

23 Payroll and Worker Documentation

Resource Kit for Nova Scotia Farmers

People that you hire to work on your farm may be employees or they may be self-employed people whom you have contracted to complete certain tasks or provide certain services. What determines this distinction is not the nature of the work or how they are paid (e.g. hourly vs. piece-work) but who dictates the terms of the work (e.g. sets the hours worked). If you are unsure whether you have hired an employee or contracted with a self-employed individual, consult CRA *Guide RC4110 Employed or Self-Employed?* (<http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-08e.pdf>). If you are still unsure, you can complete Canada Revenue Agency (CRA) Form CPT1 (<http://www.cra-arc.gc.ca/E/pbg/tf/cpt1/cpt1-fill-08b.pdf>) and the CRA will determine that for you.

If you have employees, you must open a payroll account with the CRA. In order to do so, you must have a business number and each employee must have a Social Insurance Number (SIN). You can obtain a business number through the Nova Scotia Business Registry on-line at www.nsbr.ca or by phoning 1-800-670-4357 (toll-free).

If employees do not already have an SIN number, they can obtain one at their nearest Service Canada office. All Canadian citizens and landed immigrants are eligible for a SIN number regardless of their age. Workers who come to Canada on a temporary basis, such as seasonal agricultural workers, can also be issued SIN numbers.

Upon hiring, you must have each employee complete *Form TD1, Personal Tax Credits Return* (<http://www.cra-arc.gc.ca/E/pbg/tf/td1/td1-10e.pdf>).

You are required to deduct income tax, Employment Insurance (EI) premiums and Canada Pension Plan (CPP) contributions, as well as Worker Compensation premiums if you are enrolled in that program. (For more information on the Workers' Compensation Program, see fact sheet 18 – Farm Insurance.) You must remit these deductions to the Canada Revenue Agency by the 15th day of the month following the month for which the deductions were made. For more information on payroll deductions, see CRA

Guide T4001, *Employers' Guide: Payroll Deductions and Remittances* (<http://www.cra-arc.gc.ca/E/pub/tg/t4001/t4001-09e.pdf>).

Some farmers provide their workers with board and lodging as part of their salary. This is considered a taxable benefit and you are required to assign a fair market value to lodging or board and lodging given to employees and add this to their salary for the purposes of calculating payroll deductions.

According to the Nova Scotia Labour Standards Code, employers are also required to give each employee 2 weeks vacation after they have been employed for 12 consecutive months. The vacation must be taken within the following 10 months. Employers must also pay employees vacation pay equal to 4% of gross pay at least one day before vacation starts. Vacation pay must be increased to 6% after an employee has worked for 8 years. For more information on the Labour Standards Code, contact the Department of Labour and Advanced Education at 1-888-315-0110 or see:

<http://www.gov.ns.ca/lwd/employmentrights/docs/LabourStandardsCodeGuide.pdf>

As an employer, you must issue T4 slips at the beginning of each year that show the total salary, taxes paid, and EI and CPP contributions for the previous year to each employee. You must also issue a Record of Employment within 5 days after an employee stops working for you.

For more information on how to set up payroll and calculate and remit deductions, see the Canada Revenue Agency website: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/menu-eng.html> or contact CRA by phone: 1-800-959-5525.

Seasonal Agricultural Workers must be treated the same as Canadian workers in regard to wages and payroll deductions. For more information on payroll considerations for Seasonal Agricultural Workers, see CRA Guide RC4004 *Seasonal Agricultural Workers Program*: <http://www.cra-arc.gc.ca/E/pub/tg/rc4004/rc4004-10e.pdf>

[The information in this fact sheet was taken from Canada Revenue Agency publications and the Nova Scotia *Labour Standards Code Guide* and was compiled by Rebecca Sooksom, New Entrant Resource Coordinator, Nova Scotia Department of Agriculture, May 2010.]