

To register or for more information,
call the Payroll Tax section:

Phone: (867) 920-3470

Or

Toll-free: 1-800-661-0820

Ask for Payroll Tax

This brochure provides general information concerning payroll legislation and compliance issues. **It is not an official statement of the law, and in cases of conflict, the legislation prevails.**

An unofficial consolidation of the *NWT Payroll Tax Act, 1993* may be found at the government website: www.gov.nt.ca under Justice/Legislation with an alphabetical search under Statutes and Regulations.

An information package is available upon request.

Government of the NWT
Department of Finance
Taxation Section—YK3
PO Box 1320
Yellowknife, NT X1A 2L9

OR

3rd Floor YK Centre
4922-48th Street
Yellowknife, NT X1A 1N2

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Northwest
Territories Finance

NWT Payroll Tax Act

Information for
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Government of the NWT

Department of Finance

Department of Finance

INFORMATION FOR EMPLOYERS

The *Payroll Tax Act, 1993* was introduced by the Government of the Northwest Territories (GNWT) and came into effect on July 1, 1993.

This tax applies to all employees who work, perform duties, or provide services in the Northwest Territories, regardless of the age or the province or territory of residence, of the employee or employer.

Effective January 1, 2005, every employee is liable to pay the GNWT a tax equal to two percent (2%) of the gross remuneration earned in the NWT during the year.

If an employee normally works in the NWT (i.e. more than 50% of the time), payroll tax is calculated on all earnings.

Exemption

An employee is not subject to double payroll taxation, from two or more jurisdictions, on the same income. Currently only Nunavut levies a payroll tax similar to that of the GNWT.

Who is an employer?

An individual or corporation who has one or more employees performing work and/or providing services in the NWT.

What is remuneration?

Includes all payments, and the value of all benefits and allowances, received for work performed and/or services provided. Please refer to Sections 5(1), 6 or 7 of the *Income Tax Act* for applicable definitions.

Examples of taxable items:

- Salaries and wages, bonuses, commissions and honoraria
- Vacation travel assistance
- Directors' and management fees
- Employee stock options
- Contributions by employers to registered retirement savings plans (RRSP)
- Retiring allowances or severance pay

Examples of non-taxable items:

- Income from pensions or superannuation
- Reimbursement to employees of actual expenses paid on behalf of the employer
- Employer contributions to registered pension funds or plans (RPF or RPP), group sickness or accident plans, and employee benefit plans
- Value of clergy residences
- Income received by individuals who belong to a religious order, and who have taken a vow of perpetual poverty

Employers must deduct the NWT Payroll Tax, at source, and remit to the GNWT according to a schedule provided at the time of registration.

Registrations and returns

Every employer must register with the GNWT, Department of Finance within 21 days of their first payroll cycle for work or services performed in the NWT.

Remittance frequency is based upon the estimated annual gross remuneration paid to employees in the NWT. Forms will be sent to registered employers approximately one month prior to the due date, or may be requested at any time from the Department of Finance.

Employers must file an Annual Return each calendar year by February 28th. Forms will be sent to registered employers approximately two months prior to the due date, or may be requested at any time from the Department of Finance.

Annual Returns must be filed even if companies did not have employees working in the NWT during the year ("Nil Return").

Enforcement

Non-compliance with the *NWT Payroll Tax Act, 1993* may result in penalties, interest assessment, and/or court action.

Possible infractions include:

- Failure to register
- Failure to collect
- Failure to remit
- Failure to file returns