

Health and Post Secondary Education Tax Return Explanation:

General

Health and Post Secondary Education Tax (HAPSET), commonly referred to as the payroll tax, is payable by an employer with respect to remuneration paid or credited to employees who report for work in Newfoundland and Labrador.

Remuneration includes those salaries, wages, bonuses, commissions and allowances or benefits that are paid or credited to an employee, officer, or director of an employer and by reason of section 5(1) or section 6 or 7 of the Income Tax Act (Canada), those amounts paid or credited are required to be included as income earned from office or employment by that employee, officer, or director for purposes of that Act. The return should be filed with the Department of Finance within 20 days following the end of the reporting period.

Line 1 - Gross Remuneration in the Province for the Period

If this is your **first reporting period for the calendar year**, payroll on this line should include the payroll in the province for January 1 to the end of this reporting period. (ie. If April is your first reporting period, then April's return would show payroll from January 1 to April 30 for that year.) For each **subsequent month**, payroll on this line would only be for the month being reported.

Line 2 - Allocated Tax Free Deduction

Every year an amount of payroll is deemed tax free and an employer is not considered taxable until they have exceeded this amount. Employers that are associated per Section 256 of the Income Tax Act (Canada) or who are partners in a partnership must agree on a sharing of this tax free deduction. **This amount of allocated tax free deduction will appear on this line.** It will be reduced by the amount of payroll reported for a particular period until it is exhausted.

Line 3 - Taxable Remuneration

Taxable remuneration equals **Gross Remuneration in the Province for the Period** (as reported on Line 1) **less the Allocated Tax Free Deduction** (as given per Line 2).

Line 4 - Total Tax Due

Taxable Remuneration for the Period (per Line 3) multiplied by the Tax Rate of 2%.

Line 5 - Add Debit Balance / Subtract Credit Balance

This amount is your account balance as of the date the last month end was run. Any monies owed by you would show as a Debit Balance; any monies owed to you would show as a Credit Balance.

Line 7- Amount Enclosed

Enter the amount of payment that has been provided for this return. It should be the amount of Line 4 +/- Line 5.