YEAR END PROCEDURES FOR CANADIAN PAYROLL

DECEMBER 2025

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Publication Date

November 2025

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About the Manual

This instruction manual has been prepared exclusively for clients of Encore Business Solutions. This document provides users with detailed steps to successfully complete the Year End Procedures for Canadian Payroll.

Symbol Definitions

This indicates an alert.

This indicates a helpful tip, trick, shortcut, or suggestion.

This indicates a reminder.

This indicates a definition.

Year End Procedures for Canadian Payroll

INSTALLATION OF YEAR END TAX UPDATE

1. Complete all 2025 pay runs.

Any batch with a cheque date of 2026 should be processed after the Year End File Reset. For example, if the cheque date of the final pay period for 2025 is January 1, 2026, the 2026 tax tables must be used for that pay run.

While batches may need to be open for January payroll, it is not recommended. If an open batch is required due to timing, ensure it is not processed and do not calculate the batch.

2. Complete any necessary 2025 payroll reports.

After the year end close, most reports, such as WCB or Receiver General will still be available through Inquiry > Employee Last Year Information.

3. Make a backup of your data titled “2025 Pre Year-End Update”.

4. Install the 2025 Canadian Payroll Year-End Update.

See documentation for Year-end installation of Tax Patch.

BEFORE YOU BEGIN

1. It is vital to do your Year End Tax update installation before the Year End Reset because you are prompted during the Year End Reset to update Basic Personal Amounts. The Basic Personal Amounts come directly from the tax update installation. If you miss this, you will need to restore from a backup and start again.

2. When you do the year end close, it moves all your current posted data into the Last Year (LY) tables. It does not take the date into consideration. For this reason, it is very important that you complete ALL 2025 Payrolls and then complete the year end file reset before doing any 2026 payrolls.

3. When you do the year end file reset it changes the Basic Personal Amounts for employees. Depending on the Province it will either add a fixed amount or increase the amount by an indexation factor as determined by the Provincial Authority.

4. The 2025 Quebec Software and Authorization numbers are:
   - Software Developer Number for electronically filed RL-1 (XML) = **RQ-25-01-120**
   - Authorization Number for Computer Generated RL-1 Slip = **FS2501061**
     To be entered in the Payroll T4/R1 Print window

Please read through the following instructions prior to beginning.

If you haven’t already done so, MAKE A BACKUP CALLED “Pre-Payroll Year-End Reset”.

Copy this backup to an Archive folder and rename it to “2025 Payroll Archive”

YEAR END PROCESS

INSTALL THE YEAR END TAX UPDATE

https://learn.microsoft.com/en-us/dynamics/s-e/gp/cagptuye2018_285

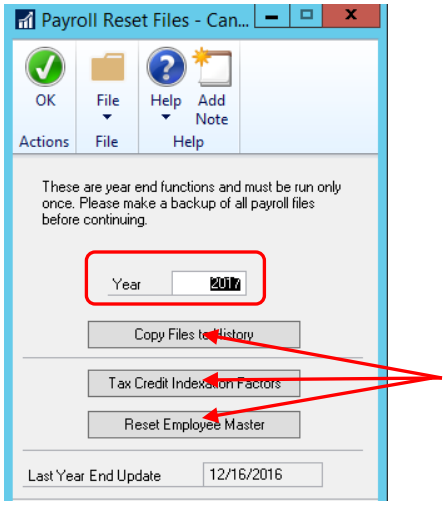
Name: MicrosoftDynamicsGP18-KB5054792-ENU.msp
GP Versions: 18.8.1919
Canadian Payroll Version: 18.8.1929

Take a backup called “Post-Payroll Tax Install.xls”

RESET YEAR END

Before running the Year end file reset, ensure your Employer IDs are checked. The Names, addresses and business numbers are correct. After the reset these cannot be changed.

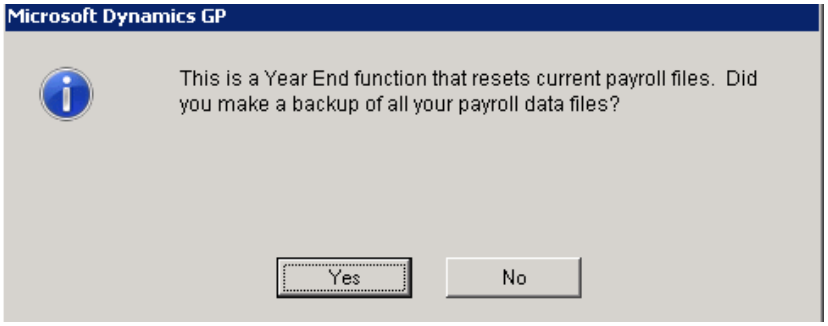
1. Reset the Year end File
   Go to Routines > Year end File Reset
   You will receive a message:
   “This is a year end function, are you sure you wish to continue?” Click **YES**



