

## CENTRAL PAYROLL SERVICE

Central Payroll is a bank payroll system operated as a service by the Ministry Centre in Mississauga. It has been enhanced to provide a service to individual churches. The local official board would need to approve the use of this service before making application to add employees. By charging a fee for each employee the cost of operation will be shared by all.

The service provided consists of a semi-monthly pay cycle. Pays are directly deposited to the employee's bank account on pay-day and a stub mailed to the employee's address. If the pay goes to a credit union the deposit may take a day longer. Pay days are on the 15<sup>th</sup> and last day of the month. If the pay date falls on a weekend or a holiday the pay date moves to the previous business day.

Deductions will be taken as indicated on the Employee Information sheet. Statutory deductions along with employer's share will be remitted to Canada Revenue Agency under (CRA) in trust on behalf of an individual church who is the employer, under our PD7A (E) number. Pension, group insurance, will be properly accounted for in the pay cycle. At the end of the year, T4's and T4A's will be issued. The T4's for the first year will cover only the portion of the year that the employee was on the system.

The cost of the pay, gross plus employer contributions plus processing fee by employee will be communicated to the church treasurer at month end by a detailed statement. The cost to each church will be automatically debited to the church bank account on the payroll debit date. Insufficient funds will cause a debit to reject. Therefore, it is imperative to take steps to ensure that funds will be available in case of a shortage in the account (overdraft protection, transfer from another account).

Each church will be in control of the pay for their personnel and must take responsibility for communicating changes to be made at the time the change is effective (in the current cycle). Retroactive changes should be avoided if possible. Changes must be received by the Ministry Centre a week ahead of pay date and should be written on an Employee Information Form. The service charge for processing will be \$6.50 per pay per person. Daycare Centres and Hourly/Rate will pay \$9.50 per pay because of hourly rates and variable hours on each pay.

An acceptable application for a payroll addition will include: an Employee Information Form, a TD1 federal and TD1 provincial, Void Cheque, Pension Application Form, Group Insurance Application Form (any/all that are applicable).

## EMPLOYEE INFORMATION FORM INSTRUCTIONS

The “Employee Information Form” will be the record used to initially set up the payroll data. Make a few copies of this blank sheet for future use. A few comments here may help you to understand the requirements.

1. Date of commencement should be the first day worked. If your employee does not start on the first day of a pay period please state how much is to be paid for that period.
2. Employees will be paid twice a month (semi-monthly) = twenty-four times a year. Therefore, confusion will be eliminated if we state all amounts relating to salary as a per pay amount.
3. “Housing allowance paid” is an allowance paid to pastors who supply their own housing. Since this amount will be claimed on the income tax return as a deduction it should be the fair rental value of the home they live in. Each Pastor must apply to CRA for approval each calendar year
4. “Manse allowance” is a description we are using to signify the housing supplied by the church. This should be the fair rental value of the parsonage. This amount will not be paid to the pastor, but will be used to calculate pension and will appear on the T4.
5. “Utilities” is not an amount paid to the employee. It is an amount, which represents the cost of utilities, which are paid by the church, but are part of the personal living expenses of the pastor and thus are taxable benefits. The amount shown here will be taxed over the year, used in pension calculation and appear on the T4. To avoid using this method you could increase the salary by the amount of the utilities and let the pastor pay the utility bills.
6. The Pension lines need no explanation. If the employee is already on group insurance we will make the appropriate deductions.
7. Bank for payroll deposit. Attach a void cheque from the bank account to which the employee wishes to have net pay deposited.
8. The second void cheque to be attached is from the Church bank account from which the total cost of the payroll is to be deducted. By signing this form you are authorizing us to deduct gross pay plus employer contributions and the service fee directly from this bank account. You must be sure there are sufficient funds in the account to cover each pay, deducted on payroll debit date. The approximate amount can be estimated from previous pays and the monthly statement.
9. For information purposes, please note that the Canada Revenue Agency has suggested that Employers ask to see the SIN card of all new employees within 3 days of starting employment. If your Employee has a SIN number starting with “9” then we will need a copy for our files as well as a copy of the work permit issued. For details, you may refer to:  
<http://www.servicecanada.gc.ca/en/home.shtml>