

10. EXAMPLES FOR CALCULATING PAYROLL FOR CLERGY

Two examples of a monthly payroll for clergy are provided using **2009** rates. The corresponding T4 slips have also been provided.

- Example 1 is for a clergy employee receiving a cash housing allowance.
- Example 2 is for a clergy employee provided with a parsonage.

Where to obtain payroll information:

- Salary and benefits amounts: from the Call documents and your synod's salary guidelines.
- Pension and benefits deductions remitted to Group Services: Information is available on the Group Services web site and further letters received from Group Services throughout the year informing of any changes.
- CPP, EI and income tax deductions remitted to the Receiver General: from the CRA "Payroll Deductions Tables" for your province for the current year and from the TD1 completed by the employee.

The assumptions used in the examples:

- Employee is a clergy who is married and employed in Manitoba, claiming Code 1 for tax deductions.
- Base salary is \$2,600 per month or \$31,200 per year.
- Housing Allowance in example 1 - cash housing allowance of \$1,000 per month or \$12,000 per year.
- Housing Allowance in example 2 – provided with a parsonage with total housing benefits equivalent to \$1,000 per month, fair market (rental) value is \$735 per month, utilities paid by the congregation are \$140 per month, and cash housing equity allowance is \$125 per month.
- Book allowance is a cash benefit of \$30 per month or \$360 per year.
- Auto allowance is reimbursed on actual mileage at the rate set by the synod. A travel log is submitted monthly. As the employee is reimbursed based on the actual mileage driven for clergy purposes and is reimbursed at a reasonable rate, the auto expenses are not taxable under these circumstances. Reimbursed \$3,500 for actual mileage during the year.
- Continuing Education Plan contributions are based on the employer paying 2/3 and the employee paying 1/3. The employer pays \$34 per month and the employee pays \$17 per month for a total of \$51 per month.

- Pension benefits are based on employer contributions of $(5\% + 6\%) \times$ “salary basis” and the employee contributions of $5\% \times$ “salary basis”. “Salary basis” is defined in information provided on the GSI website.
- Health & dental premiums are based on family coverage. For these examples, we are using the cost sharing agreement that is in accordance with the minimum salary guidelines of the MNO Synod. Check your synod website (See A-3) for the cost sharing agreement in your synod. Monthly rates are established for each province. In Québec, the health and dental premiums paid by the employer must be reported as a taxable benefit on the Relevé 1 but are not reported on the T4.
- Life and disability premiums are fully paid by the employer, and are based on 3.25% of “salary basis” as defined in the Pension and Benefits information on GSI website.

Employer-paid premiums for Life Insurance and Dependent Life are taxable. Employer-paid premiums for Accidental Death & Dismemberment, Disability Insurance and the Employee Assistance Plan are not taxable. In Ontario and Quebec, the taxable benefit must include the sales tax that is remitted to the government by Group Services.

In Québec, the AD&D portion of the insurance premium must also be added to the life insurance taxable benefit on the Relevé 1.

EXAMPLE 1 – CALCULATING PAYROLL

EXAMPLE 1 - CALCULATING PAYROLL FOR CLERGY RECEIVING A CASH HOUSING ALLOWANCE

PLEASE REFER TO THE PREVIOUS PAGE FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

- Where to obtain info =
- 1 Call documents and Synod Guidelines
 - 2 Pension and Benefits information and correspondence from GSI
 - 3 CRA current year Payroll Deductions Booklet for your province
 - 4 TD1 forms completed by the employee and the CRA current year Payroll Deductions Booklet for your province

Example Year: 2009

MONTHLY PAYROLL CALCULATION:

