

Taxes

2021 | TAX QUICK TIPS

Group Benefits Taxation

Each benefit, depending on what the employer provides, plus the percentage an employee pays versus the percentage the employer pays — makes it a taxable or non-taxable benefit.

Benefit	Is the Premium Taxable to Employees?	Are Benefit Payments Taxable to Employees?
Life Insurance	Yes	No
Dependent Life Insurance	Yes	No
Accidental Death & Dismemberment (AD&D)	Yes	No
Critical Illness Insurance (CI)	Yes	No
Short & Long Term Disability Insurance (STD/LTD)	No/Yes*	No/Yes*
Extended Health Care (EHC)	No; Yes in Quebec	No
Dental Insurance	No; Yes in Quebec	No
Employee Assistance Program (EAP)	No	No
Health Care Spending Account (HCSA)	No; Yes in Quebec	No
Diagnostic Specialist Access Insurance (DSAI)	No	No

**Disability payments are taxable to the employee if the employer pays a portion of the premium for short term and/or long term disability.*

Consider adding the portion of these premiums paid by the employer as a taxable

benefit to the employee to avoid taxation of disability payments.