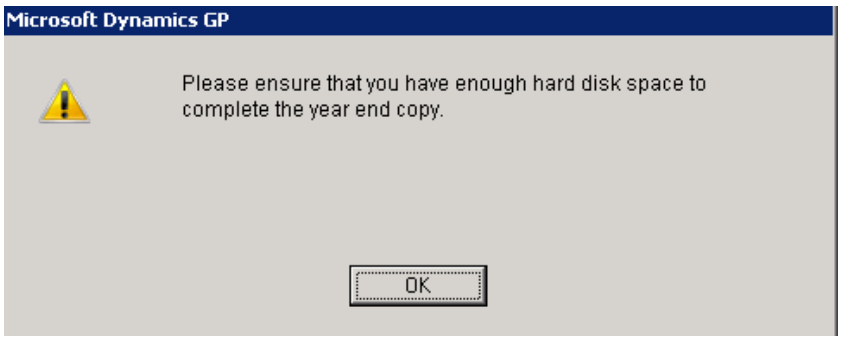
Be sure that the year you are creating T4’s for is in the field marked Year. It is critical that the correct year be showing in this field. This year you should see **2025**.

Last Year End Update field should have the new 12/??/2025 date populated.

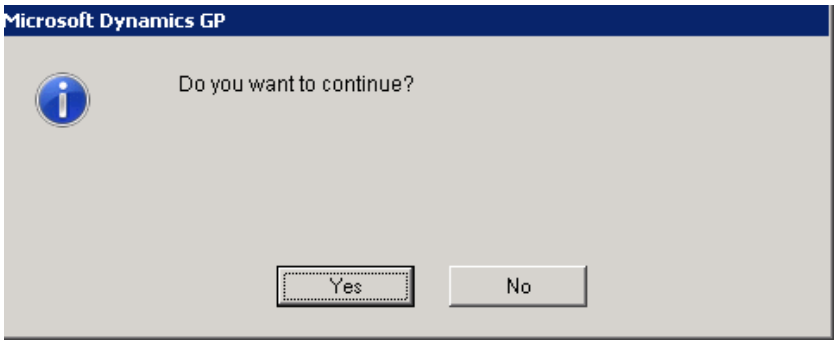
a. Click Copy Files to History



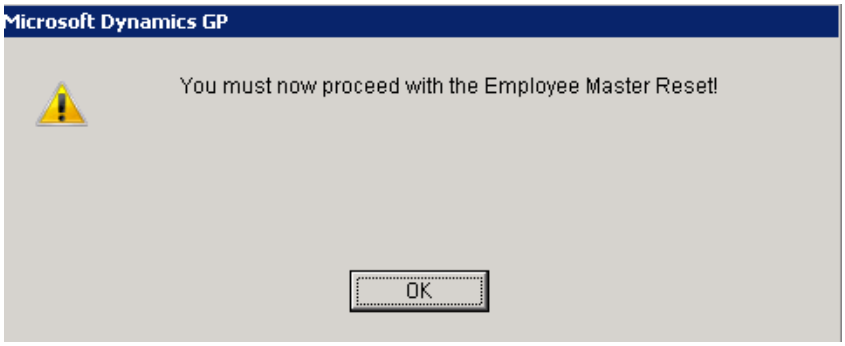
- Click **Yes.**



- Click **OK.**



- Click **Yes.**



- Click **OK.**

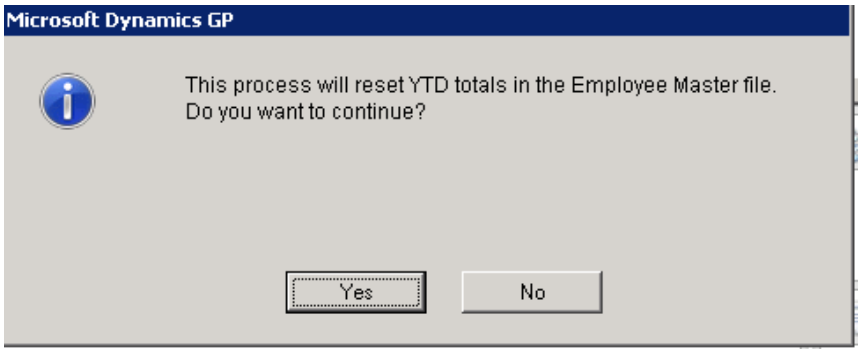
To determine the necessary disk space browse to your data folder. Typically found at **C:\Program Files (x86)\Microsoft Dynamics\GP18**. Right click the folder and determine the space required. You will require two times the space indicated. And/or open SQL and determine where your database files are saved.

b. Click Tax Credit Indexation Factors
Open this window and ensure these factors are correct.

