Canada Pension Plan and the CPT30 Form Guidelines™

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The National Payroll Institute's mission statement is Payroll Leadership through Advocacy and Education. The Institute is committed to providing the payroll-related services payroll professionals and their employers need to ensure compliance with over 200 legislative requirements that impact payroll.

All references to legislative requirements are current at the time of publication; however, government legislation shall prevail if there are any discrepancies between the guidelines and government statutes or regulations.

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INTRODUCTION

As the authoritative source of Canadian payroll knowledge, one of the objectives of the National Payroll Institute (NPI) is to publish guidelines that can be referenced as NPI Payroll Best Practices for payroll professionals and their employers.

A challenge for many payroll professionals is having their employers understand that payroll is mission critical and requires in-depth knowledge and skills to ensure compliance.

The NPI guidelines can assist organizations with preparing for a payroll audit. They can also provide benchmarking tools for designing and/or implementing Payroll Best Practices.

These guidelines were created and updated by a task force of NPI staff and subject matter expert payroll professionals, ensuring both the accuracy of the information and the practicality of its application, based on real-life experiences within various organizations.

The NPI would like to thank the subject matter experts for their participation on the task force and their contributions to these guidelines.

NPI members should direct any legislative questions on these guidelines to:

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KEYWORD SEARCH AND HYPERLINKS

When viewing any of the NPI's guidelines online, readers can search for keywords appearing within the document. For example, if information is required on a certain word or phrase, type the word or phrase in the search window (activated by pressing the "Ctrl" and "F" keys simultaneously on most applications).

These guidelines contain **hyperlinks** within the document itself. All government forms, guides and websites discussed within the guidelines can also be accessed using these hyperlinks, which were active at the time of publication.

There is a quiz at the end of the document to test your knowledge.

The NPI has also developed an interactive decision tool to help determine if an employee is subject to CPP contributions. To access the NPI's CPP Decision Tool **Click here** (member login required).

CANADA PENSION PLAN GUIDELINES

The NPI's CPP Guidelines offer employers clearly illustrated examples of when to stop or restart CPP contributions for eligible employees, directors, shareholders or retirees. As the CPP has some of the most long-lasting effects on an employee's eventual retirement pension, these guidelines provide employers with a valuable resource to help ensure payroll systems and processes have been analyzed and adjusted where necessary.

The guidelines also offer an explanation of how the CPP benefit allows an employee to begin receiving a CPP retirement pension without any interruption of earnings. The Post-Retirement Benefit is also explained.

Note:

The detailed examples in these guidelines only apply to employees whose income is subject to the Canada Pension Plan (CPP) as per their province of employment.

As of 1 January 2024, workers aged 65 and over who are receiving their retirement pension will be able to elect to stop contributing to the QPP. **Click here** for details on the process on how to file form RR-50-V election.

WHEN TO START OR STOP CPP CONTRIBUTIONS

Employers deduct CPP contributions from an employee's remuneration if the employee is:

- 18 to 70 years of age
- in pensionable employment during the year
- not considered to be disabled under the CPP or QPP
- not receiving a CPP or QPP retirement pension

EMPLOYEE TURNS 18

Start deducting CPP contributions for the first pay **dated** in the month after the employee turns 18.

Example:

Alicia started working at 17 years old. Alicia turns 18 on August 31. The employer must start deducting CPP contributions on the first pay period with a pay date in September, even if this pay period includes days worked in August, prior to Alicia turning 18 years of age.

Example:

Declan started working at 17 years old. Declan turns 18 on August 1. The employer must start deducting CPP contributions on the first pay period with a pay date in September, even though Declan was already 18 years of age for pays dated in the month of August.

EMPLOYEE TURNS 70

Deduct CPP contributions up to and including the last pay **dated** in the month in which the employee turns 70. CPP contributions stop the month following the month the employee turned 70 years old.

Example:

Arthur turns 70 years old on September 1. The employer must deduct CPP contributions up to and including the last pay period with a pay date in September, even though Arthur was 70 years of age during the entire month. CPP deductions will stop on the first pay period with a pay date in October.

EMPLOYEE CONSIDERED DISABLED UNDER CPP OR QPP

Deduct CPP contributions up to and including the last pay period with a pay date falling in the first month in which the employee is considered to be disabled under the CPP or QPP.

Example:

Arlene is considered disabled under the CPP and is issued a notice from Employment and Social Development Canada (ESDC) with an effective date in October. The employer must deduct CPP contributions for all pay periods with pay dates in October. The deductions will stop on the first pay period with a pay date in November.

EMPLOYEE NO LONGER CONSIDERED DISABLED UNDER CPP OR QPP

Restart deducting CPP contributions in the first pay period with a pay date in the month after the employee ceases to be considered disabled under the CPP or QPP.

Example:

Lois was considered disabled under the CPP until the month of October. The employer must restart deducting CPP contributions on the first pay period with a pay date in November.

DEATH OF AN EMPLOYEE

Deduct CPP contributions up to and including the last pay with a pay date in the month in which the employee dies. Also, deduct CPP contributions from any amounts and benefits that were earned or owed to the employee on the date of death but paid at a later date.

Example:

Denise passed away in October. The final hours worked and outstanding vacation are paid out to Denise's estate on the following pay period, with a pay date in November. The employer must deduct CPP contributions from these payments, even though they are paid after the date of death of the employee, because the income was earned prior to the date of death.

Notes:

Although still subject to CPP/QPP contributions, Quebec Parental Insurance Plan (QPIP) premiums, and federal and provincial taxes, income earned prior to the date of death but paid to the estate after the employee's date of death are not subject to Employment Insurance (EI) premiums.

The Institute's **Death of an Employee Payroll Best Practices Guidelines** is an excellent resource for processing final payments to a deceased employee. This information is particularly useful if you manage both the payroll and human resources (HR) function within your organization or if you operate as a department of one. This guide helps you develop an operational plan from both a payroll and an HR perspective, including dealing with final payments and the related reporting.

EMPLOYEES AGED 60 TO 65

Employees aged 60 to 65 who continue to work while receiving a CPP or QPP retirement pension must continue to contribute to the CPP or QPP as long as they are receiving pensionable earnings.

Example:

Carlos turns 64 years old in February, which is also when Carlos has chosen to begin receiving the CPP retirement pension. The employer must continue to deduct CPP contributions. When turning 65 years of age Carlos can file an election to stop paying CPP contributions.

EMPLOYEES AGED 65 TO 70

Note:

As of January 1, 2024, workers aged 65 and over who are receiving their retirement pension will be able to elect to stop contributing to the QPP. **Click here** for details on the process on how to file form RR-50-V election.

Employees who are aged 65 to 70, work and receive a CPP/QPP retirement pension must contribute to the CPP as long as they are receiving pensionable earnings, unless they file an election with CRA to stop paying CPP contributions and present a copy of the election to their employer.

