



**GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR**

**DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION**

**Bulletin No: 505
Issue Date: March 2001**

**TAX INFORMATION BULLETIN
HEALTH & POST SECONDARY EDUCATION TAX**

In her budget speech of March 22, 2001, the Honourable Joan Marie Aylward, Minister of Finance, announced an increase in the exemption threshold to the Health and Post Secondary Education Tax (HAPSET), commonly referred to as the payroll tax.

Effective April 1, 2001, the annual tax exemption threshold will increase from \$400,000 to \$500,000 per calendar year. Consequently, the effective tax free threshold for the 2001 calendar year is \$475,000. The effective exemption threshold for this year is calculated as 9/12ths of the increased amount of \$100,000 plus the total of the previous exemption threshold of \$400,000. On January 1, 2002 the annual exemption threshold will be \$500,000.

Employers who are associated with other corporations or who are partners in a partnership with other employers who pay remuneration to employees, are required to file an allocation agreement for the purposes of allocating the tax free amount. **For these employers, the Department will allocate the increased tax free remuneration based on the most recently filed allocation agreement.**

Employers whose cumulative payroll for the calendar year 2001 will not exceed \$475,000 will not be required to pay payroll tax. For those employers whose reported cumulative payroll for the calendar year 2001 has already exceeded \$400,000 an adjustment to reflect the new threshold will be required which may result in an overpayment of tax. **The Department will review those accounts and make the required adjustment which will be detailed on your next statement. Employers may then take any overpayment shown as a credit against future remittances.**

Should you require information regarding any of the tax laws administered by the Tax Administration Division, please contact the office at:

Tax Administration Division
Confederation Building
P.O. Box 8700
St. John's, NF
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Fax: (709) 729-2856

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