

Re: CRA Tax Change for Disability Benefit Payments

You may have recently received a memo from your group benefits insurance carrier advising of upcoming CRA tax changes which affect some disability programs. We have received many inquiries regarding the potential impact of this change, for your benefits program, so we have clarified this change below:

- The Canada Revenue Agency has announced a change that will affect new and existing **taxable** disability benefit payments.
- Effective January 1, 2015, the CRA requires that tax be deducted by insurers from disability benefit payments, as they are issued to claimants throughout the year.
- Currently, members receiving taxable disability payments have the option to have the tax withheld at source by the insurer, or they can choose to pay the income tax when they file their annual tax return.
- This change applies to insured **taxable** short and long term disability benefits. A disability program is considered to have a “taxable” benefit in the event that the premiums are employer-paid.

If your benefits plan includes Short Term or Long Term Disability coverage, you have likely already received communication regarding the change from your insurance carrier. However, **this change does NOT affect the majority of disability programs, which are employer-paid, and therefore non-taxable programs.**

For anyone currently receiving taxable disability benefit payments, the insurers will be communicating directly with the claimants, if a change is required.

For more information on this change please feel free to contact our office at 604-688-5559.