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EXPECT THE BEST

Changes to CPP Deductions

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The Canada Revenue Agency has announced changes to the rules for deducting Canada Pension Plan contributions. Effective January 1, 2012, employers will be required to deduct Canada Pension Plan contributions from the earnings of employees who are between 60 and 70 years of age even when the employee is already receiving Canada Pension Plan Pension benefits.

Different rules apply depending upon the age of the employee.

All employees who are receiving a CPP retirement pension will have to pay CPP contributions if they are under 65 years old.

If the employee is between 65 years of age but under 70 years of age, the employer will still have to deduct CPP contributions from the employee's earnings unless the employee files an election with the employer to stop paying CPP contributions. The election is contained in a form CPT30 which can be obtained on the Canada Revenue Agency's website.

The Canada Revenue Agency also notes in its website that any employer who fails to deduct CPP contributions in this manner may be assessed a penalty and interest charges. ■