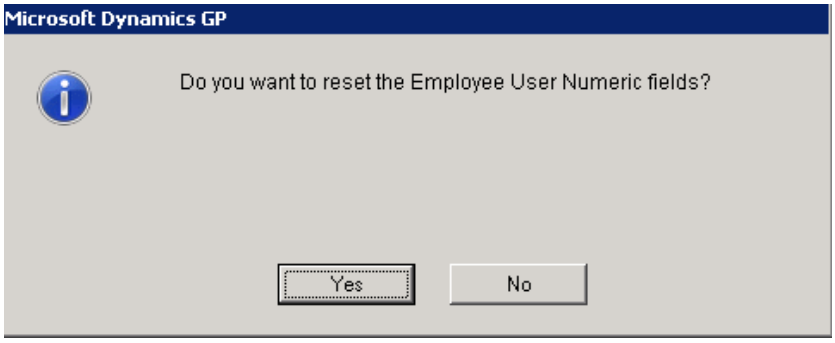
These factors update during the Tax update installation.

Indexing Factors	
	2026
CA	1.02000
AB	1.02000
BC	1.02200
MB	1.02100
NB	1.02000
NL	1.01100
NS	1.01600
ON	1.01900
PE	1.00000
SK	1.02000
QC	1.02050
NT	1.02000
NU	1.02000
YT	1.02000

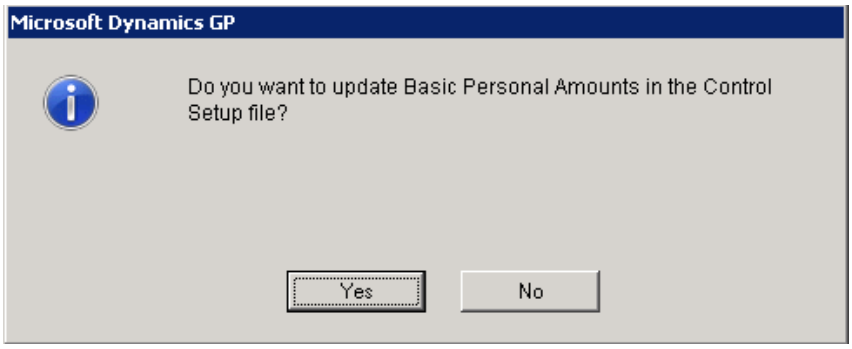
c. Click Reset Employee Master



- Click **Yes.**



- Click **Yes.**



- Click **Yes.**

- Only single click the buttons.
- Choose YES to all requests.
- To ensure that all tables are available for resetting, make sure that the Year End File Reset window is the only window open in Microsoft Dynamics GP.
- This process can only be run once. If there is a problem with any of this process, you will need to restore from backup and start the Reset File process again.

2026 PERSONAL TAX CREDIT

The Personal Tax Credit is updated during installation and when Employee Masters are reset. Check Employee Cards (Cards > Employee > TD1 Values) to ensure the tax credits have been updated correctly as per the following:

New Basic Personal Tax Credit Jan 2026			
FEDERAL	16,452	**NB**	13,664
QU	18,952	**NS**	11,932
BC	13,216	**PEI**	15,000
AB	22,769	**NFL**	11,188
SK	20,318	**NWT**	18,198
MB	15,780	**NU**	19,659
ON	12,989	**YKN**	16,452

You can also go to Control > Tax Credits to check all jurisdictions.

Federal uses the Basic Personal Amount Formula (BPFA). If necessary, please adjust at the employee level. However, it is critical that the Setup Tax Control window has 16,452 entered.

- Yukon uses Basic Personal Amount Formula (BPAYT).
- Manitoba uses Basic Personal Amount (BPAMB).

Where necessary, adjust these Basic Personal Tax Amounts at the employee level for the specific jurisdiction.