	Where to Obtain Info.	Employee Monthly Cheque	Pension Base	Benefits Base	CPP Pensionable Income	EI Insurable Income	Taxable Income	Employer Costs
Earnings:								
Base salary	1	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
Cash housing allowance	1	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Book allowance	1	30.00			30.00	30.00	30.00	30.00
Taxable portion of life insurance	2				39.73	39.73	39.73	39.73
Auto expenses reimbursed & not taxable								
Total employment income		<u>3,630.00</u>	<u>3,600.00</u>	<u>3,600.00</u>	<u>2,669.73</u>	<u>3,630.00</u>		<u>3,500.00</u>
				x 12				<u>7,130.00</u>
<u>Deductions to be remitted to GSI:</u>								
Continuing Education Plan	1	(17.00)						34.00
<u>Deductions to be remitted to GSI:</u>								
Pension contributions - 5%	2	(180.00)	5% x 3,600				(180.00)	180.00
Pension supplement - 6%	2							216.00
Health & dental premiums	2	(126.00)	50% x (168.00 + 84.00)					126.00
Life & disability premiums - 3.25%	2							117.00
							<u>2,489.73</u>	
<u>Deductions to be remitted to CRA:</u>								
Canada Pension Plan	3	(117.71)	Based on 2,669.73					117.71
Employment Insurance	3	(62.80)	Based on 3,630.00					87.92
Federal Income Tax	4	(206.30)	Based on 2,489.73					
Provincial Income Tax	4	(179.40)	Based on 2,489.73					
Total benefits deductions		<u>(889.21)</u>						<u>878.63</u>
Net Pay		<u>2,740.79</u>						<u>8,008.63</u>

EXAMPLE 1 – CALCULATING REMITTANCES AND T4 SLIP

**EXAMPLE 1 - MONTHLY REMITTANCES AND YEAR-END T4 SLIP
FOR CLERGY RECEIVING CASH HOUSING ALLOWANCE**

PLEASE REFER TO THE PREVIOUS PAGES FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

MONTHLY PAYMENTS:

	Net pay	Benefit	Employee	Employer	Total
Pay to employee					2,740.79
Remittance to Group Services	CEP		17.00	34.00	51.00
Remittance to Group Services	Pension - 5%		180.00	180.00	360.00
	Pension - 6%		0.00	216.00	216.00
	Health/dental		126.00	126.00	252.00
	Life/disability - 3.25%		0.00	117.00	117.00
					<u>945.00</u>
Remittance to Receiver General	CPP		117.71	117.71	235.42
	EI		62.80	87.92	150.72
	Tax		385.70	0.00	385.70
					<u>771.84</u>

YEAR-END T4 SLIPS:

	Other information (bottom of the T4):	Example Year: 2009
Box 30 - Clergy housing		(1,000 x 12)
Box 40 - Taxable benefits		See note 1 below
Box 14 - Employment income		[(2,600+1,000+30) x 12] + (476.76)
Box 16 - CPP contributions		(117.65 x 12)
Box 26 - CPP pensionable earnings		(2,668.34 x 12)
Box 18 - EI premiums		2009 maximum premium = 731.79
Box 24 - EI insurable earnings		see Note 2 (62.80 x 12 = 753.60) Exceeds 2009 maximum earnings of \$42,300 (3,630 x 12 = 43,560)
Box 20 - RPP contributions		(180.00 x 12)
Box 52 - Pension adjustment		((180 + 180) x 12)
Box 22 - Income tax deducted		(206.30 + 179.40) x 12

Items not reported on the T4:

- actual premiums paid for life & disability insurance (3.25% of salary basis)
- health & dental premiums paid
- Continuing Education Plan contributions
- auto reimbursements if based on actual mileage

NOTES:

1) Calculation for Box 40, Taxable Benefits:

2009 taxable life premiums: 39.73 x 12 mos. =	476.76
Book allowance: 30.00 x 12 mos. =	360.00
Total: Life + Book Allow.	<u>836.76</u>

2) Do not continue to deduct premiums for CPP or EI once the annual maximum has been reached.