To stop contributing to the CPP, all of the following criteria must be met:

- The employee is at least 65 but under 70 years of age
- The employee is in receipt of a CPP or QPP retirement pension
- The employee has filed their election to stop contributing to the CPP with CRA using form
- **CPT30** and has given their employer(s) a copy of the election.; **and**
- The employee has not filed a revocation of a prior election with their employer during the current calendar year (revocation details to follow in the section **Restarting CPP contributions**)

If an eligible employee does not elect to opt out and continues to make CPP contributions, the employer must continue to match these contributions and send both portions to the CRA .

Example:

Anna turns 65 years of age in February, which is also when Anna chose to begin receiving the CPP retirement pension. If Anna does not file a CPT30 election form to stop contributing to the CPP, the employer must continue to deduct CPP and to match contributions.

THE MONTH AN EMPLOYEE TURNS 65 YEARS OF AGE

CPT30 election form cannot be filed until an employee turns 65 years of age. Therefore, a 65-year-old employee **must** still contribute during that first month of having turned 65. However, they can file an election to stop CPP contributions in the following month.

From an administrative perspective, the CPT30 form can be post-dated and filed with the employer prior to the end of the month.

Example:

Melissa turns 65 on Saturday, March 31. She is already in receipt of a CPP retirement pension and wants to stop paying CPP contributions. Her CPT30 form can be post-dated to March 31 and filed with the employer earlier in the month of March to allow for sufficient payroll processing time. The employer will stop CPP contributions on the first pay period with a pay date in April.

THE MONTH AN EMPLOYEE TURNS 70 YEARS OF AGE

Employees must continue to make CPP contributions until the last pay period with a pay date in the month in which they turn 70 years of age.

Example:

Eric turns 70 on September 1 and is already in receipt of a CPP retirement pension. Since Eric has not filed a CPT30 election form to stop CPP contributions, the employer will continue to deduct CPP contributions until the end of September. CPP contributions will stop on the first pay period with a pay date in October.

TURNING 72 YEARS OF AGE – QUEBEC PENSION PLAN

Effective January 1, 2024, on January 1st of each year, QPP contributions will automatically stop for all employees who **turned 72** in the previous year.

Example QPP:

Chantal turns 72 on September 1, 2023. The employer will continue to deduct QPP contributions until the end of December 2023. QPP contributions will stop on the first pay period with a pay date in 2024.

ARE YOUR EMPLOYEES' PENSIONABLE EARNINGS SUBJECT TO CPP/QPP?

The following table illustrates the requirements for deducting CPP contributions. (QPP requirements prior to January 1, 2024 have been added for the purpose of creating a simple tool that can be utilized by all employees.)

	Under 18		18-60		60-65		65-70		70 and over	
If not disabled and not receiving CPP/QPP retirement pension	CPP	N	CPP	Y	CPP	Y	CPP	Y[1]	CPP	N
	QPP	N	QPP	Y	QPP	Y	QPP	Y[2]	QPP	Y[3]
If considered disabled under CPP/QPP	CPP	N	CPP	N	CPP	N	CPP	N	CPP	N
	QPP	N	QPP	N	QPP	N	QPP	N	QPP	N
If in receipt of CPP/QPP retirement pension	n/a		n/a		CPP	Y	CPP	Y[4]	CPP	N
					QPP	Y	QPP	Y	QPP	Y[5]

1, 2, 3, 4, 5. Unless employee has filed a valid CPT30 election to stop CPP contributions.
As of January 1, 2024, workers aged 65 and over who are already receiving their retirement pension will be able to stop contributing to the QPP by filing Form RR-50. If a person chooses to stop contributing, the contributions made by their employer will also cease.
Effective January 1, 2024 and onward, on January 1st of each year, workers who turned 72 in the previous year will automatically stop contributing to the QPP.

REASON FOR OVERLAPPING AGE BRACKETS

Because CPP/QPP contributions start or stop in the month after the month in which an employee reaches a certain age, overlapping age brackets are used in the chart above and throughout these guidelines. For example, CPP contributions are required for the month the employee turns 70 years of age and will only stop in the following month.

BEFORE STOPPING CPP CONTRIBUTIONS FOR EMPLOYEES UNDER 70

Before stopping CPP contributions from an employee's pay, the employer must have all of the following:

- **Proof of age** (employee must be aged 65 to 70): The NPI recommends using the employee's completed TD1 form and a government-issued document with photo and birth date, such as a passport or driver's license.
- A confirmation that the employee is in receipt of a CPP/QPP retirement pension: for example their Award Letter.
- A copy of the completed and signed CPT30 election form, which the employee must submit to the CRA.

Example:

Joseph turned 65 years of age in March, which is also when he chose to begin receiving CPP retirement pension. Joseph did not want to continue to pay CPP contributions. In March, he provided his employer with a copy of the Award Letter from Service Canada along with a copy of the completed and signed CPT30 election form, which he submitted to the CRA, to stop CPP contributions. The employer already had proof of age on file. They stopped deducting CPP contribution on the first pay period with a pay date in April. (For more details regarding the effective date of a CPT30 election form, see the section **When an election form is considered to have been made and effective**.)

SUMMARY

Employers must deduct CPP contributions from all employees between 18 and 70 years of age who:

- are employed and receiving pensionable earnings
- are currently receiving a CPP/QPP retirement pension and are aged 65 or younger
- are between 65 and 70 years of age, and have not provided a copy of a CPT30 election form to their employer

Note:

The CRA can assess an employer for failure to deduct CPP contributions or failure to remit the CPP contributions as required. The assessment may also include penalty and interest charges. For more information, see the CRA's website on **Penalties, interest, and other consequences**.

Employers must deduct QPP contributions from all employees between 18 and 72 years of age and who:

- are employed and receiving pensionable earnings
- are currently receiving a CPP/QPP retirement pension and are aged 65 or younger
- are between 65 and 72 years of age, and have not elected to stop contributing to QPP

Note:

Revenu Québec can assess an employer for failure to deduct QPP contributions or failure to remit the QPP as required. The assessment may also include penalty and interest charges. For more information, see the RQ's website on **Penalties, interest, and other consequences**.

Warning

The payroll department should not get involved in influencing an employee to stop or continue contributing to CPP/QPP. This is a decision that each eligible employee has to make on their own or by consulting their financial advisor.

CPT30—ELECTION TO STOP CONTRIBUTING TO THE CANADA PENSION PLAN, OR REVOCATION OF A PRIOR ELECTION

Qualifying employees who want to elect to stop contributing to the CPP will have to complete Parts A, B and C of the CRA's form **CPT30**—Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election. They have to send the original election form to the CRA to the address noted on p. 2 of the form, and give a copy of the form to their current employer, who will keep it in the employee's file. Employees must keep a copy for their own records and to give to future employers.

