



Sage 300 Construction and Real Estate

Payroll Tax Release Notes 2025

Canada

June 2025

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Payroll Tax Canada

This document describes changes to payroll taxes in Canada. Please read this document carefully before you use the software.

Note: The changes in the 2025 tax updates are compatible with Sage 300 Construction and Real Estate version 25.1 or later. If you are on an earlier version when you install the 2025 tax update, confirm the taxes calculate correctly.

Downloading and installing updated taxes

You can download the tax update from within Payroll.

Caution! Do not install the first tax update of a new payroll year until all payroll cheques for the previous year have been processed.

1. If you use security, log onto your system as a user with permissions to the Download Taxes task (PR: Tools > Download Taxes).
2. Start the Payroll application.
3. Select **Tools > Download Taxes** to download the latest version of the tax files.

Note: If you are using a firewall, you must allow access to **http://-downloads.timberline.com/route.asp** to enable Payroll to download the tax update.

4. Verify your **Client Number**.
5. Select the **Update tax file when download is complete** check box if you want to update the taxes automatically after the files are downloaded. If you do not select this check box, you must update the taxes, as described in [Updating taxes](#).

Note: For information about what happens when you download taxes and select the check box to update tax files, see Knowledgebase article: [What happens when I download taxes and I select the option to update tax files?](#)

For information about what happens when you download taxes without selecting this check box, see Knowledgebase article: [What happens when I download taxes without selecting the option to update tax files?](#)

6. View the printed journal for any error messages.
7. If you have multiple tax files, open the data folder and repeat these steps for each company.

Updating taxes

If you chose not to install taxes when you downloaded the tax update, you will need to perform additional steps.

New installations

If you did not select the **Update tax file when download is complete** check box when you downloaded the taxes, the system displays the following error message when you select **Tools > Update Taxes**:

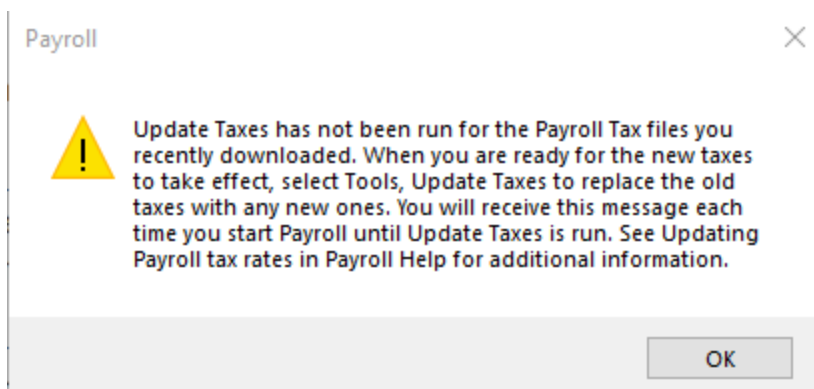
“The PR Tax file was not found. The file will be created.”

Click **[OK]** to continue.

Tax updates

If you downloaded the taxes but you did not select the **Update tax file when download is complete** check box, taxes will not be updated until you run the Update Taxes tool:

1. Start the Payroll application. If the **Update tax file when download is complete** check box was not selected, you will receive a message that Update Taxes has not been run for the payroll tax files you recently downloaded. You will receive this message each time you start Payroll until Update Taxes is run.



2. When you are ready to begin using the latest tax rates, select **Tools > Update Taxes**.

3. In the **Update Taxes - Print Selection** window, make any necessary print selections, and then click **[Start]**.

Note: The program automatically creates a backup file containing the existing Payroll tax file (**Tax.prx**) and the Payroll formula file (**Pr.frm**) in the **backup_tax** subdirectory of the folder containing the **Tax.prx** file that is being updated.

4. If you have multiple tax files, open the data folder and repeat steps 2 and 3 for each company. See the "To Update Payroll tax rates" topic in Payroll Help for details.

Verification

To verify that the latest tax rates were installed or updated:

1. Select **Setup > Taxes > Tax Rates**.
2. In the **Tax Rate Setup** window for **Tax ID**, type the tax ID of one of the taxes listed in this document under **Federal Tax Changes** or **Provincial Tax Changes**, and then press TAB.
3. Check the date displayed for **Effective** in the lower-right area of the window.
 - If this date matches the effective date listed for that tax rate in the next section of this document (and the effective date was not manually changed in the setup), the taxes updated correctly.
 - If the effective dates do not match, review the installation instructions in the previous section of this document and repeat any necessary steps.

Changing provincial personal tax credits

If the personal tax credit amounts changed on the provincial Form TD1, you will need to update the information for the affected employees.

