

Employer Contributions to Accidental Death and Dismemberment (AD&D) and Critical Illness (CI) Insurance Premiums will become Taxable

Effective January 1, 2013, contributions made by employers to certain group sickness or accident insurance plans will be taxable income in the hands of employees for federal income tax purposes. This change was announced by the federal government in its 2012 Budget. Once enacted, employer contributions to both group AD&D insurance premiums and group CI premiums will become taxable income for federal income tax purposes. (Employer contributions to private health services plans and to group disability plans will continue to be non-taxable federally.) The changes to group AD&D and group CI plans will apply to contributions made by employers starting January 1, 2013. However, if contributions made by an employer after March 28, 2012, and before 2013, relate to coverage provided after December 31, 2012, the contributions will be a taxable benefit and included in the employees 2013 income.

To view information distributed by the federal government regarding the changes, refer to:

In English:

www.cra-arc.gc.ca/gncy/bdgt/2012/qa06-eng.html

In French:

www.cra-arc.gc.ca/gncy/bdgt/2012/qa06-fra.html