A new form does not need to be filed each year. The election remains valid until it is revoked by the employee.

Example:

An employee will be turning 65 in March, which is also when they plan to commence their receipt of CPP retirement pension. If they do not wish to have CPP contributions deducted from their pay as of April, the employee will have to file a CPT30 election to stop contributing and provide a copy to their employer before the end of March. The employer must also receive proof that the employee is at least 65 years of age and in receipt of the CPP retirement pension benefit.

EMPLOYER AREA

In the absence of an “Employer area” on the CPT30 form, the NPI suggests the following information to be rubber stamped, attached or added to the actual form:

To be completed by employer(s):		
Date CPT30 form received from employee:	______________________ Year/Month/Day	
Does the above date match the date employee filled out on CPT30?	Yes ☐ No ☐	
Was a copy of CPP/QPP retirement pension Award Letter received?	Yes ☐ No ☐	(cannot proceed with election to stop CPP contributions)
Employee is 65 but less than 70 years old	Yes ☐ No ☐	(cannot proceed with election to stop CPP contributions)
Has the employee filed a revocation to restart CPP contributions in this same calendar year?	Yes ☐ No ☐	(cannot proceed with election to stop CPP contributions)

Although not mandatory to include on the actual form, the information above would provide the employer with a checklist before an election to stop CPP contributions should be processed. (For information on revocations, see the section **Restarting CPP contributions**.)

MULTIPLE EMPLOYERS

When an individual has more than one employer, each employer should be given a copy of the CPT30 form.

Example:

Elana is 66 years of age and is in receipt of a CPP retirement pension. Elana has two part-time jobs with different employers. If Elana decides to file a CPT30 form electing to stop CPP contributions, a copy of the completed form must be given to both employers.

Note:

Employers should keep copies of CPT30 forms for the same period as is required by the CRA for year-end slips, that is, six years from the end of the last tax year to which they relate.

WHEN AN ELECTION FORM IS CONSIDERED TO HAVE BEEN MADE AND EFFECTIVE

Employers must continue to deduct and remit CPP contributions until a qualified employee has provided them with a completed election Form CPT30 to stop contributing to the CPP or when other conditions apply (for example, when an employee turns 70 years of age, is considered disabled under the CPP or QPP, or is no longer working in pensionable employment).

The election to stop contributing to the CPP is considered to be made when the employee gives a copy of a signed and completed CPT30 election form to the employer(s). The election takes effect on the first pay date of the month following the month the employee signs and files the election form.

From an administrative perspective, the employer will only deduct CPP contributions up to and including the last pay dated in the month the employee signed and filed the election form with the employer. There will be no CPP contributions deducted as of the first pay dated in the month after the election was filed.

CANNOT REVOKE ELECTION IN THE SAME CALENDAR YEAR

An election may not be revoked in the same calendar year in which it is made. In other words, an employee cannot elect to stop and to restart paying CPP contributions during the same calendar year. (See the section **Restarting CPP contributions** for more details.)

Example:

Elana is 66 years of age and is in receipt of a CPP retirement pension. Elana filed a CPT30 form in 2023 to stop deducting CPP contributions. Elana must wait until 2024 at the earliest to revoke that election and start contributing to CPP again.

WHAT THE EMPLOYER SHOULD DO WITH A PAST-DATED CPT30 FORM

Whether or not an employer should accept a past-dated CPT30 form would depend on the circumstances.

A. New CPT30 form: If you are the first employer to receive the completed CPT30 election to stop CPP contributions, the employee should be asked to amend the form using a current date.

Example:

An employee is 65 years of age and in receipt of a CPP retirement pension. They decide that they would like to stop contributing to the CPP. They date the CPT30 election form April 15 of the current year , but do not provide a copy of the election form to their employer until over a month later – on May 20. The employer should ask the employee to amend the CPT30 form with the current date of May 20. The employer would stop CPP contributions effective the first pay period with a pay date in June.

B. Unforeseeable delay: If there is an unforeseeable delay that prevents the employer from receiving the CPT30 form in the same month when it was signed, the employer should accept the past-dated form as long as the delay is reasonable.

Example:

On March 8, an employee turns 65 and decides that they want to stop contributing to the CPP. They complete the election form, sign it and send a copy that same day by mail to their payroll department, along with a copy of their Award Letter from Service Canada. The employer already has proof of age on file. Due to a postal strike, the CPT30 election form only arrives in the payroll department almost a month later - on April 5. Due to the unforeseeable mailing delay, the employer should accept the employee's election form dated March. Any CPP contributions that have been deducted in April should be refunded to the employee. For more information, see the CRA web page on **CPP Overpayment**.

C. Employee provides CPT30 form filed with a former employer: If the employee is newly hired and brings a copy of a CPT30 election form previously filed with a former employer, the new employer should accept the past-dated form and ensure that no further CPP contributions are deducted.

Example:

Keiko is 66 years of age when hired on May 3. On the first day of work, Keiko gives the employer a copy of a CPT30 form electing to stop CPP contributions, which was signed on January 15 of the same year, while working for a previous employer. The new employer should accept the past-dated form and ensure that no CPP contributions are deducted from Keiko's pay.

D. Employee filed CPT30 form with a former employer and now provides CPT30 form to new employer after CPP contributions were already deducted: If an employee is newly hired and brings a copy of a CPT30 election that was filed with a former employer, the new employer should accept the past-dated form, and ensure that no further CPP contributions are deducted. If CPP contributions have already been deducted, refer to the section: **What to do when CPP is deducted after a CPT30 election form is considered effective**.

Example:

Alice is 68 years of age and is hired on May 3. Two months later, Alice gives the employer a copy of a CPT30 form electing to stop CPP contributions, which was signed on January 15 of the same year, along with a copy of the Award Letter from Service Canada. When asked why the form is past-dated, Alice explains that it was filed in January with a previous employer, but she forgot to provide a copy to the new employer upon hiring. The new employer should accept the past-dated form and ensure that no further CPP contributions are deducted. If CPP contributions have already been deducted, refer to the section: **What to do when CPP is deducted after a CPT30 election form is considered effective**.

E. Employee works for more than one employer at the same time: If the employee is newly hired and brings in a copy of a CPT30 election previously filed and given to another employer, the new employer should accept the past-dated form and ensure that no further CPP contributions are deducted.

Example:

An employee is 68 years of age and is hired on a part-time basis on May 3, 2023. Two months later, they give their employer a copy of a CPT30 form electing to stop CPP contributions which was signed on January 15, 2022, along with a copy of their Award Letter from Service Canada. When asked why the form is past-dated, the employee explains that they had previously filed the election back in January of 2022 with their other employer. This employer should therefore accept the past-dated form and ensure that no further CPP contributions are deducted. If CPP contributions have already been deducted, refer to the section: **What to do when CPP is deducted after a CPT30 election form is considered effective**.

