

**THE PRESBYTERIAN CHURCH IN CANADA**  
**BASIS FOR - 2018 - SALARY CALCULATIONS/DEDUCTIONS**

CALCULATION OF CLERGY RESIDENCE DEDUCTION				Working Sheet Area
GROSS REMUNERATION	Under \$30K Cash in Lieu of Manse	Over \$30K Cash in Lieu of Manse	In Manse	
Total Eligible Earnings	\$25,000	\$77,395	\$54,500	
(T4 slip-box 14 includes all taxable allowances)				
Fair Rental Value of housing or rent paid	\$10,000	\$22,800	\$18,500	
Utilities (amounts expended for electricity and heating)	\$2,000	\$4,652	\$2,800	
<b>Sub total:</b>	\$12,000	\$27,452	\$21,300	
<b>Calculations</b>				
\$1,000 x 10	A	\$10,000		
(\$1,000 per month to maximum of 10 months)				
1/3 of remuneration (T4 slip-box 14)	B		\$25,798	
Fair Rental Value + Utilities paid by Cong	C	\$12,000	\$27,452	21,300
<b>Lesser of</b>				
	A & C	B & C	C	
Amount of Clergy Residence Deduction(d)	D	\$10,000	\$25,798	21,300
Taxable Amount	E	\$2,000	\$1,654	0

only include utilities if paid by congregation

**BASIS FOR - 2017 - SALARY CALCULATIONS/DEDUCTIONS**

	DEDUCTIONS				T4 SLIP	INC TAX BOX 22	EI EARN BOX 24	CPP EARN BOX 26	OTHER	
	CASH PAYT	WITHHELD ? ITAX	EI	CPP	EARNINGS BOX 14				CODE 30	CODE 40
BASIC/INCREMENTS (incl travel)	x	y	y	y	x	x	x	x		
MANSE & UTILITIES										
IN MANSE + UTILITIES (electricity & heating) P	x	n	y	n	x		x		x	
Please note telephone paid for by congregati		y	y	y	x					x
CASH IN LIEU - includes utility allowance (see note 4)										
Non-taxable (clergy residence deduct	x	n	y	n	x		x			
Taxable (allowance not able to be cla	x	y	y	y	x		x	x		
		↑		↑						Fair rental value plus utilities
Total of housing allowance:	x	↑	y	↑			x			
TRAVEL (as agreed with worker) (note 1 & 2)										
- PER KM (if reasonable)	x	n	n	n						
- FLAT ALLOW (with note 1)	x	n	n	n						
- FLAT ALLOW (NOT applying note 1)	x	y	y	y	x	x	x	x		x
EDUCATION ALLOWANCE (note 3)										
- Personal interest	x	y	y	y	x	x	x	x		x
- Specific employer or general employment related training	x	n	n	n						
GROUP TERM LIFE INSURANCE	-	n	n	n						
HEALTH / DENTAL PREMIUM		n	n	n						
TOTAL PAYMENT	T1	MAXIMUM "x"	858.22 EI	CPP 2,593.80			MAX \$51,700	MAX \$55,900		
DEDUCTIONS										
INCOME TAX										
EI )										
CPP ) See back of										
GROUP INS )										
TOTAL DEDUCTIONS	T2									
NET PAY	T1-T2									

PROOF CALCULATIONS CORRECT  
 BOX 18  
 BOX 24 = -----  
 (EI) .0166  
 BOX 16  
 BOX 26 = ----- + 3500  
 0.0495

**SPECIAL NOTES :**

- Do not include telephone utilities when calculating clergy residence deduction. CRA defines utilities as amounts expended for electricity, heating and sewer.
- EI is to be calculated on the total housing & utility allowance amount.
- Utilities paid by a minister residing in a manse, are not included in the clergy residence deduction calculation.

For current salary deduction rates see: The treasurers handbook

x = \$ value included  
 y = YES  
 n = NO

**CPP contributions** - The gross payroll less (the basic exemption of \$3,500, divided by the number of pay periods in the year) times the CPP contribution rate of 4.95% (2018) equals the CPP premium (employee portion). The employer portion is equal to the employee contributions. Maximum pensionable earnings for 2018 are \$55,900. Maximum contributions for 2018 \$2,593.80.

**EI premiums** - The gross payroll times the EI premium rate of 1.66% (2018) equals the EI premium (employee portion). The employer portion is 1.4 times the employee premiums to a maximum of \$1,201.51. Note: there is no basic exemption for EI premiums. Maximum insurable earnings for 2018 are \$51,700. Maximum premiums for 2018 is \$858.22.

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**NOTE 1 - TRAVEL**

A flat rate car allowance will be treated as a tax-free allowance provided certain procedures are followed.