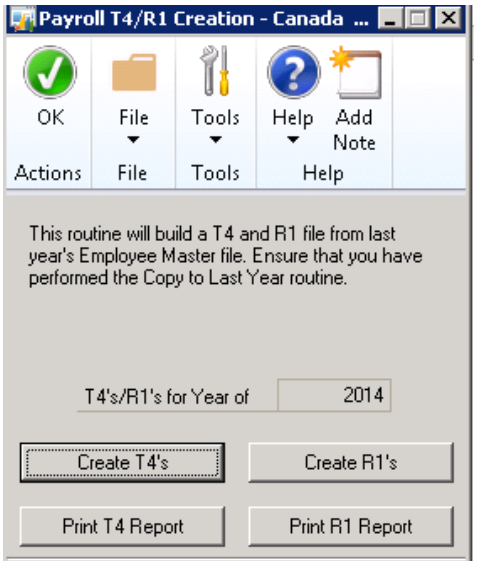
Please refer to the T4127 link at the end of this document, for further information.

CREATE T4S

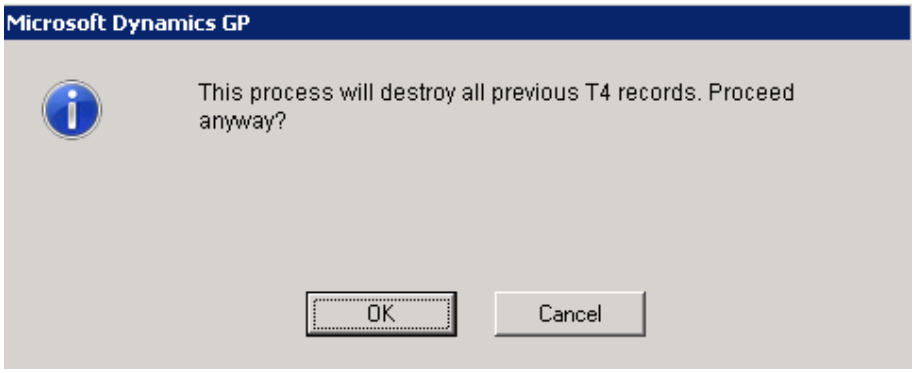
1. Create T4's

   Routines > T4 & R1 Creation

   Note: Year should be 2025



   a. Click Create T4's



   - Click **OK**

2. Print T4 Report

   This is the report that you will need to reconcile payroll amounts.

EDIT T4S

3. T4 Edit

The recommended way to edit T4s so that it provides historical records for all past years is as follows:

The only time we recommend making changes in the T4 Edit window is when the extra box numbers are not available in Last Year's T4 window.

a. To make T4 Edits go to Inquiry > Employee Last Year Information.
   - Choose the year 2025
   - Choose the Employee that requires editing
   - Click the T4 button
   - Click the Update checkbox
   - Make the changes and click Save

b. Once all edits are made, re-run through step #1 (Create T4's) and on.

Do not reset the year end file again. The Year End File Reset cannot be re-run until next year.

You can recreate your T4s as many times as you need.

