



## Calculation methods for deducting income tax

As an employer or payer, you are responsible for deducting income tax from the remuneration or other income you pay. There is **no age limit** for deducting income tax and there is no employer contribution required.

To help you determine how much income tax to deduct, employees and recipients have to complete one of these forms.

- Most employees and recipients use Form TD1, Personal Tax Credits Return;
- Employees who are paid commissions and who claim expenses may choose to complete Form TD1X, Statement of Commission Income and Expenses for Payroll Tax Deductions, instead of Form TD1;
- Fishers complete Form TD3F, Fisher's Election to have Tax Deducted at Source.

Once completed, the TD1 will provide the employees' or the recipients' total claim amount. Use this amount to determine the claim code to use to determine the amount of tax to deduct. Claim codes are listed in each version of the payroll deductions tables.

If an employee or recipient states that his or her **total expected income from all sources** will be less than the total claim amount, do not deduct any federal, provincial, or territorial tax.

However, if you know this statement is false, you have to deduct tax on the amounts you pay. If you need advice, call **1-800-959-5525**.

### Note

Individuals who work or receive other remuneration (such as pension income) in the province of **Quebec** have to complete a **federal Form TD1** and a **provincial Form TP-1015.3-V Source Deductions Return**. Individuals who incur expenses related to earning commissions have to complete a **federal Form TD1X** and **provincial Form TP-1015.R.13.1-V**. Quebec forms can be obtained from Revenu Québec.

## Forms and publications

- Payroll Deductions Tables (T4032)
- Payroll Deductions Supplementary Tables (T4008)
- Payroll Deductions Formulas for Computer Programs (MC) (T4127)
- Tables on Diskette (TOD) (T4143)
- Form TD1, Personal Tax Credits Return
- Form TD1X, Statement of Commission Income and Expenses for Payroll Tax Deductions
- Form TD3F, Fisher's Election to Have Tax Deducted at Source

Date Modified: 2009-02-03

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/ncmtx/mthd/menu-eng.html>