexed value of variable E for 2011 corresponds to the value of variable E for 2010, multiplied by the indexation factor for 2011.

E_2 = Non-indexed value of the personal tax credits, which corresponds to the amount from line 9 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form.

Note

There may be a limit on the deductions and personal tax credits an individual can claim on form TP-1015.3-V if the individual is not resident in Canada in 2012, or if he or she becomes resident in Canada during the year. For more information, consult section 13.13.4 of guide TP-1015.G-V.

P = Number of pay periods in the year

Q = Amount withheld for the pay period for the purchase of class A shares in the Fonds de solidarité des travailleurs du Québec (FTQ)

Q_1 = Amount withheld for the pay period for the purchase of class A or class B shares in Fondaction, the Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi

Note

The total of the amounts withheld for the year after adding the value of variables Q and Q_1 must not exceed $5,000. For the pay period in which the annual maximum is reached, the value of variables Q and Q_1 must be zero.

Step 3 Calculating the income tax to be withheld for the pay period

A_1 = Income tax to be withheld from a bonus, retroactive pay or similar lump-sum payment paid during the pay period

= $\boxed{Y_2 - Y_1}$

where

Y_2 = Income tax for the year on the remuneration included in variables B_1 and B_2

Y_1 = Income tax for the year on the remuneration included in variable B_1

Method 2

Step 1 Calculating the annual taxable income

I = Annual taxable income

= $\boxed{[P \times (G - F - H)] + B_1 + B_2 - J - J_1}$

where

P = Number of pay periods in the year

G = Gross remuneration subject to source deductions of income tax for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments.

F = Total of the following amounts for the pay period:

- amounts withheld as contributions to an RPP;
- amounts withheld as contributions to an RRSP;
- amounts withheld as contributions paid under a retirement compensation arrangement;
- the deduction respecting the CIP, that is, 125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP;

- the travel deduction for residents of designated remote areas;
- the security option deduction;
- the portion of the remuneration that gives entitlement to one of the following deductions:
  - the deduction for employment income situated on a reserve or premises,
  - the deduction for employment income earned on a vessel,
  - the deduction for IFC employees,
  - the deduction for foreign specialists,
  - the deduction for foreign researchers,
  - the deduction for foreign researchers on a post-doctoral internship,
  - the deduction for foreign experts,
  - the deduction for foreign professors,
  - the deduction for foreign producers or foreign individuals holding a key position in a foreign production filmed in Québec,
  - the deduction for foreign farm workers,
  - the Canadian Forces personnel and police deduction.

H = Deduction for employment income

= $\boxed{(0.06 \times D), \text{ maximum of } \$1{,}075 / P}$

where

D = Gross salary or wages subject to source deductions of income tax for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments.

P = Number of pay periods in the year

B_1 = Bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year (excluding variable B_2) (see note below)

B_2 = Bonuses, retroactive pay or similar lump-sum payments paid during the pay period (see note below)

Note

If you took into account an amount included in variable F in calculating the income tax to be withheld from bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year (variable B_1), including those paid during the pay period (variable B_2), you must reduce variables B_1 and B_2 accordingly.

J = Deductions indicated on line 19 of form TP-1015.3-V. If the value of J is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times J_3) / Pr}$

where

P = Number of pay periods in the year

J_3 = Deductions indicated on line 19 of form TP-1015.3-V after the first pay period in the year

Pr = Number of pay periods remaining in the year

J_1 = Annual deductions that we authorized after the individual completed form TP-1016-V. If the value of J_1 is determined after the first pay period in the year, it is instead equal to the result of the following calculation:

= $\boxed{(P \times J_2) / Pr}$

where

P = Number of pay periods in the year

J_2 = Deductions that we authorized after the first pay period in the year

Pr = Number of pay periods remaining in the year

Step 2 Calculating the Québec income tax to be withheld for the pay period

A = Québec income tax to be withheld from a bonus, retroactive pay or similar lump-sum payment paid during the pay period

= $\boxed{T \times B_2}$

where

T = Income tax rate applicable to the bracket of annual taxable income

Annual taxable income (I)		Income tax rate (T)	Constant (K)
Over	But not over		
$0	$40,100	16%	$0
$40,100	$80,200	20%	$1,604
$80,200		24%	$4,812

B_2 = Bonuses, retroactive pay or similar lump-sum payments paid during the pay period (see note below)

Note

If you took into account an amount included in variable F in calculating the income tax to be withheld from bonuses, retroactive pay or similar lump-sum payments paid during the pay period (variable B_2), you must reduce variable B_2 accordingly.

