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TAXABLE BENEFITS AND DEDUCTIBLE EXPENSES

INCOME TAX REPORT 2013

TAXABLE BENEFITS FOR GROUP INSURANCE

Taxable benefits are amounts paid by the employer for the employee, which governments (Quebec and Canada) consider as taxable revenues. These amounts are different in every plans, since they depend on the tax treatment of the short and long term disability insurance. Our responsibility is to give you the proper advice in order to optimise your plan. You will find below the details on the benefits which are taxable benefits.

BENEFITS	PROVINCIAL	FEDERAL
Life insurance	YES	YES
Accidental death and dismemberment insurance	YES	YES
Dependent life insurance	YES	YES
Short term disability insurance	**NO**	**NO**
Long term disability insurance	**NO**	**NO**
Health insurance	YES	NO
Dental care insurance	YES	NO
Employee assistance program	NO	NO
Critical illness insurance	YES	YES

*Since 2013, the benefits for accidental death and dismemberment insurance and critical illness insurance are taxable benefits at the federal level also.

These amounts need to appear in distinct boxes on your tax receipts (see below) and are included in the employee's revenue in box 14 of the T4 (federal) and in box A of the Relevé 1 (provincial).

BENEFITS	FEDERAL	PROVINCIAL
Life insurance	Box 40	Box L
Health insurance	N/A	Box J

ROBIN VEILLEUX
ASSURANCES & RENTES COLLECTIVES INC.
CABINET DE SERVICES FINANCIERS

DEDUCTIBLE EXPENSES FOR GROUP INSURANCE

Provincial taxes:

At the provincial level, the amount paid by the employer for health insurance benefit and the one paid by the employee can be added on the employee's income tax report as deductible expenses.

Federal taxes:

Only the amount paid by the employee can be added as a deductible expense on the employee's federal income tax report.

The amount to add is the one from the provincial income tax report from which the amount paid by the employer, written in box J of the Relevé 1, is subtract.

** To these amounts, it is possible to **add** the expenses that are not reimbursed by the insurer (example: deductible and non-refundable coinsurance, and expenses exceeding the contract limits: glasses, dental care, etc.)

At the federal level, **family expenses** can be used by one partner or the other. A credit will be applied on the 3 % exceeding the net revenue. It is advantageous that these amounts be used by the partner with the lowest revenue, as long as he as enough tax to pay.

At the provincial, the credit is applied on the exceeding 3 % of the combined revenue of the partners. Thus, it is more advantageous for the partner with the higher revenue to apply these amounts on his income tax report.

At both levels, the expenses exceeding the 3 % cannot be reported to another year.

For more information, do not hesitate to contact us!