Sample Year-End Employee Communication Templates

The National Payroll Institute's Sample Year-End Employee Communication Templates help payroll professionals inform employees and stakeholders about upcoming legislative changes. These templates cover 2025 rates and limits for statutory withholdings, updated tax forms, and T4/RL-1 slip updates.

Use these templates as needed for your organization, for example, by copying and pasting all sections relevant to your employees on your organization’s letterhead.

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# SAMPLE GREETING

Dear [ ],

We hope this message finds you well. As part of our commitment to informing you about important changes affecting your pay, we would like to notify you of the updated payroll deduction rates and maximums for 2025, as mandated by the government, as well as changes to your T4 and RL1 information slips.

## Subject: Important Update: 2025 Payroll Deduction Rates and Maximums (non-Quebec employees)

### Canada Pension Plan (CPP) Contributions:

The maximum earnings on which contributions will be withheld will be $81,200.00 for 2025.

* The contribution rate on the first $71,300.00 will be 5.95% to a maximum of $4,034.10, which is matched by your employer
  + A pro-rated annual basic exemption of $3,500 will be applied to this contribution
* The contribution rate on the next $9,900.00 will be 4% to a maximum of $396.00, which is matched by your employer

### What This Means For You:

You will contribute to the CPP at 5.95% as usual until you reach $71,300.00 for 2025. When your earnings exceed this amount, you will continue to contribute to CPP at a rate of 4% until you reach $81,200.00 for 2025. Your contributions to CPP will stop thereafter.

Remember that the enhanced portions of the CPP contributions give you a tax break at source. When you stop contributing to CPP, this tax break will no longer apply, and as a result, you may notice a slight increase in your income tax deductions.

### Employment Insurance (EI) Premiums:

The maximum insurable earnings subject to premiums will be $65,700.00 for 2025.

* The employee premium rate will be 1.64% to a maximum deduction of $1,077.48

Your pay will reflect these rate changes starting with the first pay of January 2025.

## Subject: Important Update: 2025 Payroll Deduction Rates and Maximums (Quebec employees):

### Quebec Pension Plan (QPP) Contribution

The maximum earnings on which contributions will be withheld will be $81,200.00 for 2025.

* The contribution rate on the first $71,300.00 will be 6.40% to a maximum of $4339.20, which is matched by your employer
  + A pro-rated annual basic exemption of $3,500 will be applied to this contribution.
* The contribution rate on the next $9,900.00 will be 4% to a maximum of $396.00, which is matched by your employer.

**What This Means For You:**

You will contribute to the QPP at 6.40% as usual until you reach $71,300.00 for 2025. When your earnings exceed this amount, you will continue to contribute to QPP at a rate of 4% until you reach $81,200.00 for 2025. Your contributions to QPP will stop thereafter.

Remember that the enhanced portions of the QPP contributions give you a tax break at source. When you stop contributing to QPP, this tax break will no longer apply, and as a result, you may notice a slight increase in your income tax deductions.

**NOTE:** Following a legislative change implemented on January 1, 2024, your final QPP contribution will be on the last pay of the year during which you turn 72 years of age. Effective January 1 of the following year, you will no longer be subject to QPP contribution.

### Employment Insurance (EI) Premiums:

The maximum insurable earnings subject to premiums will be $65,700.00 for 2025.

* The employee premium rate will be 1.31% to a maximum deduction of $860.67

Your pay will reflect these rate changes starting with the first pay of January 2025.

### Quebec Parental Insurance Plan (QPIP) Premium

The maximum insurable earnings subject to premiums will be $98,000.00 for 2025.

* The employee premium rate will be 0.494% to a maximum deduction of $484.12

Your pay will reflect these rate changes starting with the first pay of January 2025.

## Subject: Important: Review and Update of Your TD1 Forms for 2025

As we approach the new year, we want to remind you of the importance of reviewing and updating your TD1 forms. The TD1 forms, which include Federal and Provincial Personal Tax Credits, are essential in determining the correct amount of income tax to be deducted from your pay.

### Why is it important to review and update your TD1 forms?

Ensuring your TD1 forms are current helps us withhold the correct amount of income tax from your earnings. This can prevent issues such as overpayment or underpayment of taxes, which could lead to unexpected tax bills or smaller refunds when you file your tax return.

Your eligible tax credits may have changed if you've experienced significant life changes during the year (e.g., your spouse or common-law partner starting or ending employment). Updating your TD1 forms ensures that your personal circumstances are accurately reflected.

Keeping your TD1 forms current allows you to take full advantage of eligible tax credits and deductions, optimize your tax situation and possibly increase your net income.

### What do you need to do?

If your personal circumstances have changed or you wish to adjust your personal tax credit amounts, please complete new TD1 forms and submit them to the payroll department within 7 days of the change. If adjustments are needed for the first payroll in 2025, please submit your completed forms to the payroll department by [insert deadline].