WHAT TO DO WHEN CPP IS DEDUCTED AFTER A CPT30 ELECTION FORM IS CONSIDERED EFFECTIVE

The employer may notice that CPP contributions were deducted on pensionable amounts paid to the employee after the CPT30 election became effective. This would be treated as an overpayment. The procedures for handling overpayments should be as follows:

A. CPP overpayment in same tax year

If an employer realizes that there was a CPP overpayment in the current tax year, this overpayment should be reimbursed to the employee on the next pay period, provided the next pay period has a pay date that also falls within the same tax year. Once the employee has been reimbursed, the employer should reduce their next payroll remittance to the CRA by the employee and employer portions of CPP contributions, which most payroll systems will do automatically. Employers should verify with their payroll software/payroll software providers if unsure.

Example:

An employee decided that they would like to stop contributing to the CPP. They dated and filed a CPT30 election on April 15 of the current year. Since the employee is aged 65 to 70 and is in receipt of a CPP retirement pension, their employer should stop deducting CPP contributions as of the first pay period with a pay date in May. However due to an administrative error, CPP deductions continued until the employer realized the error sometime in June. The employer should reimburse the employee the CPP over-contributions from all pay periods with pay dates in May and June and ensure that no further CPP deductions take place. The employer would then reduce their next CRA payroll remittance by the employee and employer portions of the reimbursed CPP contributions.

B. CPP overpayment in a previous tax year

If an employer realizes that there was a CPP overpayment in the previous tax year, the CPP overpayment can no longer be reimbursed to the employee by the employer. When the employer completes the T4 slip, they would include the total CPP contributions deducted in Box 16 but only report the correct pensionable earnings in Box 26. Any CPP the employee over-contributes will be reconciled by the CRA when the employee files a personal income tax return. The employer can apply for a refund of the employer portion of the over-contribution by filing the CRA's **PD24**— Application for a Refund of Over Deducted CPP Contributions or EI Premiums within four years from the end of the year in which the CPP overpayment occurred.

Example:

An employee decides that they would like to stop contributing to the CPP. They date and file a CPT30 election on November 15 of the current year. Since the Employee is aged 65 to 70 and is in receipt of a CPP retirement pension, their employer should stop CPP contributions effective the first pay period with a pay date in December. Due to an administrative error, CPP contributions are still deducted in December. When the employer realizes the error in January of the following year, it is already too late to refund the over-contributions from December.

The employee's T4 slip must include all over-contributions in Box 16. Box 26, however, should not include any pensionable earnings paid in December. The employer should also ensure that the value of Box 26 is not more than the pro-rated CPP maximum for only the months up to and including November. (See the section in these guidelines on **Pro-rating the CPP** for more details.) Any CPP the employee over-contributes will be reconciled by the CRA when the employee files their personal income tax return. The employer can file a **PD24**—Application for a Refund of Over Deducted CPP Contributions or EI Premiums within four years of the CPP over-contribution for a refund of their portion of the CPP over-contributions.

For more information, see the CRA web page on **CPP Overpayment**.

Note:

If the T4 slip has not already been filed, see the section in these guidelines titled **Year-end Reporting**.

WHAT EMPLOYERS SHOULD DO IF THEY RECEIVE A POST-DATED ELECTION FORM

Generally, employers should not accept a CPT30 election form from their employees if it is post-dated.

Example:

Marc decides to stop contributing to the CPP effective September of the current year. He post-dates the election form to August and gives it to the employer in April. The employer should not accept the post-dated election and should ask Marc either to use the current date on the form or to wait until August to file it.

EXCEPTION TO NOT ACCEPTING POST-DATED ELECTION FORMS

In situations, where an employer needs the completed form one or two pay periods in advance in order to make sure CPP contributions are stopped being deducted from the employee's pensionable earnings in a timely manner , an exception could be made and the employers could accept post-dated election forms. Employers should not accept a post-dated form beyond this reasonable consideration.

Example:

Bernard wants to stop paying CPP contributions in September of the current year. On July 25, Bernard completes an election form and gives a copy to their employer before leaving for a one-month vacation. The form is post-dated to August 22. Even though Bernard's employer receives the form in July, they could accept it because the employee will away on vacation for a month. CPP contributions would be stopped as of the first pay period with a pay date in September.

Please also see the section **The Month an Employee Turns 65 years of age** in these guidelines.

RESTARTING CPP CONTRIBUTIONS

Employees who had elected to stop contributing to the CPP in a previous tax year are able to revoke that election and restart CPP contributions. To restart CPP contributions, employees need to complete Parts A, B and D of form **CPT30**—Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election, and provide a copy of the completed revocation form to their current employer(s) who will keep a copy in the employee's file. Employees must also keep a copy for their own records. In addition, the employee must send the original completed revocation form to the CRA using the address noted on page 2 of the form.

A new form does not need to be filed each year. The revocation remains valid until the employee files another election.

Note

A new CPT30 form must be used to revoke a previous election and to restart CPP contributions. Employees cannot revoke an election using the same original form that was used to make the previous election.

Employees are eligible to revoke an election if they:

- are employed and receiving pensionable earnings
- have filed a CPT30 election form to stop contributing to the CPP in a previous year and now want to revoke it; and
- did not make an election or revoke a prior election form in the current calendar year

MULTIPLE EMPLOYERS

When an individual has more than one employer, all employers should be given a copy of the CPT30 revocation form. An employee should not revoke with one employer and not another.

Example:

Johanna is 67 years of age and is in receipt of a CPP retirement pension. Johanna has two part-time jobs with different employers and filed, in a prior year, a CPT30 form to stop CPP contributions. If Johanna decides to file a CPT30 form revoking the previous election to restart CPP contributions, Johanna should provide a copy of the form to both employers.

WHEN A CPT30 REVOCATION FORM IS CONSIDERED TO HAVE BEEN MADE AND EFFECTIVE

To restart contributing to the CPP, an employee has to revoke a prior election by filing the CPT30 form. The revocation of a prior election is considered to be made when the employee gives a copy of a signed and completed revocation form to the employer(s).

The revocation is effective on the first day of the month following the month the employee files the revocation form with the employer. From an administrative perspective, the revocation will be considered effective as of the first pay period with a pay date in the month following the month the employee signs, files and delivers the CPT30 form with the employer(s).

Example:

Charles filed a CPT30 election form to stop CPP contributions on April 15 of the current year. The employer stopped deducting CPP contributions as of the first pay period with a pay date in May of that year. In February of the following year, Charles signs and files a CPT30 form to revoke the prior election and gives it to the current employer. The employer will restart deducting CPP contributions as of the first pay period with a pay date of March.

Note:

Employers must match the CPP deducted from their employee's remuneration and send both portions to the CRA based on their remittance frequency.

