

Working multiple jobs with McMaster? It is important that you understand the tax implications.

The purpose of this memo is to explain why you are currently receiving multiple pay statements each pay, and to review the income tax implications to you.

In mid-October, 2014, McMaster launched a new HR and Payroll system, which we call Mosaic. In doing so, McMaster changed from issuing a single pay statement per employee per pay, to issuing multiple pay statements for a **limited** number of employees who hold multiple jobs with McMaster. The vast majority of employees still have a single pay statement each pay.

Those few employees who are now receiving **multiple** statements each pay are strongly encouraged to review their current Tax Exemption Declaration elections, and to submit revised TD1 and TD1-ON forms for 2015 if they determine that their tax exemption declarations require a change.

Are all employees who work multiple jobs at McMaster affected by this?

Multiple pay statements have only been implemented for **certain** employees who hold multiple jobs at McMaster, due to the way the PeopleSoft (the program upon which Mosaic was built) stores Year-to-Date values when corporate EI rates differ. The majority of employees with multiple Jobs will continue to receive a single pay statement each pay.

Those employees who were identified as having received two pay statements for the second pay period in the month of January, 2015, are being sent this email.

How can I tell who might be affected?

An employee who holds a Teaching Assistant position in addition to a Casual appointment would still see a single pay statement, as would an employee who holds two positions which are both covered by the collective agreement with Unifor. In these cases, both Jobs would have the same Corporate EI Rate, and would be reported on a single tax slip at year end.

Some examples of employees who would now see two pay statements include: an employee who holds both a position covered by the collective agreement with Unifor and a casual appointment; or an employee in the TMG group who is also a Part-Time Instructor. In these examples, each Job has a different Corporate EI Rate, and would be reported on separate tax slips at year end.

The requirement for separate tax reporting is not new, but the way in which Mosaic achieves this does differ from our former MacVIP payroll system.

What are the income tax implications to me?

PeopleSoft treats each paycheque separately when calculating Income Tax, so employees who are receiving multiple statements for the same pay period may have seen a reduction in the total income tax being deducted across the two statements, to a greater or lesser degree.

Individual CPP and EI deductions have not been impacted by this multiple pay statement scenario.

A Daily News article was published in November, 2014, which encouraged all employees to review their income tax exemption declarations in conjunction with the launch of the new payroll system.

If I submitted an amended TD1 and TD1-ON form late in 2014, do I really need to review this again?

For the 2014 tax year, the change in total tax deductions per pay affected only the final five payrolls (out of 26 in the year), so the difference in total taxes deducted by McMaster for the year 2014 will not be representative of the total tax deductions you will see across the full 2015 calendar year.

Some employees who noted the reduction in their income tax submitted updated Declaration forms in 2014. However, **all** employees who are receiving more than one pay statement each pay should review their tax deductions from a **2015 pay period**, even if they were among those employees who submitted a revised Tax Declaration in 2014.

Government-posted Tax Rates change each year, and there was a particularly significant change in some tax brackets between the fall of 2014 and January 2015. Projecting the total income tax deducted in a 2015 pay period over a full year will help you to fully comprehend what your 2015 tax deductions will amount to, if no changes are made to your current Income Tax exemption Declaration.

Employees who are now receiving multiple statements each pay should refer to a **January 2015** pay statement when considering their tax implications for the current calendar year, either on their own, or in consultation with a financial advisor, as appropriate.

What options are available to me if I feel my income tax exemption needs have changed?

Several options are presented on the Tax Exemption Declaration forms:

- Change the dollar amount, or the number of, tax exemptions being declared
- Disclose you have already declared the Basic Exemption amount with another employer
- Declare total income across all your employers will be less than the total tax exemptions claimed
- Begin, end, or change the amount of Additional Income Tax you wish to be withheld on each paycheque

Your personal Income Tax Declaration changes could include any or all of the above options.

*If you have any questions regarding your personal Tax Exemption Declaration, the best resource to contact for assistance or advice would be an **Income Tax Specialist**.*

Is there anything I need to know if I am considering having Additional Taxes deducted from each pay?

Please note that there is only one Tax Exemption record in the system per employee. Those employees who wish to opt for additional taxes to be deducted per pay period should indicate the amount which should be deducted **per paycheque** (or per individual pay statement) on their TD1 form.

For example, an employee who is receiving two pay statements each pay, and who requires a Total of \$50 in Additional Taxes to be deducted per pay period, should indicate \$25 on the TD1 form, as this amount will be deducted from each of their two paycheques by the system (2 x \$25 = \$50, which is the desired outcome).

Where can I access the TD1 and TD1-ON forms?

Links to the Canada Revenue Agency's 2015 Tax Exemption Declaration forms can be found on the working@mcmaster website:

<http://www.workingatmcmaster.ca/hris/employee/TD1/>

What should I do with my completed forms?

Completed, dated, and signed TD1 and TD1-ON forms are submitted to the HR Office supporting your area:

- HR Service Centre, CSB 202
- Faculty of Health Sciences HR Office, HSC-2J1A
- School of Graduate Studies Payroll Office, GH-212

This message has been created for you by the Mosaic Project Team, and has been developed in consultation with McMaster's Human Resources Services. If you have any questions regarding this email, please contact your HR Advisor. The Human Resources Services contact list can be found on the working@mcmaster website:

<http://www.workingatmcmaster.ca/contacts/index.php>

Graduate Student Teaching Assistants should contact the School of Graduate Studies Payroll Office:

<http://graduate.mcmaster.ca/contacts.html>

Sincerely,

The HCM Mosaic Project Team