

Government of Nunavut

Department of Finance

Taxation Division P.O. Box 2260 Igaluit, NU XOA 0H0

Telephone: (867) 975-6887/ (867) 975-6859 or 1-800-316-3324

Facsimile: (867) 975-5845 E-mail: payrolltax@gov.nu.ca

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

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Guidelines to determine if an employee is taxable under the Nunavut Payroll Tax Act

EMPLOYEES NORMALLY WORKING IN NUNAVUT:

- 1. **An employee is considered to normally work in Nunavut** if the employee works, performs duties or provides services in Nunavut for more than half of the number of days worked for an employer in the year.
- 2. An employee is liable to pay the tax on **all** remuneration earned by the employee if the employee **normally works in Nunavut** for an employer.

EMPLOYEES NORMALLY WORKING OUTSIDE NUNAVUT:

- 1. **An employee is considered to normally work outside Nunavut** if the employee works, performs duties or provides services outside Nunavut for more than half of the number of days worked for an employer in the year.
- 2. Where an employee **normally works outside Nunavut** for an employer in the course of a year, the employee is liable to pay tax on the remuneration paid to the employee for any days, including any portion of a day, the employee works in Nunavut. *Except for:*
- 3. An employee is not liable to pay the tax if the employee **normally works outside**Nunavut for an employer <u>and</u> remuneration paid to the employee in the year by that employer does not exceed the prescribed amount of \$5,000.00. The prescribed amount is not exempt from tax once it has been exceeded.

NOTE: The following employee benefits are taxable under the *Nunavut Payroll Tax Act*, and are mistakenly considered non-taxable by some employers: Vacation travel assistance, housing allowances and employer contributions on behalf of an employee to an employee pension plan other than a "registered pension plan", as defined in the *Income Tax Act* (*Canada*). More examples of taxable and non-taxable items can be found in Schedule A and B of the *Guide to Payroll Tax Withholding and Reporting*.