Example: Calculating income tax withholdings from retroactive pay (Method 2)

Tom, an employee whose gross salary is $800 per week, contributes $25 per week to an RPP. His employer withholds $73.21 in income tax from the salary paid each pay period.

During one pay period, Tom receives retroactive pay of $4,000 in addition to his salary. During that pay period, Tom's RPP contribution is increased to $165, of which $140 relates to the retroactive pay.

Step 1

I = Annual taxable income

= $[P \times (G - F - H)] + B_1 + B_2 - J - J_1$

= $[52 \times (\$800.00 - \$25.00 - \$20.67)] + \$0.00 + (\$4,000.00 - \$140.00) - \$0.00 - \$0.00$

= $52 \times (\$754.33) + \$0.00 + \$3,860.00 - \$0.00 - \$0.00$

= $\$39,225.16 + \$0.00 + \$3,860.00 - \$0.00 - \$0.00$

= $43,085.16

Step 2

A_3 = Income tax withholding from the retroactive pay paid during the pay period

= $T \times B_2$

= $0.20 \times \$3,860.00$

= $772.00

The **total** income tax withholding for the pay period is $845.21, that is, the income tax withholding from his retroactive pay ($772.00) plus the income tax withholding from his salary ($73.21).

3.2 Calculating income tax withholdings on a cumulative-averaging basis

You must use one of the following methods to calculate source deductions of income tax for employees whose remuneration varies (for example, employees who earn commissions).

Either of the following methods may be used to calculate income tax on bonuses, retroactive pay or similar lump-sum payments (for example, a payment covering accumulated overtime or unused vacation time). Under Method 1, the Québec income tax to be withheld from such an amount is spread out over the pay periods remaining in the year. Under Method 2, the total amount of Québec income tax applicable to such an amount is withheld for the pay period concerned.

Note

If the total of the employee's annual salary or wages and the lump-sum payment is not more than $13,700, do not use these formulas. Simply withhold 8% income tax from the lump-sum payment. Do not withhold income tax if the employee completed the 2012-01 version of form TP-1015.3-V and entered "X" on line 20 of the form.

3.2.1 Method 1

Step 1 Calculating the annual taxable income

I = Annual taxable income

= $\boxed{[S_1 \text{ x } (G - F - H)] + B - J - J_1}$

If the result is negative, enter 0.

where

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

Examples

		52 pp	26 pp	24 pp
First pay period	S_1 =	52 / 1	26 / 1	24 / 1
Second pay period	S_1 =	52 / 2	26 / 2	24 / 2
Last pay period	S_1 =	52 / 52	26 / 26	24 / 24

G = Gross remuneration subject to source deductions of income tax for the pay period, **plus** the total gross remuneration since the beginning of the year (**excluding variable B**)

F = Total of the following amounts taken into account **since the beginning of the year (including the pay period)**:

- amounts withheld as contributions to an RPP;
- amounts withheld as contributions to an RRSP;
- amounts withheld as contributions paid under a retirement compensation arrangement;
- the deduction respecting the CIP, that is, 125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP;
- the travel deduction for residents of designated remote areas;
- the security option deduction;
- the portion of the remuneration that gives entitlement to one of the following deductions:
  - the deduction for employment income situated on a reserve or premises,
  - the deduction for employment income earned on a vessel,
  - the deduction for IFC employees,
  - the deduction for foreign specialists,
  - the deduction for foreign researchers,
  - the deduction for foreign researchers on a post-doctoral internship,
  - the deduction for foreign experts,
  - the deduction for foreign professors,
  - the deduction for foreign producers or foreign individuals holding a key position in a foreign production filmed in Québec,
  - the deduction for foreign farm workers,
  - the Canadian Forces personnel and police deduction.

