

New Year is a Great Time to Review Taxes

The beginning of a New Year is a great time for **all** employees to consider reviewing their personal tax declarations. Your tax exemptions are displayed in the upper right corner of your pay statement.

Why should I review my Declarations?

One or more factors might prompt an individual to submit an updated tax declaration to their employer:

- Change in Marital Status
- Children welcomed into your family, or progressing to adulthood
- Entering into, or completing, a program of study
- Moving between part-time employment and full-time employment
- Beginning or ending paid employment with multiple employer(s)

When does the Canada Revenue Agency require me to submit a new Declaration?

The Canada Revenue Agency (CRA) does not require each individual to submit a new TD1 form to their employer each year. However, they **recommend** that each individual who declares more than the Basic Exemption Amount review their tax exemption declarations at the beginning of each calendar year.

Whenever an individual's applicable tax exemptions change, the CRA **requires** an employee to submit a new TD1 form (and a TD1-ON form as well, if above Basic Declaration amounts) to their employer within 7 days, to help ensure there are no negative impacts on the individual at tax time.

Has anything changed with the advent of a new payroll system?

McMaster has recently changed from a single pay statement per employee each pay, to multiple pay statements for a **limited** number of employees who hold multiple jobs at McMaster. The majority of employees still have a single pay statement each pay. This is due to the way PeopleSoft stores Year-to-Date values when corporate EI rates differ, in support of the Canada Revenue Agency's requirement to report these on separate tax slips.

For example, an employee who holds both a Teaching Assistant position and a Casual worker would still see a single pay statement. However, an employee who holds both a position covered by the collective agreement with UNIFOR and a Casual position would see two statements, as would an employee in the TMG group who is also a Part-Time Instructor.

If I am receiving two pay statements each pay, what do I need to know?

Payroll systems treat each paycheque separately when calculating income tax, so employees who are now 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.

Some affected employees submitted revised TD1 declarations in 2014 in response to this change. However, all employees who are now receiving multiple statements are strongly encouraged to review their **2015** pay statement tax deductions, and to submit revised TD1 and TD1-ON forms if they determine that their tax

exemption declarations require any change. An email is being sent in early February, 2015, to all affected employees, providing more information and requesting that they review their tax declarations.

What options are available to me if 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 that you have already declared the Basic Exemption amount with another employer
- Declare the 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

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

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 online:

<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

If you have any questions regarding submitting your completed TD1 and TD1-ON forms, please contact your HR Advisor. The Human Resources Services contact list is available online:

<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>