These include:

1. The employer calculates a reasonable flat rate allowance at the beginning of the year, or when employment commences, based on the employee's estimated expenses and the business travel for the year.
2. The employer establishes a reasonable predetermined per km. car allowance rate at the beginning of the year, or when employment commences. ( **See 2017 A&P. 225** )
3. The employee keeps a log of the business distance travelled during the year.
4. At the end of the year, or when employment ceases, the employer calculates the allowance that should have been paid to the employee based upon the predetermined per km rate and the actual business distance travelled. The employee is required to reimburse the employer for any excess allowance received. This excess must be actually paid and not merely added onto the employee's income as a taxable benefit. If, on the other hand, the employee was underpaid the deficiency must be made up by the employer.

If the flat allowance meets all of the above conditions and no other provision of the Act requires the inclusion of the advance in income, then the allowance is not included in the income of the taxpayer. (Do NOT include on T4 slip). Alternatively, if the flat allowance does not meet all the above conditions, then the allowance is included in the income of the taxpayer. Report in the "Other Information" section of the T4 using Code 40.

**NOTE 2 - FLAT ALLOWANCE**

A person may be entitled to deduct automobile operating expenses from income on the tax return.

(Retain Vouchers) File Form T2200 which must be signed by employee AND employer.

**NOTE 3 - EDUCATION ALLOWANCE**

The employee may be entitled to a tuition tax credit on personal Income Tax Return.

**NOTE 4 - MANSE and MANSE & UTILITY ALLOWANCES**

When in a manse or receiving cash in lieu (an allowance), the Professional Church Worker should state in writing by letter or on the TD1 form the allowable amount that s/he will claim as a clergy residence deduction.

DO NOT deduct income tax or CPP on this amount. However any amount received as Housing Allowance, over and above the eligible clergy residence deduction, is CPP and Federal/Provincial Tax applicable.

**PLEASE NOTE:** The total amount of housing & utility allowance is EI applicable.

**CLERGY RESIDENCE DEDUCTION:** When given cash in lieu of accommodations, see calculation worksheet on the reverse side.

If the Manse is provided, Fair Rental Value plus utilities paid by congregation (**excluding telephone**) is deductible. If you make a clergy residence deduction claim on your personal income tax return, then please complete a T1223E form. Your employer is responsible for filling out part B and to sign it. It is **not** necessary to send this form to CRA annually, with your personal income tax, but keep a copy on file in case they should ask as part of a review.

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>CPP:</b>												
Maximum Pensionable Earnings	\$55,900	\$55,300	\$54,900	\$53,600	\$52,500	\$51,100	\$50,100	\$48,300	\$47,200	\$46,300	\$44,900	\$43,700
Yearly Exemption:	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Contribution Rate	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%
Maximum Contribution	\$2,593.80	\$2,564.10	\$2,544.30	\$2,479.95	\$2,425.50	\$2,356.20	\$2,306.70	\$2,217.60	\$2,163.15	\$2,118.60	\$2,049.30	\$1,989.90
<b>EI:</b>												
Maximum Earnings	\$51,700	\$51,300	\$50,800	\$49,500	\$48,600	\$47,400	\$45,900	\$44,200	\$43,200	\$42,300	\$41,100	\$40,000
EI Rate	1.66% or 1.30% (for Quebec)	1.63% or 1.27% (for Quebec)	1.88% or 1.52% (for Quebec)	1.88% or 1.54% (for Quebec)	1.88% or 1.53% (for Quebec)	1.88% or 1.52% (for Quebec)	1.83% or 1.47% (for Quebec)	1.78% or 1.41% (for Quebec)	1.73% or 1.36% (for Quebec)	1.73% or 1.38% (for Quebec)	1.73% or 1.39% (for Quebec)	1.80% or 1.46% (for Quebec)
Maximum Employee Contribution	\$858.22 or \$672.10 (for Quebec)	\$836.19 or \$651.51 (for Quebec)	\$955.04 or \$772.16 (for Quebec)	\$930.60 or \$762.30 (for Quebec)	\$913.68 or \$743.58 (for Quebec)	\$891.12 or \$720.48 (for Quebec)	\$839.97 or \$674.73 (for Quebec)	\$786.76 or \$623.22 (for Quebec)	\$747.36 or \$587.52 (for Quebec)	\$731.79 or \$583.74 (for Quebec)	\$711.03 or \$571.29 (for Quebec)	\$720.00 or \$584.00 (for Quebec)
Maximum Employer Contribution	\$1,201.51 or \$940.94 (for Quebec)	\$1,170.67 or \$912.11 (for Quebec)	\$1,337.06 or \$1,081.02 (for Quebec)	\$1,302.84 or \$1,067.22 (for Quebec)	\$1,279.15 or \$1,041.01 (for Quebec)	\$1,247.57 or \$1,008.67 (for Quebec)	\$1,175.96 or \$944.62 (for Quebec)	\$1,101.46 or \$872.51 (for Quebec)	\$1,046.30 or \$822.53 (for Quebec)	\$1,024.51 or \$817.24 (for Quebec)	\$995.44 or \$799.81 (for Quebec)	\$1,008.00 or \$817.60 (for Quebec)