Year-End Payroll in Canada: A 2026 Guide for Small Businesses

> **Powerpay customer? Your deadlines are earlier.**
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> The dates in this guide are government deadlines for all Canadian employers. Powerpay has its own processing cut-offs, so you'll need to act sooner. For example, request your 2026 tax forms by **February 19, 2027**. Find all your year-end dates in **Year-End Central** in Powerpay Help.

Your 2026 T4 and RL-1 slips are due **Monday, March 1, 2027**. Most of the work that decides whether they're right happens before your last pay of December.

Year-end isn't one task. It's a run of small checks across November, December and January, and each one is easier when it's done early.

This guide walks through those checks in order. It applies whether you run payroll yourself, have a team member do it, or work with an accountant, bookkeeper or payroll provider.

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Start with clean employee records

Every T4 is only as good as the employee details behind it. November is the time to check them, while you still have pay runs left to fix anything.

For every employee paid in 2026, including people who left during the year, confirm:

- **Legal name and current mailing address.** The slip goes to this address.

- **Social Insurance Number.** A missing or invalid SIN can lead to CRA penalties, so chase any gaps now.
- **Province of employment.** It drives which tax and, in Quebec, which slips apply.
- **Status.** Know who is active, on leave or terminated. People who left in 2026 still need a 2026 T4.

Check your own business details too. Your business number and payroll account should match your CRA records. If you have Quebec employees, your RL-1 should show your legal business address, not a P.O. box.

Finally, look at how each type of pay and deduction is set up. Commissions, bonuses, vacation pay and pension contributions each need to land in the right T4 box, with the right CPP, EI and tax treatment. If you have a registered pension plan, confirm its registration number is on file.

Catch CPP and EI shortfalls before the last pay

A shortfall is cheapest to fix while the employee is still being paid. Once the year closes, the bill usually lands on you.

Compare each employee's year-to-date CPP contributions and EI premiums against their pensionable and insurable earnings. In Quebec, do the same for QPP and QPIP. Under-deductions often come from mid-year hires, manual cheques, second payments or a wrong exemption setting.

Not every gap is an error. Some employees are legitimately exempt:

- Employees aged 65 to 70 who filed a CPT30 election to stop contributing to CPP.
- Employees who own more than 40% of the corporation's voting shares, who are not insurable for EI.
- In Quebec, workers 65 and over already receiving a QPP retirement pension who have elected to stop contributing.

Where a real shortfall exists, deduct the missing amount on a remaining 2026 pay. You remit it with your employer share as usual.

If you don't, the CRA may flag it through its Pensionable and Insurable Earnings Review (PIER). For anyone you can no longer deduct from, such as a former employee, you'll generally pay both the employee and employer portions yourself.

> **Tip:** A balancing report is a snapshot. If you add a benefit, manual payment or correction after reviewing it, check the updated totals again before preparing your slips.

Get taxable benefits and dental codes right

Taxable benefits belong on the T4 for the year the employee enjoyed them. Record them through payroll as they happen, or at least before the last pay. Common ones include a company vehicle, gift cards,

group life premiums and, in Quebec, employer-paid private health plan premiums.

Dental coverage (T4 box 45). Every T4 must show a code from 1 to 5 for the dental coverage the employee could access on December 31. T4A slips use box 015, which is mandatory when a pension amount is reported in box 016. The information supports the Canadian Dental Care Plan.

Code	Dental coverage the employee could access
1	None
2	Employee only
3	Employee, spouse and dependants
4	Employee and spouse
5	Employee and dependants

The code reflects what you offered, not what the employee chose. If family coverage was available and the employee took single coverage or waived it, the code is still 3. A health spending account that can pay for dental care counts as coverage. Government of Canada guidance

Review codes for new hires and anyone whose eligibility changed during the year.

> **Tip:** Don’t assume one dental code fits everyone. Include former employees in your review and check whether any coverage continued after they left. Your task is to report access to coverage, not decide who qualifies for the Canadian Dental Care Plan.

Plan around the holidays and your last pay date

The pay date decides the tax year. Payroll is reported in the year it's paid, not the year it was earned. A cheque dated December 31, 2026 goes on the 2026 T4. One dated January 4, 2027 becomes the first pay of 2027, even if it covers December shifts.

That matters most for bonuses and for paydays that fall on a holiday. If a regular payday lands on January 1, moving it earlier to December 31 puts it in 2026. Moving it later keeps it in 2027. Choose deliberately and tell your team.

Banks close over the holidays. In 2026–27, expect closures on:

- Friday, December 25 (Christmas Day)
- Monday, December 28 (Boxing Day, observed)
- Friday, January 1 (New Year's Day)

Direct deposits can't move on those days. Submit holiday payrolls a few business days earlier than usual so employees are paid on time, and confirm your provider's or bank's cut-off dates now. Once deposit

files reach the banks, they can't usually be sped up.

Get corrections in before the last pay. Anything that changes 2026 earnings, deductions or benefits is simplest to fix on a 2026 pay run. Corrections made after year-end still need amended totals, and any extra source deductions they create are yours to remit.

File T4, T4A and RL-1 slips on time

The 2026 deadline is **Monday, March 1, 2027**. The usual deadline is the last day of February, and February 28, 2027 falls on a Sunday, so it moves to the next business day. CRA: Filing the T4 slip and summary

By that date you need to:

- File the T4 slips and T4 Summary with the CRA.
- Give each employee their T4, on paper, through a secure employee portal, or by email with their consent.
- File T4A slips for other amounts you paid, such as certain fees for services.
- For Quebec employees, file RL-1 slips and the RLZ-1.S summary with Revenu Québec and give employees their RL-1.

