

Provincial payroll and health fund taxes¹

	Manitoba Health and Post-Secondary Education Tax	Ontario Employer Health Tax
Tax rate	2.15% ³	1.95%
Exempt remuneration ⁵	\$1,250,000 ³	\$400,000
Instalment period	Monthly ⁷	Monthly ⁸
Annual filing deadline	March 31	March 15
Assessment period	6 years	4 years
Refund period	2 years	4 years
Appeal deadline ¹²	90 days	180 days

	Québec Health Services Fund²	Newfoundland Health and Post-Secondary Education Tax
Tax rate	4.26% ⁴	2.00%
Exempt remuneration ⁵	—	\$1,200,000 ⁶
Instalment period	Monthly ⁹	Monthly ¹⁰
Annual filing deadline	February 28	February 28
Assessment period	4 years	4 years ¹¹
Refund period	4 years	3 years
Appeal deadline ¹²	90 days	60 days

Provincial Payroll and Health Fund Taxes

Notes

- (1) Payroll, in general, includes all payments, benefits and allowances included in computing employment income under the *Income Tax Act*. Payroll may also be deemed to include such payments made by associated employers.
- (2) In addition to the Health Services Fund (HSF), Québec also levies a Manpower Training Tax. Employers whose payroll exceeds \$1 million must allot at least 1% of their payroll to eligible training expenditures. Employers whose eligible training expenditures are lower than the minimum required participation must make a contribution equal to the difference between the two amounts. The employer must remit this contribution by the last day of February of the following year.

Most Québec employers also have a requirement to contribute to the financing of the Commission des normes du travail. For 2012, remuneration of up to \$66,000 paid to an employee is subject to a contribution rate of 0.08%. The employer must remit this contribution by the last day in February of the following year.

- (3) Employers with annual payroll over \$2.5 million are subject to the 2.15% rate with no exemption amount. Annual payroll of \$1.25 million or less is exempt from tax. Annual payroll between \$1.25 million and \$2.5 million is subject to a rate of 4.3% of the amount in excess of \$1.25 million.
- (4) Employers with annual payroll over \$5 million are subject to the 4.26% rate. Employers are entitled to a gradual reduction in the contribution rate if their total annual payroll is less than \$5 million. The contribution rate for payroll between \$1 million and \$5 million is calculated using the formula $[2.31 + (0.39 \times \text{total payroll}/\$1 \text{ million})]$. If annual payroll is less than \$1 million, the rate is 2.7%.
- (5) Each province has specific eligibility criteria to obtain the exemption. In most cases, the exemption must be prorated among associated corporations and certain corporate partnerships.
- (6) The \$1,200,000 exemption applies to all employees effective January 1, 2011. Prior to this date, there was a \$1 million exemption to all employees, during January 1, 2008 through December 31, 2010. Prior to January 1, 2008, there was a \$500,000 exemption that applied to employers with annual payroll in excess of \$700,000. Employers with annual payroll of less than \$600,000 were exempt from tax. For annual payroll between \$600,000 and \$700,000, the exemption was gradually reduced from \$600,000 down to \$500,000. Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid.
- (7) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid.
- (8) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid. Employers with annual payroll of \$600,000 or less are not required to make instalments. Instead, they must remit the tax once a year along with their annual return.
- (9) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid. However, the frequency of instalments will depend upon an employer's average monthly remittances of income tax, Québec Pension Plan contributions and HSF.
- (10) Monthly instalments and returns are due on the 20th of the month following the month in which the remuneration is paid.
- (11) If the employer is not registered for this tax, the assessment period could be extended to six years.
- (12) The appeal deadline generally starts on the date of mailing of the Notice of Assessment.

Current as of December 31, 2011

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