

Employer Payroll Responsibilities

Step 1: Open a payroll account with Canada Revenue Agency (CRA)

A payroll account is an account number that is assigned to an employer to identify themselves when dealing with CRA. The business number (BN) consists of 9-digits followed by an account identifier.

(Note that if you have an existing corporation and business number the CRA will not allow you to use it for the payroll of a domestic employee including a nanny, live-in-caregiver, or housekeeper)

e.g. 123456789 RP0001

To obtain a business number (BN), you may use one of the following methods:

By Internet

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/bn-ne/bro-ide/rstrctns/menu-eng.html>

By Phone

Call the CRA's Business Enquires line at **1-800-959-5525**. Before calling, be ready to answer all the questions in Part A of [Form RC1, Request for a Business Number \(BN\)](#), and any other questions in the form that relate to the payroll account you want to open (Part C). You can ignore all the other sections of the form.

Form RC1 can be found at <http://www.cra-arc.gc.ca/E/pbg/tf/rc1/README.html>

By Mail/By Fax

Complete [Form RC1, Request for a Business Number \(BN\)](#) and send it to your tax centre by mail or fax.

Step 2: Hire your Employee

Agree on the terms of your employment relationship. You may want to consider signing an employment contract with your nanny.

Step 3: Set up your Employer File and Employee on Nanny Payroll Solutions

For detailed instructions on how to process payroll on Nanny Payroll Solutions, please see the How To Guide.

Step 4: Calculating Pay and Tax Deductions

An employer is required to calculate Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums and income tax deductions on amounts paid to an employee. In addition, an employer is required to calculate the employer's share of CPP and EI.

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You may provide your employee with other benefits such as room and board or medical insurance. You need to determine whether these benefits are taxable or non-taxable and set them up accordingly under manage employee. Or, you may have recurring deductions which must be deducted from your employee's pay such as repayment of an employee loan or employee-paid room and board. We can help with this if you need assistance.

Once the employee is set up in Nanny Payroll Solutions and hours are entered into the timesheets, the calculator will do all the work for you.

Step 5: Pay Your Employee

After you run the payroll, a payslip will be generated which will identify the net pay to be paid to your employee. It is your responsibility to pay that amount to your employee either by cash, cheque, or an electronic transfer to your employee's bank account.

Step 6: Remit deductions

You are required to remit the CPP contributions, the EI premiums, and income tax deducted, along with the employer's share of CPP contributions and EI premiums to the Receiver General. New employers are required to remit these amounts on a monthly basis by the 15th of the following month.

The amount to be remitted is calculated by Nanny Payroll Solutions. Run the Employer Remittance report for the applicable period. Then make your remittance using one of the following methods:

My Payment

My Payment is a payment option that allows you to make payments online, using the Canada Revenue Agency's Web site, from an account at a participating Canadian financial institution. Eligible financial institutions include:

- BMO Bank of Montreal (personal accounts only)
- Scotiabank
- RBC Royal Bank
- TD Canada Trust

<http://www.cra-arc.gc.ca/esrvc-srvce/tx/mypymnt/menu-eng.html>

Electronically

You may be able to remit your deductions electronically through your financial institution's telephone or Internet banking services.

At your financial institution

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You can make your payment at your Canadian financial institution. Complete the remittance form you will receive in the mail from the CRA and present it with your payment. The financial institution will date stamp the bottom part and return the top part to you as a receipt.

Using the ATM (automated teller machine)

If you use an ATM to send a remittance, allow time for the financial institution to process the transaction. The institution will debit your account when you use the ATM. However, you should allow time for the CRA to receive the remittance. An ATM receipt is **not** proof of payment by the due date.

By mail

You can mail a cheque or money order payable to the Receiver General to the address listed in your remittance form booklet or on the back of your remittance form. Write your account number on the back of your cheque or money order.

Complete and include the bottom part of your remittance form with your payment. Allow sufficient mailing time to ensure that the CRA receives your remittance by the due date.

Step 7: File a T4

On an annual basis, an employer is required to file a T4 and T4 Summary for anyone who received remuneration during the year if the remuneration was more than \$500 and CPP, EI or income tax was deducted.

Nanny Payroll Solutions can prepare this for you.