



Government of Nunavut

Department of Finance

Taxation Division

P.O. Box 2260

Iqaluit, NU X0A 0H0

Telephone: (867) 975-6859 or 1-800-316-3324

Facsimile: (867) 975-5845

E-mail: payrolltax@gov.nu.ca

ᑕᓐᓇ ᑎᑎᑦᑲᑦᑭᑦᑲᑦ ᐱᑦᑭᑭᑦᑲᑦ ᐃᓄᑦᑎᑦᑭᑦᑲᑦᑲᑦ, ᐅᑦᑭᑦ ᐅᑦᑲᑦᑭᑦᑲᑦᑲᑦᑲᑦᑲᑦ (867) 975-6859
ᐅᑦᑭᑦᑲᑦᑲᑦᑲᑦᑲᑦᑲᑦ 1 (800) 316-3324 ᑎᑎᑦᑲᑦᑲᑦᑲᑦᑲᑦᑲᑦ ᐅᑦᑭᑦᑲᑦ
Taxation Division P.O. Box 2260 Iqaluit, NU X0A 0H0

Taamna titiraqhimayuq piyumagungni Inuinnaqtut, uqqaqviginarialik una
hivayarlugu (867) 975-6859. Akiitumik uktuklugu 1 (800) 316-3324.
Unaluniit titirainagialik : Taxation Division, P.O. Box 2260 Iqaluit, NU X0A 0H0

Si vous désirez obtenir ce document en français, prière de nous contacter au (867) 975-6859
ou au 1(800) 316-3324 ou nous écrire à l'adresse suivante: Gestion de l'impôt, Ministère des
Finances, Gouvernement du Nunavut, Boîte Postale 2260, Iqaluit, NU X0A 0H0.

Employers' Guide for Payroll Tax Registration

INTRODUCTION

This guide will familiarize employers with the basics of the Nunavut 2% Payroll Tax and their responsibilities under the Act. It provides the information employers will need to deduct, remit and report on the deductions required by the *Payroll Tax Act*. It is intended to help avoid errors and should answer most questions concerning the payroll tax. This guide is not a substitute for the Act nor for the regulations and where this guide is inconsistent with the legislation, the legislation prevails. *PLEASE READ ALL THESE DOCUMENTS THOROUGHLY.*

Included with this guide are:

1. Payroll Tax Registration Regulations;

2. Application for Registration form with a completed sample

WHO SHOULD USE THIS GUIDE?

The guide is intended for use by employers, trustees and other collectors of payroll tax.

WHO SHOULD REGISTER?

The enclosed application form must be completed by every employer who pays an employee for work performed in Nunavut.

An employer is a person or entity who pays remuneration to an employee while that employee is working in Nunavut.

WHEN SHOULD I REGISTER?

Every employer who was registered in the Northwest Territories for Payroll Tax as of April 1, 1999 was automatically registered for Nunavut Payroll Tax.

All other employers with one or more employees must register within 21 days after the employer first pays remuneration to an employee.

COMPLETING YOUR APPLICATION FOR REGISTRATION

All sections of the form must be completed where applicable. Forms that are not properly completed will be returned to you for completion. As a result, you may miss the registration deadline.

Legal Name of Business

The name under which the business is registered.

Operating or Trade Name

This area should be completed if the business operates under a name that is different from the legal name.

Location Address (where the books of account are kept)

The location where the employer maintains the records of remuneration paid to employees.

Mailing Address

Address where all correspondence regarding the payroll tax will be mailed.

Fixed Place of Business in Nunavut

If an employer has more than one business location in Nunavut, please identify or designate a primary location.

Contact person

The contact person should be the person most familiar with all payroll tax documentation submitted to the Government of Nunavut. The person must be prepared to respond to any

queries arising from the employer's application for registration, remittance return, annual return or request for information.

Date the Business began Operating

The date that the business began operating in Nunavut.

Duration of Business Operations

Indicate whether the business operates year-round or seasonally.

If the business operates seasonally, please identify the months of operation.

Estimated Gross Remuneration for Current Calendar Year to be paid to Employee

Employers that operate on a year-round basis are to report the estimated total remuneration subject to the payroll tax, for the entire current calendar year. This amount will be used to determine whether the employer's reporting period will be annually, semi-annually, quarterly or monthly. Schedule A shows the reporting periods.

Employers that operate seasonally are to report the estimated total remuneration subject to the payroll tax, for the season. Seasonal employers must remit at the end of the year.

Brief Description of Business

Briefly describe the general operation and scope of the business.

Business Number

Provide the business number or GST number issued from Canada Revenue Agency (CRA). If you do not have one, then provide the business license number issued under the Nunavut Business License Act or under the by-laws of the Nunavut municipality in which the business operates

If the employer has more than one location in Nunavut, provide the business license number for the designated primary location.

Legal Status

Identify the ownership type (proprietorship, corporation, partnership, government, association, union, club, etc.)

Responsible Individuals

If the business is a corporation, other than a municipal corporation, please provide the title of all officers, their names and a complete mailing address for each officer.