CANNOT ELECT AND REVOKE IN SAME CALENDAR YEAR

An employee cannot file a revocation to restart contributing to the CPP in the same year in which an election to stop contributing is made. Likewise, they cannot stop CPP contributions during the same year in which a revocation to start contributing is made. In other words, an employee cannot start and stop paying CPP contributions during the same calendar year.

Example:

The employee filed a CPT30 election form to stop paying CPP contributions in May of the current year. The employer stopped deducting CPP contributions as of the first pay period with a pay date in June. If the employee changes their mind and wants to restart CPP contributions, they cannot revoke this election in the same year. They can do so in January of the following year with CPP contributions restarting in February.

Note:

Since an individual cannot file more than one CPT30 form in the same calendar year, the earliest a revocation to restart CPP contributions can be filed, following a prior election to stop CPP contributions, would be January of the following year, with CPP contributions restarting in February.

Note:

The employer may need to pro-rate the employee's CPP contributions and maximum pensionable earnings for the year for employees who revoke their election and wish to restart contributing to the CPP part-way through the year. For more information, see the section of these guidelines titled **Pro-rating the CPP**.

WHAT EMPLOYERS SHOULD DO IF THEY DO NOT DEDUCT AND REMIT CPP CONTRIBUTIONS AFTER THEY RECEIVE A CPT30 REVOCATION FORM

When an employee files a revocation form with the employer, it is the employer's responsibility to restart deducting CPP contributions from the employee's pensionable earnings.

The CRA can assess an employer for failure to deduct CPP contributions or failure to remit the CPP contributions as required. The assessment may also include penalty and interest charges. For more information, see the CRA's fact sheet on **Penalties, interest, and other consequences**.

WHAT THE EMPLOYER SHOULD DO WITH A PAST-DATED REVOCATION FORM

Employers should only restart deducting CPP contributions as of the first pay of the month following the month the employee gives the form to the employer. This is true even if an employer receives a revocation form from the employee with a date showing in Part D that is in the past. The CRA will not hold the employer responsible for CPP contributions not deducted for previous pay periods. The employee should be asked to indicate on the CPT30 the date that the revocation was actually filed with this particular employer.

WHAT EMPLOYEES CAN DO IF THEY FORGET TO GIVE A COPY OF THE REVOCATION FORM TO AN EMPLOYER

If a qualifying employee has filed a CPT30 form to stop contributing to the CPP, the election remains in force until such time when the employee revokes that election.

If the employee does not provide the CPT30 revocation form to the CRA and the employer, the original election is in force and the employee cannot file a Form **CPT20**—Election to pay Canada Pension Plan Contributions, and file it with their personal income tax and benefits return in order to contribute on any pensionable earnings received in previous months.

The only way a qualifying employee can make use of a CPT20 is in the situation where the employee decides to restart contributing to the CPP by filing a CPT30 revocation of a prior election and submitting to CRA and provides a copy to one employer but forgets to file it with any other employers. An employee could use form CPT20 and elect to pay both portions of the CPP contributions on the earnings received from those employers who did not receive a copy of the CPT30 revocation.

Example:

Anya filed a CPT30 election form with the primary employer dated July of the current year to revoke a previous election and to restart CPP contributions. However, Anya forgot to provide a copy of the CPT30 revocation form to the part-time employer and gave them the copy in August. Even though the part-time employer can only restart deducting CPP contributions effective the first pay period with a pay date in September of the current year, Anya can complete a **CPT20** form to contribute on pensionable earnings received from the part-time employer in August. In this case, Anya will pay both the employee and the employer portions of the CPP contributions.

WHAT EMPLOYERS SHOULD DO IF THEY RECEIVE A POST-DATED REVOCATION FORM

Generally, employers should not accept a CPT30 revocation form from their employee if it is post-dated. However, there may be situations when a completed form is needed ahead of time so the employer can meet payroll cut-off dates or system input deadlines and start deducting CPP contributions from the employee's pensionable earnings by the effective date. When the employer receives a post-dated form beyond this reasonable consideration, the employer should return the form to the employee and ask the employee to re-submit it closer to the effective date.

Example:

Robert wants to restart paying CPP contributions in July of the current year. On May 25, Robert completes a revocation form and gives a copy to the employer before leaving for a one-month vacation. The form is post-dated to June 22. Even though Robert's employer receives the form in May, the employer could accept it because the employee will away on vacation for a month. CPP contributions would be restarted as of the first pay period in July.

YEAR-END REPORTING

BOX 28

The CPP/QPP exempt portion of Box 28 is left blank if an employee has filed an election to stop CPP contributions during that same calendar year, or if they had filed the election in a previous year.

COMPLETING THE T4 SLIP WHEN AN EMPLOYEE IS AT LEAST 65 YEARS OF AGE BUT LESS THAN 70 AND ELECTS TO STOP CONTRIBUTING TO THE CPP

The employer would complete the employee's T4 slip in the usual way. However, the employer must ensure that:

- the CPP contributions (Box 16) and CPP pensionable earnings (Box 26) agree with the employee's payroll records from January 1 to the end of the month the employee signed Part C of the election form; and
- the CPP/QPP exempt portion of Box 28 is left blank

After the CRA receives and processes the T4 slips, calculations for any CPP deficiencies will be verified during the Pensionable and Insurable Earnings Review (PIER). The CRA will advise the employer if the calculations do not match what the employer reported.

Example:

Charles filed a CPT30 election form to stop paying CPP contributions on April 15 of the current year. The employer stopped deducting CPP contributions effective the first pay period with a pay date in May. Box 16 of the T4 slip should contain the total CPP contributions Charles paid up to and including pay periods with pay dates in the month of April. Box 26 of the T4 slip should contain the total pensionable earnings for pay periods from this same period. The "CPP/QPP exempt" portion of Box 28 should be left blank.

Note:

The employer may have to pro-rate CPP contributions and pensionable earnings for an employee who starts, stops, or restarts contributing to the CPP. Please see the section in these guidelines on **Pro-rating the CPP**.

COMPLETING THE T4 SLIP WHEN AN EMPLOYEE REVOKES AN ELECTION TO RESTART CONTRIBUTING TO THE CPP

When the employee revokes an election for the purpose of restarting CPP contributions, the employer would complete the employee's T4 slip in the usual way. However, the employer must ensure that:

- CPP contributions (Box 16) and CPP pensionable earnings (Box 26) agree with the employee's payroll records from the revocation effective date to December 31; and
- "CPP/QPP exempt" (Box 28) is left blank.

After the CRA receives and processes the T4 slips, calculations for any CPP deficiencies will be verified during the PIER. The CRA will advise the employer if the calculations do not match what the employer reported.

Example:

In February of the current year, Charles signs and files a CPT30 form to revoke their prior election. The employer will restart deducting CPP contributions as of the first pay period with a pay date in March . Box 16 of the T4 slip should contain the total CPP contributions Charles paid in pay periods with pay dates in the months of March to December of the current year. Box 26 of the T4 slip should contain the total pensionable earnings from this same period. The "CPP/QPP exempt" portion of Box 28 should be left blank.

