

## What's new next year?

### 2023 PAYROLL LEGISLATION UPDATE

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As the New Year approaches, the government has begun communicating important changes to legislation that may impact your **2023** payrolls. As a result, certain enhancements have been made to Deluxe Payroll's PAYweb application. Below are some of the main changes.

#### FEDERAL

##### Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) Additional Contributions Tax Treatment:

The federal government has amended the Income Tax Regulations. Effective January 1, 2023, additional employee contributions to the CPP and QPP will be deducted from employment income when calculating the remuneration in which federal income tax is withheld. You can view these amounts in PAYweb by selecting the **View History** option and then select **Other Amounts**.

An example of the deduction from **periodic** income is as follows:

ID1	ID2	ID3	Description	Amount
INCTAXDED	CPP	PERDC	CPP Period Red Taxbl Ear	8.93 Dollar

An example of the deduction from **non-periodic** income is as follows

ID1	ID2	ID3	Description	Amount
INCTAXDED	CPP	NONPR	CPP Non-Per Red Taxbl Ear	0.94 Dollar

##### Canada Pension Plan (CPP):

The maximum pensionable earnings will increase to **\$66,600** and the basic exemption for the year is **\$3,500**. The contribution rate for employees will increase to **5.95%** and the maximum an employee can contribute for the year will increase to **\$3,754.45**.

##### Employment Insurance (EI):

Outside of Quebec, the maximum annual insurable earnings will increase to **\$61,500**. The EI premium rate for employees increases to **1.63%** and the maximum annual premium increases to **\$1,002.45**.

##### MP, DB, RRSP, DPSP, and TFSA Limits:

The Government of Canada has announced the annual Money Purchase (MP), Defined Benefit (DB), Registered Retirement Savings Plan (RRSP), Deferred Profit Sharing Plan (DPSP) and Tax-Free Savings Account (TFSA) limits for **2023**.

#### TD1 FORMS

The 2023 Federal and Provincial/Territorial **TD1 forms** are now available. The **2023 Quebec Source Deductions Return** is also available.

#### How Does Deluxe Payroll Handle the Federal and Provincial/Territorial Exemptions?

Deluxe Payroll will **automatically** update your employee's personal exemption amounts when you complete the **Year End Reset**. The updated amounts will depend on the Federal or Provincial/Territorial indexing factors. The **federal indexing factor** for 2023 is **6.3%**. This means that the employee's 2022 Federal exemption amount is multiplied by 1.063 resulting in their 2023 Federal exemption amount. The Provincial and Territorial indexing factors can be found **here**.

Employees that do not have the basic amount will be listed on the "Year End Exemption Update" (YEEXEMPT) report found in your View Reports under the YREND group.

For the 2023 tax year, every resident of Canada can claim a Federal BPA (Exemption) of **\$15,000**. However, if your annual taxable income is between **\$165,430** and **\$235,675**, the exemption amount will be **calculated** by Deluxe Payroll during each payroll run. This calculated amount will be between **\$13,521** (Lower) and **\$15,000** (Upper). For further information refer to the **2023 Federal TD1 form and worksheet**.

For the 2023 tax year, every person employed in Nova Scotia can claim a Nova Scotia BPA (Exemption) dependent on their annual taxable income. If your taxable income will be **\$25,000** or less, you can claim **\$11,481**. If your taxable income will be more than **\$75,000**, you can claim **\$8,481**. However, if your annual taxable income is between \$25,000 and \$75,000 the exemption amount will be **calculated** by Deluxe Payroll during each payroll run. This calculated amount will be between **\$8,481** (Lower) and **\$11,481** (Upper). For further information refer to the [2023 Nova Scotia TD1 form and worksheet](#).

For the 2023 tax year, every person employed in the Yukon can claim a Yukon BPA (Exemption) of **\$15,000**. However, if your annual taxable income is between **\$165,430** and **\$235,675**, the exemption amount will be **calculated** by Deluxe Payroll during each payroll run. This calculated amount will be between **\$13,521** (Lower) and **\$15,000** (Upper). For further information refer to the [2023 Yukon TD1 form and worksheet](#).

#### **QUEBEC**

##### **Additional Quebec Pension Plan (QPP) Contributions Tax Treatment:**

Like the federal government and effective January 1, 2023, additional employee contributions to QPP will be deducted from employment income when calculating Quebec income tax for each pay period. You can view these amounts in PAYweb by selecting the **View History** option and then select **Other Amounts**. An example of the deduction from **periodic** income is as follows:

<b>ID1</b>	<b>ID2</b>	<b>ID3</b>	<b>Description</b>	<b>Amount</b>
INCTAXDED	QPP	NONPR	QPP Period Red Taxbl Ear	8.93 Dollar

An example of the deduction from **non-periodic** income is as follows

<b>ID1</b>	<b>ID2</b>	<b>ID3</b>	<b>Description</b>	<b>Amount</b>
INCTAXDED	QPP	NONPR	QPP Non-Per Red Taxbl Ear	0.94 Dollar

##### **Quebec Pension Plan (QPP):**

The maximum pensionable earnings will increase to **\$66,600** and the basic exemption for the year is **\$3,500**. The contribution rate for employees will increase to **6.40%** and the maximum an employee can contribute for the year will increase to **\$4,038.40**.

##### **Employment Insurance (EI):**

In Quebec, the maximum annual insurable earnings will increase to **\$61,500**. The EI premium rate for employees increases to **1.27%** and the maximum annual premium increases to **\$781.05**.

##### **Quebec Parental Insurance Plan (QPIP):**

The maximum annual insurable earnings will increase to **\$91,000**. The QPIP premium rate for employees remains at **0.494%** and the maximum annual premium increases to **\$449.54**.

#### **PRINCE EDWARD ISLAND**

Beginning January 1, 2023, the PEI government will increase the minimum wage rate to \$14.50 per hour.

#### **NEW BRUNSWICK**

Beginning January 1, 2023, the New Brunswick government adjusted the tax brackets and tax rates as follows:

- For income under \$47,715, the tax rate is 9.40%
- For income from \$47,715 to \$95,431 the tax rate is 14%
- For income from \$95,431 to \$176,756 the tax rate is 16%
- For income \$176,756 and over, the tax rate is 19.50%

##### **Want to know more?**

Check out [Year End Central](#) for our holiday schedule, guides, videos, and webinars.

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