H = Deduction for employment income

= $\boxed{(0.06 \times D), \text{ maximum of } \$1{,}075 / S_1}$

where

D = Gross salary or wages subject to source deductions of income tax for the pay period, **plus** the total gross salary or wages since the beginning of the year (**including variable B**)

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

B = Bonuses, retroactive pay or similar lump-sum payments paid during the pay period, **plus** those paid since the beginning of the year

J = Deductions indicated on line 19 of form TP-1015.3-V

J_1 = Annual deductions that we authorized after the individual completed form TP-1016-V

Step 2 Calculating the income tax for the year

Y = Income tax for the year

= $\boxed{(T \times I) - K - K_1 - (0.20 \times E) - (0.15 \times S_1 \times Q) - (0.25 \times S_1 \times Q_1)}$

where

T = Income tax rate applicable to the bracket of annual taxable income

Annual taxable income (I)		Income tax rate (T)	Constant (K)
Over	But not over		
$0	$40,100	16%	$0
$40,100	$80,200	20%	$1,604
$80,200		24%	$4,812

I = Annual taxable income

K = Constant applicable for the adjustment of the income tax rate on the basis of the annual taxable income

K_1 = Non-refundable tax credits that we authorized for the year after the individual completed form TP-1016-V (for example, the tax credit for charitable donations)

E = Value of personal tax credits indicated on form TP-1015.3-V

= $\boxed{E_1 + E_2}$

If the result obtained is not a multiple of 5, round it off to the nearest multiple of 5. If the result is halfway between two multiples of 5, round it off to the higher multiple.

where

E_1 = Indexed value of personal tax credits, which corresponds to one of the following amounts:

- the indexed value of variable E for 2011 multiplied by 1.0266;
- the amount from line 7 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form;
- $10,925 (the basic amount for 2012), for employees who began employment in 2012 and who did not complete form TP-1015.3-V, or for new beneficiaries who did not complete the form.

Note

The indexed value of variable E for 2011 corresponds to the value of variable E for 2010, multiplied by the indexation factor for 2011.

E_2 = Non-indexed value of the personal tax credits, which corresponds to the amount from line 9 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form.

Note

There may be a limit on the deductions and personal tax credits an individual can claim on form TP-1015.3-V if the individual is not resident in Canada in 2012, or if he or she becomes resident in Canada during the year. For more information, consult section 13.13.4 of guide TP-1015.G-V.

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

Q = Amount withheld for the pay period for the purchase of class A shares in the Fonds de solidarité des travailleurs du Québec (FTQ) **plus** the amount withheld for this purpose since the beginning of the year

Q_1 = Amount withheld for the pay period for the purchase of class A or class B shares in Fondaction, the Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, **plus** the amount withheld for this purpose since the beginning of the year

Note

The total of the amounts withheld for the year after adding the value of variables Q and Q_1 must not exceed $5,000. For the pay period in which the annual maximum is reached, the value of variables Q and Q_1 must be zero.

Step 3 Calculating the income tax to be withheld for the pay period

A = Income tax to be withheld for the pay period

$$= \boxed{[(Y / S_1) - M]} + L$$

If the result is negative, enter 0.

where

Y = Income tax for the year

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

M = Cumulative income tax withheld to the last pay period (excluding variable L)

L = Additional source deduction of income tax requested by the individual on form TP-1017-V, source deduction of income tax requested by a fisher on form TP-1015.N-V, or amount indicated on line 11 of form TP-1015.3-V, for the pay period

3.2.2 Method 2

If you use Method 2, **you must first determine** the Québec income tax to be withheld from a bonus, retroactive pay or similar lump-sum payment that you paid during the pay period (variable A_3), and **then determine** the Québec income tax to be withheld from the other remuneration paid during the pay period (variable A). You proceed this way because the amount determined for variable A_3 will affect the amount determined for variable A.