Note:

The employer may have to pro-rate CPP contributions and pensionable earnings for an employee who either starts, stops, or restarts contributing to the CPP. (Remember that employees cannot file both an election and a revocation in the same year.) Please see the section in these guidelines on **Pro-rating the CPP**.

PRO-RATING THE CPP

An employer may have to pro-rate an employee's maximum CPP contribution where the employee:

- turned 18 during the year
- turned 70 during the year
- died during the year
- started receiving a CPP/QPP retirement pension (under new legislation, only effective for employees between 65 and under 70 years of age who have filed a CPT30 election)
- revoked a previously filed election
- was considered disabled under the CPP/QPP

To pro-rate the maximum CPP contribution for the year, follow these steps:

1. Deduct the year's basic exemption ($3,500 for 2023) from the year's maximum pensionable earnings ($66,600 for 2023)
2. Divide the result of Step 1 by 12 (months)
3. Multiply the result of Step 2 by the number of pensionable months
4. Multiply the result of Step 3 by the CPP rate (5.95% for 2023)

PRO-RATE CPP WHEN EMPLOYEE FILES A CPT30 ELECTION TO STOP CPP CONTRIBUTIONS

Example:

Charles filed a CPT30 election form to stop CPP contributions on April 15, 2023. Since Charles was 65 years of age and in receipt of a CPP retirement pension, the employer stopped deducting CPP contributions as of the first pay period with a pay date in May 2023. The total CPP contributions with this employer from January to April, of the current year were $1,556.92 and the total yearly gross taxable earnings are $82,000.

Pro-rate the annual maximum CPP contributions for the 2023 tax-year as follows: The maximum CPP contributions would be:

Step 1: $66,600 (2023 YMPE) - $3,500 = $63,100 Step 2: $63,100 ÷ 12 = $5,258.33

Step 3: $5,258.33 x 4 (January to April) = $21,033.33

Step 4: $21,033.33 x 5.95% = $1,251.48 (maximum pro-rated CPP deductions = $1,251.48)

Box 26 should also be pro-rated to the maximum of the YMPE divided by the number of pensionable months. In the example above the maximum pensionable earnings reported in Box 26 would be

$22,200 ($66,600 ÷ 12 x 4).

A CPP reconciliation should be performed before the final CRA remittance of the calendar year, especially for those employees who started, stopped, or restarted CPP contributions.

Any CPP over-contributions may be refunded to the employee within the same calendar year. By doing so, the employer will be credited their portion as well.

Example:

Since Charles had already paid $1,556.92 in CPP contributions from January to April 2023, the employer should reimburse Charles $305.44 of over-contribution ($1,556.92 - $1,251.48) before the employer makes the last CRA remittance of the tax year. Only the pro-rated CPP withheld of $1,251.48 will be reported in Box 16 of the T4 slip. As a best practice, it is recommended that this reconciliation be performed immediately after the pay period in which CPP contributions stopped.

PRO-RATE CPP WHEN EMPLOYEE FILES A CPT30 REVOCATION TO RESTART CPP CONTRIBUTIONS

Example:

In February 2023, Charles signed and filed a CPT30 form to revoke a prior election. The employer restarted deducting CPP contributions on the first pay period with a pay date in March. Charles' total CPP contributions with this employer from March to December 2023 were $3,356.20.

The annual maximum CPP contributions for the year will be calculated as follows : Step 1: $66,600 (2023 YMPE) - $3,500 = $63,100

Step 2: $63,100 ÷ 12 = $5,258.33

Step 3: $5,258.33 x 10 (March - December) = $52,533.30

Step 4: $52,583.30 x 5.95% = $3,128.71 (maximum pro-rated CPP deductions = $3,128.71)

Box 26 should also be pro-rated to a maximum of the YMPE divided by the number of pensionable months. In the example above, the maximum pensionable earnings (YMPE) reported in Box 26 would be $55,500.00 ($66,600 ÷ 12 x 10).

Example:

Since Charles had already paid **$3,356.20** in CPP contributions from March to December 2023, the employer should reimburse Charles $227.49 of over-contribution ($3,356.20 -$ 3,128.71) before the employer makes the last CRA remittance of the tax year. $3,128.71 will be reported in Box 16 of the T4 slip.

As a best practice, it is recommended that this reconciliation be performed immediately after the pay period in which CPP contributions stopped.

SPECIAL SITUATIONS

TRANSFERS FROM QUEBEC

Employers must perform a reconciliation of an employee's CPP and QPP contributions when the employee contributed to both plans under the same payroll account number in the tax year. As a result of the different CPP and QPP rates, a formula for reconciling CPP and QPP contributions must be used to determine the CPP contributions for employees who were transferred by their employer (under the same CRA business number) from Quebec to a location outside Quebec during the year.

If an employee transfers from Quebec to another part of Canada during the tax-reporting year, a reconciliation process has been established to ensure that the pensionable earnings and CPP contributions are accurately reported.

If the employee transferring from Quebec to another province has already reached the maximum QPP prior to the transfer, no further CPP deductions would be required.

The employee will be credited with a year-to-date amount that is the result of:

Year-to-date QPP contributions x (CPP contribution rate ÷ QPP contribution rate)

CPP contributions would commence from this value until either the maximum annual CPP contribution has been reached or to the end of the year.

Example:

An employee's year-to-date 2022 QPP contributions (January to July 2022) prior to being transferred to Ontario is $1,050.24.

$1,050.24 x (5.70 ÷ 6.15) = $973.39

The employee will have no more than $2,526.41 deducted for CPP contributions.

$973.39 + $2,526.41 = $3,499.80

Employers must ensure their payroll systems and processes are fully compliant with this formula. Additional details on this requirement are available in the following CRA publications:

- Guide T4001—Employers' Guide Payroll Deductions and Remittances
- Guide T4127—Payroll Deductions Formulas

Year-end reporting when employee transfers from Quebec mid-year

In the above example, the employee will receive one RL-1 slip and two T4 slips:

- The RL-1 slip for the months of January to July. Box B should contain the total QPP the employee contributed from the beginning of January to the end of July. Box G of the RL-1 should be populated with the corresponding QPP pensionable earnings.
- A T4 slip with Quebec as the province of employment for the months of January to July. Box 17 of the T4 slip should contain the total QPP the employee contributed from the beginning of January to the end of July. Box 26 of the T4 slip should be populated with the corresponding QPP pensionable earnings. The CPP/QPP exemption portion of Box 28 is left blank.
- A T4 slip with Ontario as the province of employment for the months of August to December. Box 16 of the T4 slip should contain the total CPP the employee contributed from the beginning of August, when CPP contributions started, to the end of December, with the corresponding CPP pensionable earnings reported in Box 26. The CPP/QPP exemption portion of Box 28 is left blank.