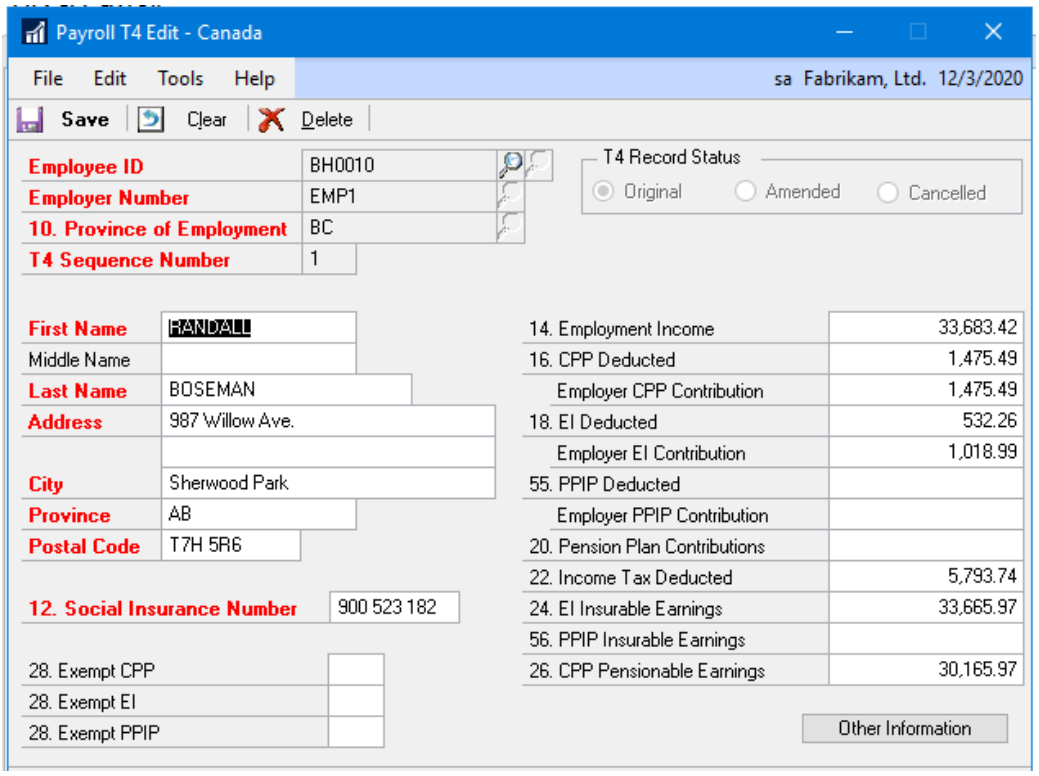
ALTERNATIVE

The following instructions offer an alternative option to editing T4s.

a. Routines > T4 Edit
   This allows you to edit any T4 information.

Normally edits are not completed in this window.

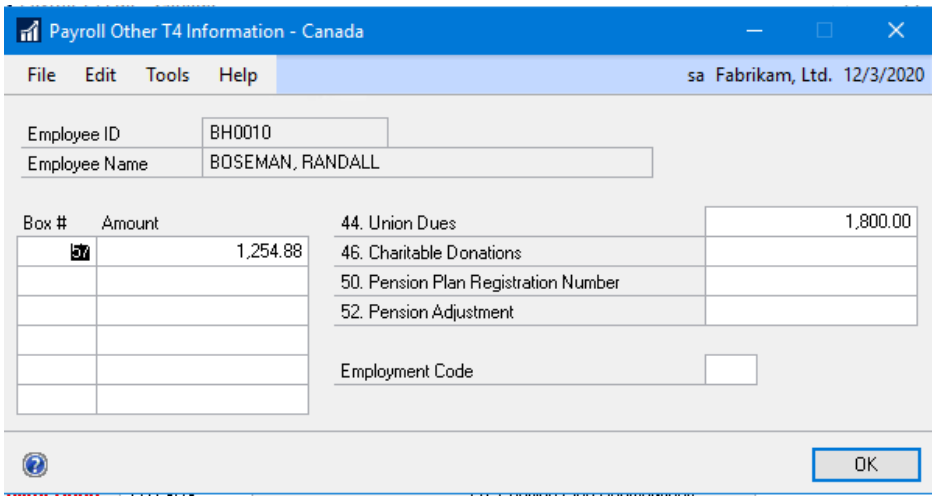
The T4 Edit window will be required if there is an extra box number not available in the T4 window of Employee Last Year Information.



b. Enter/Select the Employee ID

The left looking glass shows all Employee with an existing T4. The right shows all employees.

Click Other Information button



T4 & R1 SUMMARY

4. T4 & R1 Summary
   Routines > T4 and R1 Summary
   This creates your T4 summary and is a mandatory step.

   a. Click Create T4 Summary Records

PRINT T4 & R1 FORMS

5. T4 & R1 Print
   Routines > T4 and R1 Print

   a. Use look up to choose Employer number. This process needs to be repeated for each employer number.

   b. Click T4 Slips
   This will print your T4's.

These can be printed on plain paper to review them. After reconciling print final copies, insert T4 forms into document feed in the printer and print on these.

Note: You can no longer order T4 forms. You must print them from the CRA website. It is recommended to print one, then photocopy, to prevent slippage in the printer.

Blue Moon's (formerly Encore's) ePaystub module provides a printable form with lines. This form is printed directly from GP. This form can be purchased as a modified report without installing ePaystub.

Encore's ePaystub provides the ability to eMail T4s.

   c. Click T4 Summary
   Print the T4 summary for reconciliation.

If you are not filing electronically you will need to print both Laser Employee T4 Slip Type and Laser Employer/RevCan.