The TD1 forms can be found on the CRA website at: <https://www.canada.ca/en/revenue-agency/services/forms-publications/td1-personal-tax-credits-returns.html>

## Subject: Canadian Dental Care Plan, Changes to T4/RL-1 Slips

This is to inform you about the year-end reporting of employer/payer-provided dental coverage on the T4 and RL-1 slips.

### Canada Dental Care Plan T4/T4A Reporting Boxes

To support the administration of the new [**Canadian Dental Care Plan**](https://www.canada.ca/en/public-services-procurement/news/2023/09/the-government-of-canada-announces-progress-on-the-canadian-dental-care-plan.html), new boxes were added to the tax slips:

* Box 45 on the [T4: Statement of Remuneration Paid](https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/completing-filing-information-returns/t4-information-employers/t4-slip.html)
* Box 015 on the [T4A: Statement of Pension, Retirement, Annuity and Other Income](https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/completing-filing-information-returns/t4a-information-payers/t4a-slip.html)

Employers are required to report the level of dental coverage to which each employee/former employee/retiree had access on December 31 of the tax year by selecting the applicable Code from the following:

| **Code** | **Access** |
| --- | --- |
| 1 | Not eligible to access any dental care insurance or coverage of dental services of any kind |
| 2 | Payee only |
| 3 | Payee, spouse, and dependent children |
| 4 | Payee and their spouse |
| 5 | Payee and their dependent children |

The reporting Code *(this is not a deduction)* must represent the dental coverage the employee/former employee/retiree **had access to** under the employer’s/payer’s Private Health Care plan or Health Spending Account.

As a reminder, please note that “**access**” refers to the plan coverage available and not the individual’s family status or their personal election. For example, Box 45 on the T4 will report Code “3” if the employer provides a plan that covers the employee and their eligible dependents (spouse and dependent children), even if the employee does not have any dependents.

### New Boxes and Codes on the T4

The Canada Revenue Agency created the following additional boxes on the T4 for reporting of the Second Canada/Quebec Pension Plan (C/QPP) Enhancement Contribution, which came into effect in 2024:

* Box 16A – for reporting of employee’s second CPP contribution
* Box 17A – for reporting of employee’s second QPP contribution

Additionally, effective the 2024 tax year, the following reporting has been added to the T4 slips:

* Code 90 – for reporting of security option benefits provided to employees after June 25, 2024
* Code 91 – for reporting option benefit deduction under 110(1)(d) equal to 1/3 (33.33%) of the value of the taxable benefit received from qualified securities after June 25, 2024
* Code 92 – for reporting option benefit deduction under 110(1)(d.1) equal to 1/3 (33.33%) of the value of the taxable benefit received from qualified securities after June 25, 2024
* Code 94 – for reporting of RPP contributions withheld from tax-exempt income paid to an employee who is registered or is entitled to be registered under the Indian Act
* Code 95 - for reporting of union dues withheld from tax-exempt income paid to an employee who is registered or is entitled to be registered under the Indian Act.

**NOTE:** While the proposed changes are still subject to parliamentary approval, the CRA, in line with standard practice, is administering the new capital gains inclusion rate effective June 25, 2024. **This means employers must report the reduced deduction even if the previous 50% deduction was applied at source.**

### New Boxes and Codes on the RL-1

Revenu Québec created the following additional boxes on the RL-1:

* Box B.A – for reporting of employee’s first QPP contribution
* Box B.B – for reporting of employee’s second QPP contribution

Additionally, effective the 2024 tax year, the following reporting footnotes have been added to the RL-1:

* Footnote B-1 – for reporting of the first CPP contributions
* Footnote B-2 - for reporting of the second CPP contributions
* Footnote G-3 – for reporting Phased Retirement (replacing Box U)
* Footnote L-11 – for reporting of rate of deduction under L-12 and L-13
* Footnote L-12 – for reporting option benefit deduction under section 725.2 of the Taxation Act for benefits granted after June 25, 2024
* Footnote L-13 - for reporting option benefit deduction under section 725.3 of the Taxation Act for benefits granted after June 25, 2024

## Distribution of your 2024 tax slips

### T4 and Relevé 1 Slip Delivery

Your 2024 tax slips will be available on or before February 28, 2025.

**NOTE:** In certain circumstances, you may receive multiple year-end slips. Remember to include all tax slips when filing your personal income tax return. Please ensure that you have received tax slips from all your employers and slips from your financial institution for all RRSP contributions you made in the year before filing your personal income tax return.

### Additional resources that may be attached to this communication:

* Statutory holiday/business closures calendar
* Pay date calendar
* Year-end vacation carry-over policy (if applicable)
* Expense report submission deadline (if applicable)
* Automobile logbook submission deadline (if applicable)
* Other company-specific deadlines/updates

# SAMPLE CLOSING

If you have any questions or need further clarification regarding these updates, please contact the payroll team at [contact email/phone number].

Best regards,

[Your Name]