

Frequently Asked Questions: Program and Services Delivery Clerk (PSDC) Reclassification

This document has been created to assist affected employees by providing pay related information on the Program and Services Delivery Clerk (PSDC) reclassification.

Frequently Asked Questions

Section 1: General questions	3
1. What is retroactive pay?	3
2. As this reclassification is retroactive, will my salary step be adjusted as well?	3
3. How will I receive my retroactive pay?	3
4. How do I know whether I have received retroactive pay?	3
5. What do I do if I think my retroactive payments/salary step adjustment are incorrect?	3
6. Will I receive retroactive pay for overtime I worked?	3
Section 2: Salary Considerations.....	4
1. I was in an acting situation during the reclassification. Will the salary step in my acting (s) be adjusted?.....	4
Section 3: Tax Implications	4
1. Will T4/Relevé 1 slips be corrected for the tax years covered by the reclassification (i.e. previous years that the reclassification now covers)?	4
2. Will Income Tax be deducted from my retroactive payments?	4
3. Can I apply a tax waiver on the retroactive payment?	4
4. How do I apply for a tax waiver?.....	5
5. Can I transfer the retroactive payment directly to an RRSP account?	6
6. Can I get a tax waiver after I have received my retroactive payment?	6
Section 4: Leave situations	7
1. I am on leave without pay. How will I be affected?.....	7
2. Why can't I check Phoenix using Self Service while I am on leave without pay?	7
3. Will I receive retroactive adjustments for maternity/parental top ups?	7
4. What about the impact on Employment Insurance (EI) or the Québec Parental Insurance Plan (QPIP). Do I need to report retroactive payments as income to EI/QPIP?	7
5. I am or have been on Leave with Income Averaging (LIA). How will I be affected?	7

6. I was receiving disability insurance/workers compensation during the retroactive period. How will I be affected? 7

7. How will this affect my vacation leave cash out/compensatory leave cash out? 8

Section 5: Overpayments..... 8

1. I had an overpayment. How will this affect my retroactive pay? 8

Section 1: General questions

1. What is retroactive pay?

This is the payment that is owed to an affected employee going 'back' to the start of their reclassification.

Note that although the new work description is retroactive effective September 14, 2006, the reclassification effective date for each employee will vary. For more details, see [What period will the retroactivity cover?](#)

2. As this reclassification is retroactive, will my salary step be adjusted as well?

Yes. Salary step adjustments will be reviewed and processed, along with retroactive payments, by a Compensation Advisor at the Public Service Pay Centre.

3. How will I receive my retroactive pay?

Employees will receive their retroactive pay with their regular pay. Please note that you may receive multiple paycheques/deposits. An example of this would be if you were owed payments for an acting period.

4. How do I know whether I have received retroactive pay?

Once your request has been actioned by the Public Service Pay Centre, and a Compensation Advisor has processed your retroactive payment, you will receive a notification from the ESDC Compensation Services Directorate.

You can then access your pay stub to see your information via the Pay Stubs and Archived Tax Slips link on the [Compensation Web Applications](#) web page. Alternatively, you can view your retroactive pay by accessing Phoenix Self-Service and by selecting 'View Paycheque'.

5. What do I do if I think my retroactive payments/salary step adjustment are incorrect?

Once your reclassification case has been completed by the Public Service Pay Centre, a Pay Specialist from ESDC's Compensation Services Directorate will contact you. The Pay Specialist will guide you through the details of your retroactive payment and help you better understand the pay actions that were taken on your file. The Pay Specialist will also be responsible for answering your pay related questions regarding your retroactive payment and salary step adjustment. Therefore, you do not have to submit a Pay Escalation Issue request through the HRSC Web Application.

6. Will I receive retroactive pay for overtime I worked?

Yes. When your salary rate has been revised and your retroactive pay issued, this will include any corresponding adjusted payments for your eligible overtime.

