

Employer Health Tax

EHT Annual Return Guide

Things to remember

- Annual Returns must be received by the Ministry of Revenue by the March 15th due date to avoid a late-filing penalty and interest charges. If March 15th falls on a weekend, Annual Returns received by the following Monday will be considered delivered on time.
- Financial institutions are **not** authorized to accept or process Annual, Special or Final Returns.
- Penalties of up to 17 per cent of the tax owing are imposed on late-filed returns and may escalate to a maximum of 50 per cent for repeat late filers. For further information, refer to Employer Health Tax (EHT) Information Bulletin 1-05 Penalties and Fines.
- All associated employers must complete Schedule 2 – Associated Employers Exemption Allocation. For further information, refer to EHT Information Bulletin 1-98 Associated Employers.
- The return must be completed and signed by the employer, an authorized officer of the employer, or a third party (e.g., payroll service provider) holding a proxy. The proxy is **not** to be sent with the Annual Return, but it must be available if requested by the ministry.
- At the Ministry of Revenue we are making it simpler and more convenient for you to do business with us. We are transitioning to one Business Number (BN) to make it easier for you. The ministry will recognize the BN for EHT clients starting December 8, 2008. All EHT account numbers will continue to be valid during the transition period.
- Employers using the services of a representative (i.e., accountant, payroll service provider) must update the ministry or representative regarding any changes to their EHT account(s).



Who needs to file an Annual Return?

- If your payroll for last year is over \$400,000.
- All** employers who were mailed EHT Annual Returns for this year.
- Eligible** employers whose Total Ontario Remuneration is greater than their exemption amount for the year.
- Employers who are not eligible for the exemption.
- Eligible** employers who were members of an associated group, on December 31st.
- Employers who have remitted EHT instalments for this year.

Filing your Annual Return

- Use only **original** Annual Return forms supplied by the Ministry of Revenue.
- EHT Annual Returns are **not** available on the ministry website.
- Verify the pre-printed name, address and business number on the top portion of the form. If changes are required, please call the Ministry of Revenue at:
 - 1 866 ONT-TAXS (1 866 668-8297)
 - 1 800 263-7776 teletypewriter (TTY)
- Please submit the Annual Return and applicable schedules to the Ministry of Revenue.

Special and Final Returns

- Employers who pay all of their Total Ontario Remuneration in one month of a calendar year are required to file a Special Return within **15 days** following the month in which the remuneration was paid.
- An employer who ceases to have employees or a permanent establishment in Ontario, or who has amalgamated, must advise the ministry and file a Final Return, within **40 days** of the business closure date.

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Line numbers below refer to the line numbers on the Annual Return.

EHT Calculation

Line 1: Total Ontario Remuneration

Enter the Total Ontario Remuneration for all employees from January 1 to December 31, **rounded to the nearest dollar**. Do **not** include cents.

Reminder: If the total exceeds \$600,000, monthly instalments are required next year.

EHT is calculated on all income that falls under s. 5, 6, and 7 of the *Income Tax Act* (Canada), regardless of which form is used to report the income. For example, taxable benefits paid to former Ontario employees and reported on a T4A must be included.

Line 2: Exemption

Non-eligible employers

Enter **0** on line **2** and proceed with the completion of your Annual Return. For example: public sector employers are not eligible for the \$400,000 exemption.

Eligible employers who are not associated

Enter **400,000** if you were an eligible, **single account employer** for the **full** year.

Employers who are eligible for only part of the year, must prorate the exemption. Multiply \$400,000 by the number of days in the calendar year that you had both a permanent establishment in Ontario and Total Ontario Remuneration, and divide by the number of days in the year.

An eligible employer with multiple accounts must designate one account to complete and submit Schedule 1 – Multiple Accounts. Each account must file a separate Annual Return and enter the amount of the exemption allocated to it from column C of Schedule 1.

Eligible employers who are associated

Complete Schedule 2 – Associated Employers Exemption Allocation. Schedule 2 is used to calculate and allocate the exemption available to the associated group for the year.

Line 3: Taxable Ontario Remuneration

Subtract line **2** from line **1** to determine your Taxable Ontario Remuneration. If the result is **negative**, enter **0** on this line as you do not owe any EHT for this year.

Certify and return your EHT Annual Return in the pre-addressed envelope to confirm your filing status.

Line 4: Tax Rate

If you are an associated employer or a single account employer, the tax rate is based on line **1**. If you are a multiple accounts employer, use the tax rate applicable to the **sum** of the Total Ontario Remuneration for all of your EHT accounts.

Using the following table, enter the applicable tax rate.

Total Ontario Remuneration	Tax Rate
Up to \$200,000	0.980 %
\$200,001 to \$230,000	1.101 %
\$230,001 to \$260,000	1.223 %
\$260,001 to \$290,000	1.344 %
\$290,001 to \$320,000	1.465 %
\$320,001 to \$350,000	1.586 %
\$350,001 to \$380,000	1.708 %
\$380,001 to \$400,000	1.829 %
Over \$400,000	1.950 %

Line 5: Total Tax Payable

Multiply line **3** by line **4** and enter the result on line **5**.

Line 6: Instalments Paid

Enter the total of all tax payments (excluding any amounts paid for interest and penalties) that you made for the year on the Ontario remuneration paid from January to December. Include in your calculation any credit amount that has been used to reduce a payment during the year.

Line 7: Balance Due/Refund

Subtract line **6** from line **5** and enter the result on line **7**. A positive amount indicates there is a balance owing; a negative amount indicates an overpayment.

Line 8: Payment Amount

Complete the Payment amount and enclose a cheque or money order in Canadian funds, payable to the **Minister of Finance**. Do **not** send cash.

Line A: Associated Employer

Please check yes or no to indicate if your association status has changed. If you are associated, please complete Schedule 2 and return it with your EHT return.

Line B: Credit to Next Year

Please check yes if you would like your overpayment credited to next year.

Further information

To obtain the most current version of this publication, or additional information, visit our website at ontario.ca/revenue or contact the Ministry of Revenue at:

- 1 866 ONT-TAXS (1 866 668-8297)
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