

Who prepares your T4 Slips and Summary? Why not do it yourself?

One of the challenges of being a small business owner or entrepreneur is that you need to know a lot about a lot of things. And many of these things are tasks that you may have very little interest in. My goal is to share information that is relevant to you. Information that will help you streamline your back office functions so that you can spend more time on the activities that you are passionate about. Activities such as improving products or services, growing into new markets or spending more time with your clients.

So let's take a step back...

There was a point in the past that inspired you to take your passion or an idea that you had and you turned it into your lifestyle. You went into business for yourself. And as you achieve growth through success you will eventually find yourself with employees and a whole new set of responsibilities that don't have anything to do with your passion or why you got into business in the first place. If you are trained in graphic design -- how can you expect to be knowledgeable about preparing T4 slips and filing a T4 Summary?

Today, there are a multitude of tools available to help you pay your employees and withhold the proper taxes and amounts to remit to the government. Payroll is the easy part, but what happens when it's time to file the annual papers?

Suddenly, the excitement you felt when hiring those employees and the thrill of realizing your company is growing and establishing itself, is replaced with anxiety, concern and stress over government requirements and a looming February 28 deadline.

Four main methods of preparing T4 slips and filing the T4 Summary:

- Prepare manually
- Use accounting software such as Sage Simply Accounting
- Hire a bookkeeping or accounting professional
- Outsource your payroll to a service such as ADP or Ceridian



Today, I will compare the two do-it-yourself methods (assuming basic payroll only – no benefit plans, union dues, pensions, etc.):

1. Preparing manually
2. Using Sage Simply Accounting software

Prepare manually:

Detailed instructions are available for download on the Canada Revenue Agency website.

CRA Employer's Guide: Filing the T4 Slip and Summary
<http://www.cra-arc.gc.ca/E/pub/tg/rc4120/rc4120-10e.pdf>

This 28-page guide provides instruction and a multitude of details, but may not be relevant to your specific needs. And even if you are ambitious enough to undertake this reading and comprehension task, there is that other detail of correctly compiling and verifying the numbers to be entered on the T4 Slip and Summary. One thing you need to ask yourself is: How much time will I have to invest to do this?

Let's estimate:

- Read the CRA Employer's Guide and determine relevant areas of instruction
- Prepare a spreadsheet including:
 - o Individual pay cheque details
 - o Monthly payroll remittance amounts
 - o Entering formulas to sum the totals individually and for the company
 - o Reviewing the data entry and formulas for accuracy
- Download and prepare the T4-fillable.pdf slips
- Download and prepare the T4-fillable.pdf Summary
- Review and verify all data
- Issue all T4 Slips and remit the T4 Summary

Whether these tasks take two or twenty hours to complete, this is time that you are NOT spending on executing sales, engaging in marketing activities, contacting customers or negotiating with suppliers. From a business standpoint, this is a non-value add activity. It does not create or provide revenue to your business.

This may be an excellent way to handle your T4 processing needs early in your business start up. This decision will be influenced by the number of employees you have; the frequency of pay periods and the time you have available.

If the manual system seems like too much, there is another way.

Accounting software is very affordable these days and there are different versions at varying price points to suit your specific business needs. When using accounting software, the annual T4 slip and T4 Summary preparation time is slashed and the math required in the manual method are eliminated.

Using accounting software – Sage Simply Accounting:

By utilizing Sage Simply Accounting for your payroll activities, filing becomes a snap and can be completed in less than an hour.

- Run the T4 report module and select the calendar year to be filed
- Select the relevant employees
- Enter the T4 Summary Business and Contact information
- PRINT
- Verify CRA account balance against remitted amount from your records
- PRINT
- Issue all T4 Slips and remit the T4 Summary

If you are like many business owners, there must always be the consideration for the time-value of money. So whether the manual method or the accounting software method is right for you ...

T4s can be easy.