Year End Best Practices for Employers (Taxes)

As a new year has come and tax season is soon upon us, it’s important for employers to keep the following things in mind as well as ensure that you’re compliant. Here are **six best practices** and important dates to keep in mind for tax season:

1. **Info update.** Request your employees to review and update their personal information with you on file. This would include things like emails, addresses, phone numbers, emergency contacts, name changes. You want to ensure that you’re up to date and employees are reachable in the event they resign or on a leave of absence should you need to reach out to them.
2. [**Personal Tax Forms.**](https://www.canada.ca/en/revenue-agency/services/forms-publications/td1-personal-tax-credits-returns/td1-forms-pay-received-on-january-1-later.html)These are forms that every employee fills out upon hiring. There is the federal and the provincial form called TD1s. In general, CRA requires employees to submit new updated forms to their employers every time they have a personal situation changed based on the personal tax credits provided by the government **within 7 days.**
3. **SIN:** employers are legally required to obtain the employee’s Social Insurance Number within 3 days of hire. Failure to obtain may result in a penalty from the CRA of $100 for each missing SIN. Social insurance numbers should be verified with a picture ID upon hire. You may also validate a SIN by calling Service Canada by calling **1-866-274-6627** if you suspect it’s invalid. Employees may also have a new SIN if they previously had a SIN beginning with a “9”. Use the new SIN on the employee’s T4 if they received a new one from Service Canada.
4. **T4:** Employers must legally provide their employees with their T4 slips by **February 28** (or the last day of February, depending if there’s a leap year). Employers cannot withhold T4s for any reason.
5. [**T2200 Form:**](https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2200.html)if working from home is a **condition of employment**, you should provide your employee with a T2200 form for tax credits. These forms are filled out and signed by employers and employees can claim additional tax credits when they file their taxes.
6. [**T2200S Form:**](https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2200s.html) a new form that was implemented at the beginning of the pandemic. This form is for employees that had to work from home **as the result of COVID-19.** This form is also filled out and signed by the employer. This form is only if the employee wants to use the **detailed method** for calculating home expenses.