TRANSFERS TO QUEBEC

There is a harmonization between CPP and QPP contributions; this is achieved by applying a weighting factor to the CPP year-to-date contributions an employee has already paid before transferring to Quebec with the same employer.

Once the weighted CPP contributions plus the year-to date QPP contributions reaches the annual maximum, no further QPP contributions will be deducted. This means an employee who has already reached the annual CPP contribution maximum, will also be considered to have reached the QPP contributions maximum and no QPP contributions will be deducted.

If an employee transfers to Quebec before reaching the annual CPP contribution maximum, the weighted factor will be applied to any year-to-date CPP contributions before QPP contributions are deducted.

QPP Rate ÷ **CPP Rate** = **Weighting Factor**

For 2022 this will be:

6.15 ÷ **5.70** = **1.07894737**

Example:

An employee contributed $1,200.00 in CPP in 2022 tax year in the province of Ontario before transferring, with the same employer, to Quebec at the end of September.

The $1,200.00 year-to-date CPP contribution would be the equivalent of $1,294.74 once the weighting factor is applied.

$1,200.00 x (6.15 ÷ 5.70) = $1,294.74

The result of the weighting factor multiplied by the employee's CPP contribution represents the equivalent QPP contributions. The equivalent QPP contribution is then used determine how much QPP contributions must be deducted to reach the maximum contributions. The QPP contributions should stop as per the following formula:

QPP annual maximum contribution − **CPP YTD equivalent** = **Remaining QPP contributions to deduct**

Based on the example above, the employee's QPP contributions would stop at $2,481.36.

$3,776.10 − **$1,294.74** = **$2,481.36**

The weighting factor calculation ensures that employees who have already reached the annual maximum CPP contribution ($3,499.80 for 2022), is considered to have reached the maximum QPP contribution ($3,776.10 for 2022) and therefore is not required to have QPP contributions deducted once transferred.

Year-end reporting when employee transfers to Quebec mid-year

In the above example, the employee will receive two T4 slips and one RL-1 slip:

- A T4 slip with Ontario as the province of employment for the months of January to September. Box 16 should be populated with the total CPP deducted and Box 26 should be populated with total CPP pensionable earnings while working in Ontario. The CPP/QPP portion of Box 28 is left blank.
- A T4 slip with Quebec as the province of employment for the months of October to December. Box 17 of the T4 slip should contain the total QPP the employee contributed between the beginning of October and the end of December. Box 26 of the T4 slip should be populated with the corresponding QPP pensionable earnings. The CPP/QPP exemption portion of Box 28 is left blank.

- The RL-1 slip for the months of October to December. Box B of the RL-1 should contain the total QPP the employee contributed between the beginning of October and the end of December. Box G of the RL-1 should be populated with the corresponding QPP pensionable earnings.
    - Code B-1 and Code G-2: Employers will need to use these codes to report CPP contributions withheld and CPP pensionable earnings during the year. Employees who work for the same employer in another province outside of Quebec during the year must have Code B-1 and Code G-2 in one of the code boxes followed by the amount of the contribution to the CPP withheld prior to the transfer to Quebec. Do not include the CPP contributions withheld in the year in Box B.

DIRECTORS' FEES

Director fees are considered employment income, and are subject to CPP contributions. For directors who are residents of Canada, CPP contributions will be deducted from directors' fees unless the individual:

- is under 18 years of age
- is 70 years of age or older
- is aged 65 to 70 and is in receipt of a CPP/QPP retirement pension, and has filed a CPT30 form electing to stop CPP contributions; or
- is considered disabled under the CPP/QPP

For non-resident directors, CPP contributions are only deducted if the meetings or duties are performed wholly in Canada.

Example:

Arthur is a 67-year-old Canadian resident who receives directors' fees. CPP contributions must be deducted from the fees unless Arthur had filed a CPT30 form electing to stop CPP contributions supported by proof of age and proof of receipt of CPP/QPP retirement pension.

STOCK OPTION TAXABLE BENEFITS

Stock option taxable benefits are considered employment income and are subject to CPP contributions. Individuals who exercise their stock option rights and receive a resulting taxable benefit must contribute CPP on these pensionable earnings unless the individual:

- is 70 years of age or older
- is aged 65 to 70 and is in receipt of a CPP/QPP retirement pension, and has filed a CPT30 election to stop CPP contributions
- is considered disabled under the CPP/QPP

Example:

Joseph's employment was terminated in 2023. In 2024, Joseph decides to exercise his rights to acquire shares in his former employer's company. CPP contributions must be deducted from the resulting taxable benefits unless Joseph meets the requirements above.

Note:

Unless Joseph is in receipt of any cash remuneration, arrangements may have to be made to have some or all of the acquired shares sold to allow for the required CPP contributions.

SALARY CONTINUANCE

Salary continuance payments are considered employment income and are also subject to CPP contributions. Employers who continue to keep an individual on salary continuance must deduct CPP contributions from these pensionable earnings unless the individual:

- is 70 years of age or older
- is aged 65 to 70 and is in receipt of a CPP/QPP retirement pension, and has filed a CPT30 election to stop CPP contributions
- is considered disabled under the CPP/QPP

Example:

An employee' was terminated in 2023 and was given a 24-month salary continuance agreement. The employee had already provided the employer with proof of meeting the age requirement (between 65 and 70) and of being in receipt of a CPP retirement pension in 2023, therefore no CPP contributions were deducted from the salary continuance payments.

RETIREES

It is becoming more and more common for individuals to continue working, at least on a part- time basis, even after they begin to receive benefits under a company pension.

Employers who have retirees working on their payroll must begin deducting CPP contributions from pensionable employment unless they:

- are 70 years of age or older
- are aged 65 years to 70 and is in receipt of a CPP/QPP retirement pension, and have filed a CPT30 form electing to stop CPP contributions
- are considered disabled under the CPP/QPP

Example:

Annabelle is 68 years of age and is in receipt of a company retirement pension. Annabelle has decided to continue working on a part-time basis. Annabelle's employer will deduct CPP contributions unless Annabelle files a CPT30 form electing to stop CPP contributions.

POST-RETIREMENT BENEFIT

Please note the following information serves as a general understanding and does not have a direct impact on payroll. All inquires should be directed to Service Canada.

The Post-Retirement Benefit (PRB) is a lifetime monthly benefit for employees **who work in Canada outside Quebec** while receiving a Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) retirement pension.

If your employee is **60 to 65** years of age and works while receiving a CPP retirement pension, you and your employee have to make CPP contributions.

If your employee is **65 to 70** years of age and works while receiving a CPP retirement pension, they can **choose** whether or not they want to contribute to the CPP.