Step 1 Calculating the annual taxable income

I_3 = Annual taxable income, plus the remuneration included in variable B_3

$$= \boxed{[S_1 \times (G - F - H_1)] + B_3 - J - J_1}$$

I_4 = Annual taxable income, plus the remuneration included in variable B_4

$$= \boxed{[S_1 \times (G - F - H_2)] + B_4 - J - J_1}$$

where

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

Examples

		52 pp	26 pp	24 pp
First pay period	S_1 =	52 / 1	26 / 1	24 / 1
Second pay period	S_1 =	52 / 2	26 / 2	24 / 2
Last pay period	S_1 =	52 / 52	26 / 26	24 / 24

G = Gross remuneration subject to source deductions of income tax for the pay period, **plus** the total gross remuneration since the beginning of the year (**excluding variable B**)

F = Total of the following amounts taken into account **since the beginning of the year (including the pay period)**:

- amounts withheld as contributions to an RPP;
- amounts withheld as contributions to an RRSP;
- amounts withheld as contributions paid under a retirement compensation arrangement;
- the deduction respecting the CIP, that is, 125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP;
- the travel deduction for residents of designated remote areas;
- the security option deduction;
- the portion of the remuneration that gives entitlement to one of the following deductions:
  - the deduction for employment income situated on a reserve or premises,
  - the deduction for employment income earned on a vessel,
  - the deduction for IFC employees,
  - the deduction for foreign specialists,
  - the deduction for foreign researchers,
  - the deduction for foreign researchers on a post-doctoral internship,
  - the deduction for foreign experts,
  - the deduction for foreign professors,
  - the deduction for foreign producers or foreign individuals holding a key position in a foreign production filmed in Québec,
  - the deduction for foreign farm workers,
  - the Canadian Forces personnel and police deduction.

H_1 = Deduction for employment income from the gross salary or wages and the remuneration included in variable B_3

$$= \boxed{[0.06 \times (D_1 + B_3)], \text{ maximum of } \$1{,}075 / S_1}$$

where

D_1 = Gross salary or wages **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid, **excluding variable B_3**

B_3 = Variable B_4 below **plus** the bonuses, retroactive pay or similar lump-sum payments paid during the pay period

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

H_2 = Deduction for employment income from the gross salary or wages and the remuneration included in variable B_4

= $\boxed{[0.06 \times (D_1 + B_4)], \text{ maximum of } \$1{,}075 / S_1}$

where

D_1 = Gross salary or wages, **accrued** to the date the bonus, retroactive pay or similar lump-sum payment was paid, **excluding variable B_4**

B_4 = Bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year (other than those paid during the pay period)

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

J = Deductions indicated on line 19 of form TP-1015.3-V

J_1 = Annual deductions that we authorized after the individual completed form TP-1016-V

Step 2 Calculating the income tax for the year

Y_3 = Income tax for the year on the remuneration included in variable B_3

= $\boxed{(T \times I_3) - K - K_1 - (0.20 \times E) - (0.15 \times S_1 \times Q) - (0.25 \times S_1 \times Q_1)}$

Y_4 = Income tax for the year on the remuneration included in variable B_4

= $\boxed{(T \times I_4) - K - K_1 - (0.20 \times E) - (0.15 \times S_1 \times Q) - (0.25 \times S_1 \times Q_1)}$

where

T = Income tax rate applicable to the bracket of annual taxable income

Annual taxable income (I)		**Income tax rate (T)**	**Constant (K)**
Over	But not over		
$0	$40,100	16%	$0
$40,100	$80,200	20%	$1,604
$80,200		24%	$4,812

I_3 = Annual taxable income, plus the remuneration included in variable B_3

I_4 = Annual taxable income, plus the remuneration included in variable B_4

K = Constant applicable for the adjustment of the income tax rate on the basis of the annual taxable income

K_1 = Non-refundable tax credits that we authorized for the year after the individual completed form TP-1016-V (for example, the tax credit for charitable donations).

E = Value of personal tax credits indicated on form TP-1015.3-V

= $\boxed{E_1 + E_2}$

If the result obtained is not a multiple of 5, round it off to the nearest multiple of 5. If the result is halfway between two multiples of 5, round it off to the higher multiple.

where

E_1 = Indexed value of personal tax credits, which corresponds to one of the following amounts:

- the indexed value of variable E for 2011 multiplied by 1.0266;
- the amount from line 7 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form;
- $10,925 (the basic amount for 2012), for employees who began employment in 2012 and who did not complete form TP-1015.3-V, or for new beneficiaries who did not complete the form.

Note

The indexed value of variable E for 2011 corresponds to the value of variable E for 2010, multiplied by the indexation factor for 2011.

E_2 = Non-indexed value of the personal tax credits, which corresponds to the amount from line 9 of form TP-1015.3-V, for individuals who completed the 2012-01 version of the form.