Section 2: Salary Considerations

1. I was in an acting situation during the reclassification. Will the salary step in my acting (s) be adjusted?

Yes. Once a Compensation Advisor at the Public Service Pay Centre is assigned to your reclassification case, they will also review acting records and adjust the salary step accordingly, if applicable. You will then receive a retro pay for amounts owed due to the salary step adjustment in the acting record, in accordance with the Terms and Conditions of Employment.

Section 3: Tax Implications

1. Will T4/Relevé 1 slips be corrected for the tax years covered by the reclassification (i.e. previous years that the reclassification now covers)?

No. For the purpose of the T4/Relevé 1, salary related payments are reflected in the year they are received. Therefore, new tax slips will not be issued for previous tax years given that your retroactive payment will be issued in the current tax year. For further tax related questions, employees are encouraged to contact Canada Revenue Agency/Revenu Québec.

2. Will Income Tax be deducted from my retroactive payments?

Yes. Income tax will be deducted at source from the reclassification retroactive payments. The total amount to be deducted for Federal and Provincial income tax will be determined from tax tables established by [Canada Revenue Agency \(CRA\)](#) and [Revenu Québec](#), applicable to the province or territory in which you are employed.

3. Can I apply a tax waiver on the retroactive payment?

Yes, employees may apply for a one-time tax exemption, or tax waiver, if they are:

- in receipt of a lump sum;
- would like to place it in into a Registered Retirement Savings Plan (RRSP) without income tax withheld at source; and
- have enough room available in their RRSP.

For detailed instructions on how to apply for a tax waiver, see [How do I apply for a tax waiver section?](#)

Note: It is strongly recommended that you contact the Canada Revenue Agency or Revenu Québec immediately if you are applying for a tax waiver, as the estimated time for CRA/Revenu Québec to process your request is 4-8 weeks.

4. How do I apply for a tax waiver?

Employees must apply directly to Canada Revenue Agency (CRA) or to Revenu Québec for a waiver and then submit the appropriate documentation to the Employment Social Development Canada (ESDC) Compensation Services Directorate **before** the retro payment is calculated and produced.

Step 1: If you intend to apply for a tax waiver, you must apply directly to Canada Revenue Agency (CRA) or to Revenu Québec for a waiver as soon as possible.

Required Documents:

- Revenu Québec - [Application for a Reduction in Source Deductions of Income Tax](#)
Canada Revenue Agency - [Request to Reduce Tax Deductions at Source](#)

Note that you must send the completed application to CRA or Revenu Québec by mail or by fax. The addresses to which to send your request are provided on the forms.

Employees may wish to consult the iService Glossary item [How to Calculate Your Gross Pay](#) in order to calculate the estimated retroactive pay.

Clearly indicate, on the appropriate section of the form, details of the lump sum payment (e.g. retroactive payment due to job reclassification).

After You Apply to CRA or Revenu Québec for a Tax Waiver

CRA/Revenu Québec will send you a letter indicating **whether the application has been granted or denied** and, if applicable, the amount of the reduction. *Note that the estimated time for CRA/Revenu Québec to process your request is **4-8 weeks**.*

Once you have obtained the tax waiver approval letter from CRA/Revenu Québec, please proceed with [Step 2](#) of the process.

Step 2: You must submit the tax waiver approval letter to the Compensation Services Directorate through the [Human Resources Service Centre \(HRSC\) Web Application](#). Please note that your reclassification **cannot** be processed until you provide the Compensation Services Directorate with the tax waiver approval letter.

- Select the Pay Escalation Issue form
 - **Category:** PSDC Reclassification (CR-04 to PM-01)
 - **Subcategory:** Tax Waiver Approval (Letter of Authority) Submission

Required Document:

- Tax waiver approval letter

ESDC's Compensation Services Directorate will provide the Public Service Pay Centre with your tax waiver approval letter in order for a Compensation Advisor to apply it to your retroactive payment.