Certification

An authorized officer must complete this area. Please include the date completed and the officer's name, signature, title and telephone number.

PLEASE NOTE:

***A COPY OF THE WORKER'S SAFETY AND COMPENSATION COMMISSIONER
CERTIFICATE OF COMPLIANCE MUST BE PROVIDED WITH YOUR APPLICATION.***

REGISTRATION WITH THE LEGAL REGISTRIES DIVISION OF THE DEPARTMENT OF JUSTICE IS ALSO REQUIRED.

ACKNOWLEDGEMENT OF THE APPLICATION FOR REGISTRATION

Employers will be notified in writing of their assigned registration number, the effective date of their registration, and their reporting period requirements (as per Schedule A).

PENALTY FOR FAILURE TO APPLY

Failing to submit an Application for Registration form within the allotted time is an offence punishable by a fine of between \$1,000 and \$5,000.

REMITTANCE RETURNS

All remittances must be accompanied by a remittance return. The Government of Nunavut will send the required remittance return to every employer 30 days before the employer must remit the tax. Employers are required to ensure that the tax is deducted, that a return is filed, and that the tax payable is remitted on or before the 20th day of the month following the end of the reporting period. An employer who does not receive a form in time for the payment, should contact the Government of Nunavut, Taxation Division, immediately. The address and telephone numbers are provided on the last page of this guide.

EMPLOYERS' RESPONSIBILITY

As of April 1, 1999 all employers must meet the following requirements of the Act:

1. Deduct, at source, the 2% payroll tax from every employee to whom the employer pays remuneration. The deduction must be made at the time of payment. No tax is payable by an employee who normally works outside Nunavut **and** does not earn more than \$5,000 in Nunavut. If the employee earns more than \$5,000 in a calendar year in Nunavut, tax is payable on the full amount of remuneration earned while in Nunavut.
2. Remit the amounts deducted to the Government of Nunavut as required by the regulations. A reporting period, (monthly, quarterly, semi-annually or annually) will be determined for each employer at the time of registration. At the request of the employer, the Minister may amend this reporting period. (See Schedule A)
3. Report annually the name and social insurance number of each employee paid during the year, the total amount of remuneration paid to each employee and the amount of payroll tax withheld from each employee, for all employees to whom the payroll tax applies. This return must be completed and filed on or before February 28th of the year following the year in which the remuneration was paid.

Employers or collectors of payroll tax, who withhold deductions are considered to hold these deductions in trust for the Government of Nunavut.

HOW WILL THE TAX BE CALCULATED?

The payroll tax is 2% of gross remuneration for each employee. “Remuneration” as defined in the Payroll Tax Act, includes all payments and the value of all benefits and allowances received by an individual from an office or from employment. Payments or benefits which are not related to an office or employment (such as dividends, student or government grants) are not taxable.

Specifically, the tax is applied to any amount referred to in subsection 5(1) or sections 6 and 7 of the Income Tax Act (Canada), as follows:

Subsection 5(1) includes salary, wages, bonuses, commissions and honoraria.

Section 6 includes the value of board and lodging, northern allowances, vacation travel assistance, personal or living expenses, gifts in cash or kind, interest free or low interest loans, products provided free or at any unreasonably low cost, tuition fees, management fees, profit sharing plans, employer supplied automobile, employment insurance benefits (excluding unemployment insurance benefits), employee benefit plans and deferred salary plans.

Section 7 includes employee stock options.

PENALTIES AND INTEREST

Employers who do not register, deduct or remit as required may be assessed a penalty and interest or be prosecuted.

NEED HELP?

If this guide does not answer your questions about deducting, remitting or reporting the Nunavut payroll tax, please contact the Taxation Division of the Government of Nunavut at one of the following numbers:

Telephone: (867) 975-6859 or 1-800-316-3324

Facsimile: 867-975-5845

E-mail: payrolltax@gov.nu.ca

Written inquiries may be sent to:

Government of Nunavut
Department of Finance, Taxation Division
P.O. Box 2260
Iqaluit, NU X0A 0H0

It is the responsibility of the Department of Finance, Taxation Division, to provide assistance where necessary and to ensure compliance with the Act.

As a taxpayer or collector of payroll taxes, you have a right to fair and courteous treatment, including an impartial review of disputed amounts.

SCHEDULE "A"

REPORTING PERIODS FOR CLASSES OF EMPLOYERS

ESTIMATED TOTAL AMOUNT
OF REMUNERATION TO BE PAID
BY THE EMPLOYER TO THE
EMPLOYER'S EMPLOYEES
IN THE YEAR

CLASS OF
EMPLOYER

REPORTING PERIOD

An amount exceeding \$1,000,000

1

Each month ending the last day of
the month

An amount exceeding \$600,000
but less \$1,000,000

2

Each three month period ending
March 31, June 30, September 30
and December 31

An amount exceeding \$200,000
but less than \$600,000

3

Each six month period ending June
30 and December 31

An amount less than \$200,000

4

Each year ending December 31

Not Applicable

Seasonal

Each year ending December 31