Note

There may be a limit on the deductions and personal tax credits an individual can claim on form TP-1015.3-V if the individual is not resident in Canada in 2012, or if he or she becomes resident in Canada during the year. For more information, consult section 13.13.4 of guide TP-1015.G-V.

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

Q = Amount withheld for the pay period for the purchase of class A shares in the Fonds de solidarité des travailleurs du Québec (FTQ), **plus** the amount withheld for this purpose since the beginning of the year

Q_1 = Amount withheld for the pay period for the purchase of class A or class B shares in Fondaction, the Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, **plus** the amount withheld for this purpose since the beginning of the year

Note

The total of the amounts withheld for the year after adding the value of variables Q and Q_1 must not exceed $5,000. For the pay period in which the annual maximum is reached, the value of variables Q and Q_1 must be zero.

Step 3 Calculating the income tax to be withheld for the pay period

A_4 = Income tax to be withheld for the pay period

= $\boxed{A + A_3}$

where

A = Income tax to be withheld from the remuneration for the pay period. **Do not include** bonuses, retroactive pay or similar lump-sum payments paid during the pay period.

= $\boxed{[(Y - M_1) / S_1] - M} + L$

If the result is negative, enter 0.

where

Y = Income tax for the year

M_1 = Cumulative income tax withheld from bonuses, retroactive pay or similar lump-sum payments paid since the beginning of the year, **including variable A_3**

S_1 = Annualization factor (the number of pay periods in the year, divided by the number corresponding to the current pay period)

M = Cumulative income tax withheld to the last pay period (**excluding variables L and M_1**)

L = Additional source deduction of income tax requested by the individual on form TP-1017-V, source deduction of income tax requested by a fisher on form TP-1015.N-V, or amount indicated on line 11 of form TP-1015.3-V, for the pay period

A_3 = Income tax to be withheld from a bonus, retroactive pay or similar lump-sum payment paid during the pay period

= $\boxed{Y_3 - Y_4}$

where

Y_3 = Income tax for the year on the remuneration included in variable B_3

Y_4 = Income tax for the year on the remuneration included in variable B_4

4 Formula to calculate QPP contributions

4.1 Employee contribution

The following formula is used to calculate the employee contribution to the QPP **only for an employee whose employment is continuous and whose pay periods are regular**.

For each pay period, you must withhold the employee's contribution to the QPP from his or her contributory earnings until the total of the amounts withheld reaches the employee's maximum annual contribution. Contributory earnings in the formula correspond to $S_3 - (V / P)$.

Calculating the employee contribution

C = Employee's QPP contribution to be withheld for the pay period

$$= \boxed{0.05025 \times [S_3 - (V / P)], \text{ to a maximum of } M - A_5}$$

Note

If variable C is an amount containing a fraction of a cent, do not take into account a fraction of less than \$0.005 (one-half cent). A fraction of \$0.005 or more is considered \$0.01 (one cent).

If variable C is greater than 0 but less than \$0.01, you must withhold \$0.01 as a contribution even if the fraction is less than \$0.005 (one-half cent). For example, if variable C is equal to \$0.001 (one-tenth cent), you must withhold \$0.01.

If the result obtained in calculating the pay period exemption (V / P) contains three or more decimal places, keep only the first two decimal places and do not round off.

Example: V / P = \$3,500 / 52 = \$67.3077 = \$67.30

where

S_3 = Employee's gross pensionable salary or wages under the QPP for the pay period

V = Basic exemption for the year under the QPP (\$3,500)

P = Number of pay periods in the year

M = Employee's maximum annual QPP contribution (\$2,341.65)

A_5 = Employee's QPP contributions withheld since the beginning of the year

Note

When a bonus, overtime pay or retroactive pay is paid **separately** from the employee's basic salary or wages, and the pay period exemption (V / P) has already been taken into account, the withholding is 5.025% of the amount paid, to a maximum of $M - A_5$.

4.2 Employer contribution

There is no formula to calculate the employer contribution. You simply pay a contribution that is equal to the total amount of the contributions you **withheld** from the employees' pensionable salary or wages (as calculated using the formula in section 4.1).

5 Formulas to calculate QPIP premiums

5.1 Employee premium

Use the formula below to calculate the employee QPIP premium.

