The payroll engagement letter

Canada edition

[Firm letterhead]

[Date]

[Client name]
[Client address]

Dear [Client contact],

THE ENGAGEMENT

We will process the payroll of [Client name] on a [weekly / fortnightly / monthly] basis for approximately [number] employees, beginning [date]. For each pay run we will calculate gross pay, deductions and net pay, provide payslips, and prepare source deduction remittances for income tax, CPP and EI, and Records of Employment through Service Canada. At the year end we will prepare T4 slips and the T4 Summary, due by the end of February.

CHANGES AND APPROVAL

You will send us hours, new employees, leavers and any change to pay or deductions by [time] on [day] before each payday. Changes received after that go into the following pay run, unless you ask for an additional run, which is charged at [rate].

Before each pay run we will send you a summary for approval. We will not finalise the payroll until you have approved it, and your approval confirms that the figures are correct.

PAYMENTS

You are responsible for paying net wages to employees and for making source deduction remittances to the CRA on your remitter schedule, [unless you instruct us to initiate those payments from your account, in which case you will ensure the funds are available by [time] on [day]]. We will calculate CPP and CPP2 contributions, and any pension or group RRSP deductions; paying them on time remains your responsibility.

YOUR RESPONSIBILITIES

You remain the employer and are legally responsible for withholding and paying the amounts due on time. You are responsible for the accuracy and completeness of the information you give us, including each worker's status as an employee or contractor, their rates of pay and their entitlements under employment law. We will rely on that information without verifying it.

When an employee leaves, you will tell us their last day and any final payments by [date], and we will prepare the Record of Employment. You will provide access to your payroll program account, granted through Represent a Client.

WHAT IS NOT INCLUDED

This engagement does not include employment law advice, deciding whether a worker is an employee or a contractor, benefits administration, bookkeeping, or dealing with any inspection, audit or enquiry by the CRA or any other authority. We will agree any of these separately.

FEES

Our fee is [amount] in Canadian dollars per pay run, invoiced [monthly], payable within [number] days. Year-end work and additional pay runs are charged at [rate] and agreed with you first.

ENDING THE ENGAGEMENT

Either of us may end this engagement on [number] days' written notice. We will complete the pay runs due in that period and provide your payroll records in a usable format.

CONFIDENTIALITY AND YOUR EMPLOYEES' DATA

Payroll records contain your employees' personal information. We hold and process it on your behalf in accordance with PIPEDA or its provincial equivalent, only for the purpose of running your payroll, and retain it for [number] years.

AGREEMENT

Please sign and return a copy of this letter.

Yours sincerely,
[Name], [Firm name]

Agreed for [Client name]:

Signature _____ Date _____

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