



# SETTING UP AN EMPLOYEE FILE

How to start paying a new employee and respecting all the taxes, deductions, and employer contributions.

## WHAT IS AN EMPLOYEE/PERSONNEL FILE?

- When you hire a new employee, it's important to open a personnel file that contains information that is strictly job-related.
- The file must be kept at a secure location – make sure you review and comply with all relevant federal and provincial laws regarding privacy for employee records.

## WHAT INFORMATION TO INCLUDE?

Details such as full name, date of birth, SIN number, address, job title and responsibility, tenure with the company, salary history

- Employee résumé and job application (cover letter, any other required documentation)
- Employee contract
- Performance-related documents – evaluations, disciplinary action, etc.
- Tax forms
  - When first setting up an employee file, the employee must fill out Form TD1, Personal Tax Credits Return (federal form) and TP-1015 Source Deductions Return (Quebec form)

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## BEFORE YOU BEGIN PAYING EMPLOYEES IN QUEBEC

- Check whether or not you will need to make source deductions and pay employer contributions ([see link below](#))
- Register your Business with Revenu Québec for income tax, consumption taxes and source deductions ([see link below](#))
- In addition, you may have to register with or pay contributions to the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) – make sure you check their website as well
- Contact Canada Revenue Agency to open a payroll program account ([see link below](#))

## PAYING EMPLOYEES

- Employees can be paid in cash, by cheque or by direct deposit (we recommend you pay employees by cheque or direct deposit to have a proper record)
- Employees must be paid at intervals of no more than 16 calendar days
- Bonuses or overtime earned by the employee must be paid in the subsequent pay period
- Make sure to also remit a pay slip (pay sheet) to the employee – check CNESST's website to access a tool that will help you create a sample pay sheet ([see link below](#))
  - In general, the pay sheet must contain information that allows the employee to understand how their wages are calculated.
  - The general formula used is **Net wages = [Wages + Other components (such as bonuses, allowances, etc., if any) + Indemnities (such as statutory holiday pay, annual leave, etc., if any)] – Deductions (federal and income tax, employment insurance, health and dental insurance, etc.)** or
    - **Net wages = [Wages + Other components + Indemnities] – Deductions**
  - The pay slip should include the following information, as outlined on CNESST's website ([see link below](#)):
    - the employer's name
    - the employee's name

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- the job title
- the period of work corresponding to the payment
- the date of the payment
- the number of hours paid at the regular rate
- the number of overtime hours paid or replaced with a leave, with the applicable rate
- the nature and the amount of the premiums, bonuses, indemnities, allowances or commissions paid
- the wage rate
- the amount of the gross wages
- the nature and the amount of the deductions made
- the amount of the net wages that the employee receives
- the amount of the tips that the employee reported or that the employer attributed to him

## EMPLOYER RESPONSIBILITIES

- As the employer, you are responsible for:
  - Calculating deductions – both federal and provincial
  - Remitting deductions – to both the federal and provincial government
  - Completing and filing information returns – both on federal and provincial level
  - Keeping proper records
  - See links below for additional information on responsibilities and source deductions contributions
- Luckily, there are tools that can help you calculate deductions to an employee's pay, so make sure to utilize those as well (check Canada Revenue Agency and Revenu Québec for more information)

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## DEDUCTIONS & CONTRIBUTIONS

- There are multiple deductions and contributions governed by federal and provincial laws. Below are some examples, but be sure to check and fulfill all the obligations related to your business's nature.
  - Income Tax Deductions
  - Quebec Pension Plan (QPP)
  - Employment Insurance (EI)
  - Quebec Parental Insurance Plan (QPIP)
  - Quebec Health Services Fund
  - Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST)

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## LINKS:

Canada Revenue Agency

[www.cra.gc.ca](http://www.cra.gc.ca)

Revenu Québec

[www.revenu.gouv.qc.ca/en/](http://www.revenu.gouv.qc.ca/en/)

Commission des normes, de l'équité, de la santé et de la sécurité du travail (some sections in French only)

<http://www.cnesst.gouv.qc.ca>

Determine whether you must make source deductions and pay employer contributions

<https://www.revenuquebec.ca/en/businesses/source-deductions-contributions/determining-whether-you-must-make-source-deductions-and-pay-employer-contributions/>

Register your Business with Revenu Québec

[https://entreprises.revenuquebec.ca/EntNa/SX/SX03/SX03B\\_01A\\_PIU\\_InscrireFichiersFiscaux/Vues/AvantCommencer/AvantCommencer.aspx?SVAR=01&CLNG=A](https://entreprises.revenuquebec.ca/EntNa/SX/SX03/SX03B_01A_PIU_InscrireFichiersFiscaux/Vues/AvantCommencer/AvantCommencer.aspx?SVAR=01&CLNG=A)

Opening a Payroll Program Account

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-overview/employer-responsibilities-payroll-steps/opening-a-payroll-program-account.html>

CNESST Sample Pay Sheet Tool

<https://www.cnt.gouv.qc.ca/en/on-line-services/sample-pay-sheet/index.html>

Pay Slip Information

<https://www.cnt.gouv.qc.ca/en/wages-pay-and-work/pay/index.html>

For Federal Payroll Deductions and Contributions

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/calculating-deductions.html>

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For Provincial Payroll Deductions and Contributions

<https://www.revenuquebec.ca/en/businesses/source-deductions-contributions/calculating-source-deductions-and-employer-contributions/>

Additional Information on Employer Responsibilities in regards to Payroll

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-overview/employer-responsibilities-payroll-steps.html>

Additional Information on Source Deductions Contributions

<https://www.revenuquebec.ca/en/businesses/source-deductions-contributions/>

**Disclaimer:**

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