See **Canada Pension Plan Post-Retirement Benefit (PRB)** for more information. Service Canada has an on-line retirement **Retirement Planning Tool**

Service Canada also has an online **PRB calculator** to help individuals learn about their retirement options and plan for their future. Find out about public pensions, when to collect them and tips to consider for your retirement income.

FEEDBACK

The NPI appreciates your comments and welcomes your suggestions as we seek to continually improve our member resources. Please direct any feedback on these guidelines to:

Janet Grossett, PLP, CAE
Manager, Compliance Services
The National Payroll Institute Email:
guidelines@payroll.ca

TEST YOUR KNOWLEDGE

Please read each scenario and select the correct response. (The answers are provided and explained on the next page.)

1. Marie turned 60 in 2021 and started receiving a CPP retirement pension. Marie's employer should:

   A. should continue to deduct CPP contributions, unless Marie had filed a CPT30 election to not continue CPP contributions

   B. should continue to deduct CPP contributions from Marie's pay. Marie is not eligible to file a CPT30 election

   C. should pro-rate CPP contributions and stop deducting from Marie's pay

2. George turned 65 in March of 2023 and started receiving a CPP retirement pension. For the first pay period with a pay date in April, 2023, George's employer:

   A. should continue to deduct CPP contributions, unless George had filed a CPT30 election to not continue CPP contributions

   B. should advise George to stop CPP contributions

3. Since 2021, Abdel is considered disabled under the CPP. In 2022 Abdel started working part-time hours while still considered disabled under the CPP. For the first pay period with a pay date in 2022, Abdel's employer:

   A. should deduct CPP contributions, unless Abdel had filed a CPT30 election to not continue CPP contributions

   B. should not deduct CPP contributions from Abdel's pay and see evidence that Abdel is in receipt of the CPP disability pension

   C. should not deduct CPP contributions

4. Josie turns 70 on September 2, 2023. For the first pay period with a pay date in October 2023, her employer:

   A. must continue CPP contributions, unless Josie has filed a CPT30 election to not continue CPP contributions

   B. must Stop CPP contributions from Josie's pay

   C. must stop CPP contributions from Josie's pay and calculate the pro-rated YMPE to report and maxium annual CPP contributions to deduct

5. Audrey is a 65-year-old retired director who is not considered disabled under the CPP/QPP. Audry will be exercising stock options in December 2023. Audrey's stock option taxable benefit will be subject to CPP contributions unless Audrey:

   A. is in receipt of a CPP retirement benefit

   B. Has filed a CPT30 election to not continue CPP contributions dated prior to December 2023

   C. both A and B

ANSWERS

1. Marie turned 60 in 2021 and started receiving a CPP retirement pension. Marie's employer should:

   A. should continue to deduct CPP contributions, unless Marie had filed a CPT30 election to not continue CPP contributions

   B. should continue to deduct CPP contributions from Marie's pay. Marie is not eligible to file a CPT30 election

   C. should pro-rate CPP contributions and stop deducting from Marie's pay

   The correct answer is B. The employer would continue to deduct CPP contributions because Marie is less than 65 years of age.

2. George turned 65 in March of 2023 and started receiving a CPP retirement pension. For the first pay period with a pay date in April, 2023, George's employer:

   A. should continue to deduct CPP contributions, unless George had filed a CPT30 election to not continue CPP contributions

   B. should advise George to stop CPP contributions

   The correct answer is A. Although George is aged 65 to 70 and is in receipt of a CPP retirement pension, the employer should continue to deduct CPP contributions, unless George had filed a CPT30 election to stop CPP contributions.

3. Since 2021, Abdel is considered disabled under the CPP. In 2022, Abdel started working part-time hours while still considered disabled under the CPP. For the first pay period with a pay date in 2022, Abdel's employer:

   A. should deduct CPP contributions, unless Abdel had filed a CPT30 election to not continue CPP contributions

   B. should not deduct CPP contributions from Abdel's pay and see evidence that Abdel is in receipt of the CPP disability pension

   C. should not deduct CPP contributions

   The correct answer is B. The employer should not deduct CPP contributions since Abdel is in receipt of CPP disability pension. The employer should require proof of receipt of the CPP disability pension benefit.

4. Josie turns 70 on September 2, 2023. For the first pay period with a pay date in October 2023, the employer:

   A. must continue CPP contributions, unless Josie has filed a CPT30 election to not continue CPP contributions

   B. must Stop CPP contributions from Josie's pay

   C. must stop CPP contributions from Josie's pay and calculate the pro-rated YMPE to report and the maximum annual CPP contributions to deduct

   The correct answer is C. The employer must stop CPP contributions since Josie is 70 years of age and determine the pro-rated annual maximum pensionable earnings and contribution required.

5. Audrey is a 65-year-old retired director who is not considered disabled under the CPP/QPP. Audrey will be exercising stock options in December 2023. Audrey's stock option taxable benefit will be subject to CPP contributions unless Audrey:

   A. is in receipt of a CPP retirement benefit

   B. Has filed a CPT30 election to not continue CPP contributions dated prior to December 2023

   C. both A and B

   The correct answer is C. Stock option taxable benefits are subject to CPP contributions even if this is the only source of remuneration for present, former employees or directors. Audrey would have to be aged 65 to 70, be in receipt of a CPP/QPP retirement benefit, and file a CPT30 election form in order for no CPP contributions to be deducted.

Note:

An employer should contact the NPI's Payroll InfoLine or the CRA if still unable to determine how the CPP changes will affect their employee. (See the **Resources** section at the end of these guidelines for the link on how to request a ruling.)

RESOURCES

NATIONAL PAYROLL INSTITUTE

Payroll Guidelines (payroll.ca ➔ Resources ➔ Payroll guidelines) (member login required)

Click here for access to the NPI's CPP Decision Tool **(payroll.ca ➔ Resources ➔ Tools & Resources ➔ CPP Decision Tool)** (member login required).

LEGISLATION

CANADA PENSION PLAN

AN ACT RESPECTING THE QUÉBEC PENSION PLAN

CANADA REVENUE AGENCY

- **CPP contributions**
- **T4001—Employer's Guide – Payroll Deductions and Remittances**
- **RC4120—Employer's Guide – Filing the T4 Slip and Summary**
- CRA information on **requesting a ruling**
- **CPT30—Election to Stop Contributing to the Canada Pension Plan, or Revocation of Prior Election**
- **PD24—Application for a Refund of Overdeducted CPP Contributions or EI Premiums**
- **CPT20—Election to pay Canada Pension Plan Contributions**

SERVICE CANADA

Canada Pension Plan

EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA (ESDC)

Canada Pension Plan Enhancements

REVENU QUÉBEC

- **TP-1015.G-V—Guide for Employers: Source Deductions and Contributions**
- **RL-1.G-V—Guide to Filing the RL-1 Slip: Employment and Other Income**

RÉGIE DES RENTES DU QUÉBEC

Quebec Pension Plan

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