Important Note: *Prior to your reclassification case being processed, you will be sent a communication from ESDC's Compensation Services Directorate asking you to confirm whether you will be applying for a tax waiver.*

*Once you have confirmed that you will **NOT** be applying for a tax waiver, you cannot change your response at a later date. Your retroactive payment will be processed, calculated and issued based on the tax waiver choice on file and cannot be changed.*

5. Can I transfer the retroactive payment directly to an RRSP account?

No, you cannot transfer retroactive payments directly into a Registered Retirement Savings Plan (RRSP) account. However, you can apply for a tax waiver if you have room in your RRSP. You must apply directly to the Canada Revenue Agency or to Revenu Québec for a waiver, and submit the appropriate documentation to the Compensation Services Directorate **before** the retro payment is calculated and produced. For more details, see [Can I apply a tax waiver on the retroactive payment?](#)

6. Can I get a tax waiver after I have received my retroactive payment?

No. Once a retroactive payment has been issued, a tax waiver **cannot be applied retroactively to your payment**. You may choose to look into alternative options with your financial advisor or banking institution to offset the impact of this lump-sum payment on your taxes.

Section 4: Leave situations

1. I am on leave without pay. How will I be affected?

If you are on leave without pay, you will receive any retroactive payments to which you are entitled for time worked during the retroactive period. Any payment owed to you while on leave without pay will be issued to you by direct deposit.

2. Why can't I check Phoenix using Self Service while I am on leave without pay?

Phoenix is accessible only on the Government of Canada network. Employees on leave without pay (LWOP) can contact ESDC's [Compensation Services Directorate](#) to provide them with a paper copy of the retroactive payment pay stub.

3. Will I receive retroactive adjustments for maternity/parental top ups?

Yes. Maternity and parental top ups that fall within the retroactive period will be recalculated based on your new revised salary. You will receive a retroactive payment for the difference.

4. What about the impact on Employment Insurance (EI) or the Québec Parental Insurance Plan (QPIP). Do I need to report retroactive payments as income to EI/QPIP?

You should contact Service Canada, or if you are a resident of the Province of Quebec, the Québec Parental Insurance Plan, to find out the impacts of any retroactive payments you receive on your Employment Insurance benefits and to find out what type of earnings you must report.

5. I am or have been on Leave with Income Averaging (LIA). How will I be affected?

A Public Service Pay Centre Compensation Advisor will review periods in which an employee was on LIA and will adjust retroactive payments accordingly.

For employees currently on LIA, you may see a change in the amount deducted on your biweekly paycheques.

6. I was receiving disability insurance/workers compensation during the retroactive period. How will I be affected?

If you were receiving disability insurance or workers' compensation payments during the retroactive period, the underwriters of the plans will be notified of the pay rate change. This is a manual process undertaken by compensation advisors at the Pay Centre.

7. How will this affect my vacation leave cash out/compensatory leave cash out?

If your salary rate has been revised, your vacation leave or compensatory leave cash-outs in the retroactive period will also be revised.

Section 5: Overpayments

1. I had an overpayment. How will this affect my retroactive pay?

In accordance with the Terms and Conditions of Employment, unless employees choose to pay the amounts owing right away, recoveries of these amounts will only start when:

- all monies owed to the employee have been paid;
- the employee has received 3 consecutive correct pay cheques;
- a recovery agreement has been established.

For information on overpayment recovery options and exceptions, please visit Public Services and Procurement Canada's (PSPC) [Recovery of Overpayment](#) web page.

If you have an overpayment which is being repaid with a set amount deducted from each regular pay, this should not be affected by your retroactive payment.

Please note that if are leaving the public service or have already left, the overpayment is set to be collected from first available funds. The system will collect the full amount of the overpayment from your retroactive payment. Once the full amount of the overpayment has been collected, the remaining balance of the retroactive payment amount, if any, will be paid to you.