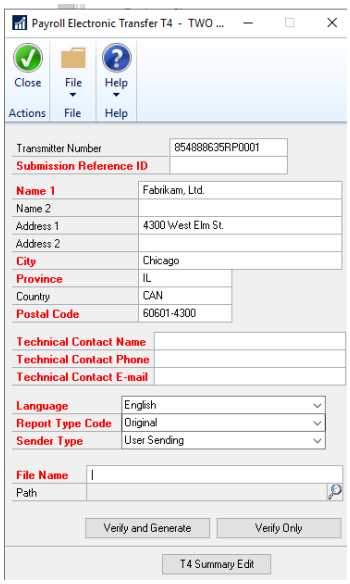
Note: There is a new T4 for 2025

FILING ELECTRONICALLY

6. File Electronically
    a. From the T4/R1 Print Window Click Electronic T4's

This process may need to be discussed with CRA. They will give you a Submission reference ID for you to identify yourself during the upload process.

Fill in ALL mandatory information which are indicated in Red



i. Transmitter number:
    - This is typically your business number. It is the Number used for your CRA log in. It must match Identical to your CRA log in ID.
    - This field will auto-populate with the Business Number of the Employer ID you have selected in the T4/R1 Print Window. If no Employer ID was selected the field will be blank.

ii. Submission Reference ID: This number is the number to the right on the T4 summary sent to you by CRA (as if you were going to mail it in) (eg: 819156)

In recent years CRA has indicated they are not interested in the Reference ID. You can populate this with whatever you want. You may want to check if this has changed.

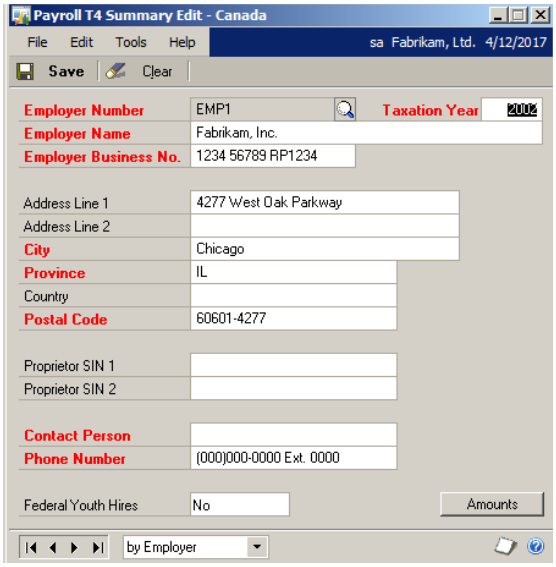
Most of the following information should default from the Employer ID setup window or from the Company Setup window.

- Name 1: This company information should already be filled in as it will default from the Employer Number.
- Technical Contact Name: Enter your name

- Technical Contact Phone: Enter your phone number
- Language: Should be English by default
- Report Type Code: Should be original (unless you are sending an amended version- please request additional information for amended T4s)
- Sender Type: User sending
- File Name: Name the file (eg: Company 2025)
- Path: Use the lookup button to choose where you want to save the above-named file.

If this produces errors the first time, each time this window is opened there will be missing information.

c. Click T4 Summary Edit and fill in all mandatory fields.



Again, if this doesn't work the first time, each time this window is opened there will be missing information.

- Click Amounts to verify amounts by employer
- Click Save
- Repeat for all Employer IDs *before* closing this window

d. Click Verify Only
This allows the system to scan each T4 and the summary to see if there are errors that need to be corrected.

If there are any errors the final file will not generate. Errors are very clear. They may be from the summary report (T4 Summary Edit button) or the Transfer

screen. They may be from the company set up, employer setup or the employee card.

- All provinces must use the 2-letter code

AB, BC, MB, NB, NL, NS, NT, NU, ON, PE, QC, SK, US, YT, ZZ

- All postal codes must be XXX XXX
- For missing Social Insurance Numbers, you can use 000 000 000. But you must inform CRA that you are missing them.

e. Fix errors and repeat.

Remember to fix the errors in the Employee Last Year Information AND in the current Employee Card to avoid the same error next year.

f. Re-create the T4s (step #1) and on.

g. Verify and Generate when Verify Only has no errors. This file is ready to be uploaded to CRA.

The electronic file contains ALL employer Numbers. The company name will reflect the Employer ID chosen.

CRA FILING

Go to the CRA website to file T4's electronically and follow their instructions on how to file T4's

Instructions: https://www.canada.ca/en/revenue-agency/services/e-services/filing-information-returns-electronically-t4-t5-other-types-returns-overview.html

Sign into CRA Account: www.cra.gc.ca/iref

FINAL STEPS

- Create a final backup called "Post Payroll Year-End Close"
- Save this backup along with your payroll "2025 Payroll Archive" Backup.