

Employee Benefits: Taxable Benefit or Not?

Employer-paid premiums are a taxable benefit

Life Insurance

- Any premium paid by the Employer must be treated as a taxable benefit to the Employee
- Any benefit paid upon death is non-taxable, regardless of who pays the premium

AD&D Insurance

- Any premium paid by the Employer must be treated as a taxable benefit to the Employee
- Any benefit paid upon death is not taxable, regardless of who pays the premium

Dependent Life Insurance

- Any premium paid by the Employer must be treated as a taxable benefit to the Employee
- Any benefit paid upon death is non-taxable, regardless of who pays the premium

Critical Illness Insurance

- Any premium paid by the Employer must be treated as a taxable benefit to the Employee
- Any benefit paid is not taxable, regardless of who pays the premium

Medical Services Plan (BC "MSP") Premiums

- Employer-paid premiums are a taxable benefits for employees

Taxation depends upon who pays the premium

Short Term Disability

- Any premium paid by the Employer is not a taxable benefit to the Employee
- If the Employer pays any portion of the premium, the benefit in the event of a claim is taxable as income to the employee.

Long Term Disability

- Any premium paid by the Employer is not a taxable benefit to the Employee
- If the Employer pays any portion of the premium, the benefit in the event of a claim is taxable as income to the employee.

Tax-neutral benefits

Extended Health Benefits

- Any premium paid by the Employer is not a taxable benefit to the Employee
- Any benefit paid is not taxable, regardless of who pays the premium

Dental Care Benefits

- Any premium paid by the Employer is not a taxable benefit to the Employee
- Any benefit paid is not taxable, regardless of who pays the premium

Taxation varies depending on account type

Health Spending Accounts

- Amounts paid for CRA-eligible medical expenses are tax-deductible to the Employer
- Amounts reimbursed for CRA-eligible medical expenses are not a taxable benefit for Employees

Lifestyle Spending Accounts

- Amounts paid for Lifestyle expenses are tax-deductible to the Employer
- Amounts reimbursed for Lifestyle expenses are a taxable benefit for Employees