EXAMPLE 1 – T4 STATEMENT OF REMUNERATION PAID

Canada Revenue Agency		Agence du revenu du Canada	
T4		STATEMENT OF REMUNERATION PAID / ÉTAT DE LA RÉMUNÉRATION PAYÉE	
Year / Année: 2009		Year / Année: 2009	
54	Payroll Account Number (15 characters) / Numéro de compte de retenues (15 caractères): 0000000000000000	14	Province of employment / Province d'emploi: MB
12	Social insurance number / Numéro d'assurance sociale: 123 456 789	16	Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308: 1,412.52
	Exempt – Exemption / EI / PPIP: 28	22	Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437: 4,628.40
	RPC/RRQ / AE / RPAP: 29	24	EI insurable earnings / Gains assurables d'AE: 32,036.76
Employee's name and address – Nom et adresse de l'employé		18	Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312: 731.79
LAST NAME: FIRST NAME		20	RPP contributions – line 207 / Cotisations à un RPA – ligne 207: 2,160.00
STREET ADDRESS: CITY, PROVINCE, POSTAL CODE		52	Pension adjustment – line 206 / Facteur d'équivalence – ligne 206: 4,320.00
		55	Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso: 0533240
Other information (see over)		Box – Case	Amount – Montant
Autres renseignements (voir au verso)		Box – Case	Amount – Montant
30		Box – Case	836.76
12,000.00		Box – Case	
40		Box – Case	
T4 (09)		Box – Case	

EXAMPLE 2 – CALCULATING PAYROLL

EXAMPLE 2 - CALCULATING PAYROLL FOR CLERGY PROVIDED WITH A PARSONAGE

PLEASE REFER TO THE PREVIOUS PAGE FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

- Where to obtain info =
- 1 Call documents and Synod Guidelines
 - 2 Pension and Benefits information and correspondence from GSI
 - 3 CRA current year Payroll Deductions Booklet for your province
 - 4 TDI forms completed by the employee and the CRA current year Payroll Deductions Booklet for your province
- Example Year: 2009**

MONTHLY PAYROLL CALCULATION:

	Where to Obtain Info.	Employee Monthly Cheque	Pension Base	Benefits Base	CPP Pensionable Income	EI Insurable Income	Taxable Income	Employer Costs
<u>Earnings:</u>								
Base salary	1	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
30% of base salary			780.00	780.00				
Fair rental value of housing estimate					735.00			
Utilities paid by congregation	1	125.00	125.00	125.00	140.00	125.00	125.00	140.00
Housing Equity Allowance	1	30.00			30.00	30.00	30.00	125.00
Book Allowance	1				30.00	30.00	30.00	30.00
Taxable portion of life insurance	2				38.78	38.78	38.78	
Auto expenses reimbursed & not taxable								
Total employment income		2,755.00	3,505.00	3,505.00	2,793.78	3,630.00		3,500.00
<u>Deductions to be remitted to GSI:</u>								
Continuing Education Plan	1	(17.00)						34.00
<u>Deductions to be remitted to CRA:</u>								
Pension contributions - 5%	2	(175.25)	5% x 3,505				(175.25)	175.25
Pension supplement - 6%	2							210.30
Health & dental premiums	2	(126.00)	50% x (168.00 + 84.00)					126.00
Life & disability premiums - 3.25%	2							113.91
<u>Deductions to be remitted to CRA:</u>								
Canada Pension Plan	3	(123.85)	Based on 2,793.78					123.85
Employment Insurance	3	(62.80)	Based on 3,630.00					87.92
Federal Income Tax	4	(225.35)	Based on 2,618.53					
Provincial Income Tax	4	(193.95)	Based on 2,618.53					
Total benefits deductions		(924.20)						871.23
Net Pay		1,830.80						7,266.23

(42,060 x 3,277 / 1000) + 3.83

Salary costs excluding actual cost of house.

5% x 3,505
6% x 3,505
50% x (168.00 + 84.00)
3.25% x 3,505

Equal to employee cost
1.4 x employee cost

Total benefits costs

Total salary and benefits excluding actual cost of house and maintenance

EXAMPLE 2 – CALCULATING REMITTANCES & T4 SLIP

EXAMPLE 2 - MONTHLY REMITTANCES AND YEAR-END T4 SLIP FOR CLERGY PROVIDED WITH A PARSONAGE

PLEASE REFER TO THE PREVIOUS PAGES FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

MONTHLY PAYMENTS:

	Benefit	Employee	Employer	Total
Pay to employee	Net payroll			1,830.80
Remittance to Group Services	CEP	17.00	34.00	51.00
Remittance to Group Services	Pension - 5%	175.25	175.25	350.50
	Pension - 6%	0.00	210.30	210.30
	Health/dental	126.00	126.00	252.00
	Life/disability - 3% *	0.00	113.91	113.91
				<u>926.71</u>
Remittance to Receiver General	CPP	123.85	123.85	247.70
	EI	62.80	87.92	150.72
	Tax	419.30	0.00	419.30
				<u>817.72</u>

* For 2009, Life/Disability rate is 3.25%

NOTES:

1) Calculation for Box 40, Taxable Benefits:

2009 taxable life premiums: 38.78 x 12 mos. =	465.38
Book allowance: 30.00 x 12 mos. =	360.00
Housing equity: 125.00 x 12 mos. =	1,500.00
Total: Life, Book, Housing	<u>2,325.38</u>

2) Do not continue to deduct premiums for CPP or EI once the annual maximum has been reached.

YEAR-END T4 SUPPLEMENTARY: Example Year: 2009

Other information (bottom of the T4):		
Box 30 - Clergy housing	(735 + 140) x 12	10,500.00
Box 40 - Taxable benefits	see Note 1 below	2,325.38
Box 14 - Employment income (includes Boxes 30 & 40)	[(2,600 + 125 + 30) x 12] + 10,500 + 465.38	44,025.38
Box 16 - CPP contributions	(123.85 x 12)	1,486.20
Box 26 - CPP pensionable earnings	(2,793.78 x 12)	33,525.36
Box 18 - EI premiums	2009 maximum premium = 731.79	731.79
Box 24 - EI insurable earnings	see Note 2 (62.80 x 12 = 753.60)	leave blank
	Exceeds 2009 maximum earnings of \$42,300 (3,530 x 12 = 43,560)	
Box 20 - RPP contributions	(175.25 x 12)	2,103.00
Box 52 - Pension adjustment	((175.25 + 175.25) x 12)	4,206.00
Box 22 - Income tax deducted	(225.35 + 193.95) x 12	5,031.60

Items not reported on the T4:

- actual premiums paid for life & disability insurance
- health & dental premiums paid
- Continuing Education Plan contributions
- auto reimbursements if based on actual mileage

EXAMPLE 2 – T4 STATEMENT OF REMUNERATION PAID

Canada Revenue Agency		Agence du revenu du Canada	
T4		STATEMENT OF REMUNERATION PAID / ÉTAT DE LA RÉMUNÉRATION PAYÉE	
Year / Année		2009	
Employer's name – Nom de l'employeur YOUR CHURCH NAME STREET ADDRESS CITY, PROVINCE, POSTAL CODE			
14	Province of employment / Province d'emploi	10 MB	16
14	Employment income – line 101 / Revenu d'emploi – ligne 101	44,025.38	22
14	Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437	5,031.60	
54	Payroll Account Number (15 characters) / Numéro de compte de retenues (15 caractères)	0000000000000000	
12	Social Insurance number / Numéro d'assurance sociale	123 456 789	28
Employee's name and address – Nom et adresse de l'employé			
Last name (in capital letters) – Nom de famille (en lettres majuscules)			
LAST NAME			
First name – Prénom			
FIRST NAME			
Street address – Adresse			
CITY, PROVINCE, POSTAL CODE			
18	Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312	731.79	44
20	RPP contributions – line 207 / Cotisations à un RPA – ligne 207	2,103.00	46
52	Pension adjustment – line 206 / Facteur d'équivalence – ligne 206	4,206.00	50
55	Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso		56
26	CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ	33,525.36	
46	Charitable donations – see over / Dons de bienfaisance – voir au verso		
50	RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB	0533240	
56	PIIP insurable earnings / Gains assurables du RPAP		
Other information (see over) / Autres renseignements (voir au verso)			
Box – Case	Amount – Montant	Box – Case	Amount – Montant
30	10,500.00	40	2,325.38
Box – Case	Amount – Montant	Box – Case	Amount – Montant
T4 (09)			