

When do you have to remit payroll source deductions?

The Canada Revenue Agency may apply a penalty of up to 20% for deficient or late remittances, so it is important to ensure that source deductions are remitted on a timely basis. When an employer remits source deductions is dependent on what type of remitter it is. There are three types of remitters:

- 1) Regular remitter – If an employer’s average monthly remittance two years ago was less than \$15,000, it is considered a regular remitter and it has to remit its deductions to ensure that the Canada Revenue Agency receives them on or before the 15th day of the month following the month it made the deductions.

- 2) Quarterly remitter – If an employer had an average monthly withholding amount of less than \$3,000 in either the first or the second preceding calendar year, has a perfect compliance history in the previous 12 months, and has no outstanding GST/HST returns or T4 information returns for the previous 12 months, it is a quarterly remitter. Remittances are due on or before the 15th day of the month immediately following the end of each calendar quarter.

- 3) Accelerated remitter – There are two thresholds within accelerated remitters:
 1. Threshold 1 – If an employer’s average monthly remittance two years ago was between \$15,000 and \$49,999.99 they are considered a Threshold 1 accelerated remitter. Source deductions withheld from remuneration paid in the first 15 days of the month are due by the 25th of the same month. Amounts withheld from the 16th to the end of the month are due by the 10th day of the following month.
 2. Threshold 2 – If an employer’s average monthly remittance two years ago was greater than \$50,000 they are considered a Threshold 2 accelerated remitter. Source deductions withheld from remuneration paid at any time during the month are due by the third working day after the end of the following periods:
 - from the 1st through the 7th day of the month;
 - from the 8th through the 14th day of the month;
 - from the 15th through the 21st day of the month; and
 - from the 22nd through the last day of the month.

If a corporation is associated with one or more corporations in the current year, and the total average monthly withholding amount in the second preceding calendar year of all the associated corporations was \$15,000 or more, the Canada Revenue Agency will consider all the associated corporations to be accelerated remitters.