For each pay period, you must withhold an employee's QPIP premium from his or her gross eligible salary or wages under the QPIP until the total amount reaches the employee's maximum annual premium.

Calculating the employee Premium

Ap = Employee's QPIP premium to be withheld for the pay period

= $\boxed{(0.00559 \times S_4)\text{, to a maximum of } N - A_6}$

Note

If variable Ap is an amount containing a fraction of a cent, do not take into account a fraction of less than \$0.005 (one-half cent). A fraction of \$0.005 or more is considered \$0.01 (one cent).

If variable Ap is greater than 0 but less than \$0.01, you must withhold \$0.01 as a premium even if the fraction is less than \$0.005 (one-half cent). For example, if variable Ap is equal to \$0.001 (one-tenth cent), you must withhold \$0.01.

where

S_4 = Employee's gross eligible salary or wages under the QPIP for the pay period

N = Employee's maximum annual QPIP premium (\$368.94)

A_6 = Employee's QPIP premiums withheld since the beginning of the year

5.2 Employer premium (with respect to an employee)

Use the formula below to calculate the employer QPIP premium.

For each pay period, you must calculate the employer's QPIP premium for each employee on the basis of the employee's gross eligible salary or wages under the QPIP until the total amount reaches the employer's maximum annual premium for that employee. **Once the employee's maximum annual premium is reached, the employer's maximum annual premium is also reached.**

Calculating the employer premium (with respect to an employee)

Ap_1 = Employer's QPIP premium for the pay period with respect to the employee

= $\boxed{(0.00782 \text{ x } S_4), \text{ to a maximum of } N_1 - A_7}$

Note

If variable Ap_1 is an amount containing a fraction of a cent, do not take into account a fraction of less than \$0.005 (one-half cent). A fraction of \$0.005 or more is considered \$0.01 (one cent).

where

S_4 = Employee's gross eligible salary or wages under the QPIP for the pay period

N_1 = Employer's maximum annual QPIP premium with respect to each employee (\$516.12)

A_7 = Employer's QPIP premiums calculated for previous pay periods with respect to the employee

6 Formula to calculate the employer contribution to the health services fund

Use the formula below to calculate the employer contribution to the health services fund.

Calculating the employer contribution to the health services fund

D_2 = Employer's contribution to the health services fund for the pay period

= $\boxed{W \times S_2}$

where

W = Contribution rate (%) based on **total payroll**

= $\boxed{2.31 + (0.39 \times S)}$

where

S = 1, if the **total payroll** is ≤ \$1,000,000

S = 5, if the **total payroll** is ≥ \$5,000,000

S = $\frac{\text{total payroll}}{\$1{,}000{,}000}$, if the **total payroll** is between \$1,000,000 and \$5,000,000

Note

The contribution rate must be rounded off to the second decimal place. When the number in the third decimal place is 5 or more, round off the number in the second decimal place to the next highest number.

S_2 = Total salaries or wages paid for the pay period respecting which you are required to pay a contribution to the health services fund

If you are a new employer, your **total payroll** for the first two consecutive calendar years corresponds to the salaries or wages paid from the beginning of the calendar year to the end of the period covered by the remittance of the contribution to the health services fund. The rate must therefore be adjusted for each remittance period, on the basis of the cumulative **total payroll** for the preceding periods.

If you are not a new employer, your **total payroll** is generally equal to your **total payroll** for the preceding year.

For more information, see section 8.4.2 of guide TP-1015.G-V.

To contact us

Online

www.revenuquebec.ca

By telephone

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.
Wednesday: 10:00 a.m. to 4:30 p.m.

Individuals and individuals in business

Québec City	Montréal	Elsewhere
418 659-6299	**514 864-6299**	**1 800 267-6299** (toll-free)

Businesses, employers and agents for consumption taxes

Québec City	Montréal	Elsewhere
418 659-4692	**514 873-4692**	**1 800 567-4692** (toll-free)

Persons with a hearing impairment

Montréal	Elsewhere
514 873-4455	**1 800 361-3795** (toll-free)

By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des services à la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des services à la clientèle des particuliers
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais

Direction principale des services à la clientèle des entreprises
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des services à la clientèle des entreprises
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

2011-04