If you file more than five slips of a type, the CRA requires electronic filing.

Don't plan around the deadline itself. Aim to have slips reviewed by mid-February. That leaves time to fix a wrong SIN or a missed benefit before anything is filed.

> **Tip:** If your plan requires pension adjustments, ask the plan administrator when the final figures will be ready. Build that timing into your slip review so you aren’t preparing forms with missing amounts.

Before you file, reconcile the T4 Summary against what you actually remitted during the year. The CRA compares the two. Totals for CPP, EI and income tax on the slips should match your PD7A statement of account. If you have more than one payroll account or business number, check each one separately.

Don't forget the other year-end filings

T4s get the attention, but most employers have at least one provincial filing as well. They use the same payroll totals, so prepare them together.

- **Workers' compensation.** Most employers file an annual payroll report with their provincial or territorial board (for example, WSIB in Ontario, WorkSafeBC, WCB Alberta or CNESST in Quebec). Each board sets its own form, rates and due date.
- **Employer health tax or payroll levy.** Ontario, British Columbia, Manitoba and Newfoundland and Labrador charge a payroll-based health or education levy above set thresholds. Check whether your

payroll is over your province's exemption and when the annual return is due.

- **Quebec employer contributions.** Quebec employers reconcile the Health Services Fund, the CNT labour standards levy and CNESST on the RL-1 summary. Employers with a total payroll over $2 million also deal with the Workforce Skills Development and Recognition Fund.

Even if a provider calculates these for you, filing the return and paying any balance is usually the employer's responsibility.

When it's all filed, keep your payroll records. The CRA generally requires you to keep them for six years from the end of the year they relate to.

Get ready for the first pay of 2027

The first pay dated in 2027 starts a new year of contributions, so the 2027 rates apply from that cheque. One welcome change: the CPP contribution rate drops for the first time since enhancement began.

2027 figure (outside Quebec)	2026	2027
CPP rate, employee and employer each	5.95%	5.75%
Year's maximum pensionable earnings (YMPE)	$74,600	$76,700
Maximum CPP contribution, each	$4,230.45	$4,209.00
CPP2 rate, each	4%	4%
Year's additional maximum pensionable earnings (YAMPE)	$85,000	$87,400
Maximum CPP2 contribution, each	$416	$428
EI employee rate	1.63%	1.64%
EI maximum insurable earnings	$68,900	$70,800
Maximum EI premium, employee	$1,123.07	$1,161.12

The basic CPP exemption stays at $3,500. Employers pay 1.4 times the employee EI premium. Quebec uses QPP, a lower EI rate and QPIP, so check Revenu Québec's figures separately. Sources: Investment Executive on the 2027 CPP figures, CRA CPP rates.

Before or with that first pay:

- Ask for new TD1 forms from employees who claim more than the basic personal amount, or whose situation changed. Basic amounts are indexed each year, but other claims don't update themselves.
- Check what carries forward. Vacation balances, garnishments, deduction targets and additional tax requests usually don't reset on January 1.
- Confirm your remitting schedule. Your 2027 remitter type is based on your average monthly withholdings from two years earlier, so a growing business may move to more frequent remittances.

- Update provincial rates such as workers' compensation, employer health tax and Quebec contribution rates as soon as you receive them.

Your year-end checklist

November

- [ ] Confirm names, addresses, SINs and province of employment for everyone paid in 2026
- [ ] Review CPP, EI, QPP and QPIP year-to-date totals for shortfalls
- [ ] Confirm each pay and deduction type maps to the right T4 or RL-1 box
- [ ] Record any taxable benefits not yet run through payroll

December

- [ ] Set T4 box 45 dental codes for every employee
- [ ] Submit holiday payrolls early around the December 25, 28 and January 1 bank closures
- [ ] Decide the pay date for bonuses and any January 1 payday
- [ ] Make all 2026 corrections on or before the last 2026 pay

January

- [ ] Run the first 2027 pay at 2027 rates
- [ ] Collect updated TD1 forms where needed
- [ ] Reconcile slip totals to your 2026 remittances

By March 1, 2027, and each agency’s due date

- [ ] File T4, T4A and RL-1 slips and summaries, and give employees their copies
- [ ] File workers' compensation and employer health tax returns by each agency's due date

Common year-end questions

Why does my payroll account say RP when my GST/HST account says RT?

RP identifies a CRA payroll deductions account. RT identifies a GST/HST account. Check your payroll records against the full payroll account number, including the four digits after RP.

Can one employee receive more than one T4 from us?

Yes. If their province of employment changed during the year, prepare a separate T4 for each province or territory, with the earnings and deductions that belong to each. A change of home address alone doesn’t establish a change in province of employment.

What if actual hours differ from the estimate used for an early holiday payroll?

Compare the estimate with the approved hours as soon as they're available. Record the difference and confirm the correction process with whoever handles your payroll. If the correction crosses year-end, check the payment date and reporting treatment before processing it.

What if a former employee can't access their T4 online?

Arrange another delivery method rather than relying on an inaccessible portal. Confirm their current mailing address and provide paper copies if needed. Check CRA requirements before using electronic delivery for former employees; email delivery requires written or electronic consent.

Year-end rewards the businesses that start early. A few checks in November save a lot of amended slips in March.

Want help with year-end? Talk to a Powerpay payroll specialist.