To make changes for an individual employee, select **Setup > Employees**, find the employee, click **[Province]**, enter the ID of the Province that has the change, and enter the amount from the employee's provincial Form TD1 for **Personal tax credits**.

If many employees are affected, you can use the **Modify Personal Tax Credit Amounts** tool. Select **Tools > Modify Personal Tax Credit Amounts** and follow the instructions in the online help.

Payroll Tax Update 25.02

Update 25.02 includes one federal tax change and many provincial tax changes.

Note: You must upgrade to [Version 24.3](#) for the additional Canadian Pension Plan taxes to display on the T4 report.

Federal tax change

- *Effective date:* 1 July 2025
The federal tax table changed.
The tax rate for the lowest bracket is reduced by 1% from 15% to 14%.

Provincial tax changes

- Alberta (ABTAX)
Effective date: 1 July 2025
The federal and provincial tax tables have changed.
Introduced and accounted for the Alberta Supplemental Tax Credit (K5P factor) in the tax calculations.
- British Columbia (BCTAX)
Effective date: 1 July 2025
The federal tax table changed.
- Manitoba (MBTAX)
Effective date: 1 July 2025
The federal and provincial tax tables have changed.
- New Brunswick (NBTAX)
Effective date: 1 July 2025
The federal tax table changed.
- Newfoundland and Labrador (NL TAX)
Effective date: 1 July 2025
The federal tax table changed.

- Northwest Territories (NTTAX)

Effective date: 1 July 2025

The federal tax table changed.

- Nova Scotia (NSTAX)

Effective date: 1 July 2025

The federal tax table changed.

- Nunavut (NUTAX)

Effective date: 1 July 2025

The federal tax table changed.

- Ontario (ONTAX)

Effective date: 1 July 2025

The federal tax table changed.

- Prince Edward Island (PETAX)

Effective date: 1 July 2025

The federal tax table changed.

- Québec (PQTAX)

Effective date: 1 July 2025

The federal tax table changed.

- Saskatchewan (SKTAX)

Effective date: 1 July 2025

The federal tax table changed.

- Yukon (YTTAX)

Effective date: 1 July 2025

The federal tax table changed.

Payroll Tax Update 25.01

Update 25.01 includes three federal tax changes and many provincial tax changes.

Federal tax changes

- Canadian Pension Plan (CPP and CPP_E)
Effective date: 1 January 2025
The annual limit increased from \$68,500 to \$71,300.
The contribution rate remains the same at 5.95%.
- Additional Canadian Pension Plan contribution (CPP2 and CPP2_E)
Effective date: 1 January 2025
The tax calculation limits are between earnings of \$71,300 and \$81,200.
The contribution remains the same at 4%.

Note: The Canadian Pension Plan contribution calculations include the situation when an employee changed employment from Québec to another province during the year.

- Employment Insurance (EI and EI_E)
Effective date: 1 January 2025
The maximum annual insurable earnings increased from \$63,200 to \$65,700.
The premium rate decreased from 1.66% to 1.64% for all provinces except Québec.
The employer premium decreased to 2.30% for all provinces except Québec.
The premium rate for Québec decreased from 1.32% to 1.31%.

Provincial tax changes

- Alberta (ABTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.
- British Columbia (BCTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.
- Manitoba (MBTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.
- New Brunswick (NBTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.
- Newfoundland and Labrador (NLTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.

- Northwest Territories (NTTAX)
Effective date: 1 January 2025
 The federal and provincial tax tables have changed.
- Nova Scotia (NSTAX)
Effective date: 1 January 2025
 The federal and provincial tax tables have changed.
- Nunavut (NUTAX)
Effective date: 1 January 2025
 The federal and provincial tax tables have changed.
- Ontario (ONTAX)
Effective date: 1 January 2025
 The federal and provincial tax tables have changed.
- Prince Edward Island (PETAX)
Effective date: 1 January 2025
 The federal and provincial tax tables have changed.
- Québec (PQTAX and QTX)
Effective date: 1 January 2025
 The federal and provincial tax tables have changed.
- Québec Parental Insurance (QPIP and QPIP_E)
Effective date: 1 January 2025
 The maximum insurable earnings increased from \$94,000 to \$98,000.
- Québec Pension Plan (QPP and QPP_E)
Effective date: 1 January 2025
 The annual limit increased from \$68,500 to \$71,300.
 The contribution rate for employees and employers remains same at 6.40%.

- Additional Québec Pension Plan contribution (QPP2 and QPP2_E)
Effective date: 1 January 2025
The tax calculation limits are between earnings of \$71,300 and \$81,200.
The contribution rate remains the same at 4%.
- Saskatchewan (SKTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.
- Yukon (YTTAX)
Effective date: 1 January 2025
The federal and provincial tax tables have changed.