

BENEFITS BY DESIGN (BBD) INC.

2021 TAX QUICK TIPS:

+ Guide to **Canadian Benefits**

This information is up to date as of Feb 12th 2021 | Copyright Benefits by Design (BBD) Inc.



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About Benefits by Design (BBD) Inc.

Benefits by Design (BBD) Inc. is a proud Canadian success story. Established in 1996, we are on a mission to help working Canadians promote and protect their health, wealth, and happiness by delivering employee benefits by design.

Follow us on social media [@bbdcanada](#), or visit www.bbd.ca for more information.



Canada Pension Plan (CPP)

The CPP provides retirement benefits to people who have worked and contributed to the plan. The CPP supplements your retirement savings plan. Contributions towards CPP are deducted from the individual's pay. This chart specifies annual contribution limits for individuals based on the [Canada Revenue Agency \(CRA\) guidelines](#).

Contributions		2020	2021
Annual Maximum Pensionable Earnings		\$58,700	\$61,600
Annual Basic Exemption		\$3,500	\$3,500
Contribution Basis		\$55,200	\$58,100
Maximum Annual Contributions	Employee	\$2,898.00	\$3,166.45
	Employer	\$2,898.00	\$3,166.45

Quebec Pension Plan (QPP)

The QPP provides retirement benefits to people who have worked and contributed to the plan in Quebec. Contributions towards QPP are deducted from the individual's pay. This chart specifies annual contribution limits for individuals based on the Canada Revenue Agency (CRA) guidelines.

Contributions		2020	2021
Annual Maximum Pensionable Earnings		\$58,700	\$61,600
Annual Basic Exemption		\$3,500	\$3,500
Contribution Basis		\$55,200	\$58,100
Maximum Annual Contributions	Employee	\$3,146.40	\$3,427.90
	Employer	\$3,146.40	\$3,427.90

Maximum Monthly Benefit CPP/QPP 2021

Type of Benefit	CPP	QPP
Retirement Pension (at age 65)	\$1,203.75	\$1203.75
Death Benefits		
65 and older	\$722.25	\$712.55
64 and under (maximum)	\$650.72	\$956.17
Under 45 (disabled)	\$650.72	\$956.17
Under 45 (not disabled with dependent child)	\$650.72	\$916.66
Under 45 (not disabled without dependent child)	\$650.72	\$576.19
Lump sum	\$2,500.00	\$2,500.00
Each child	\$257.58	\$257.58
Disability Benefit		
Contributor (maximum)	\$1,413.66	\$1,413.63
Each child	\$257.58	\$257.58

Employment Insurance (EI)

EI is an amount that each employee is required to pay based on their earnings in case the insurance is ever required. EI comes into play when an employee has lost their job and, through no fault of their own, are available to work but unable to secure employment. There are two types of benefits: regular and special. **Regular:** Loss of employment through no fault of your own.

Special benefits include:

- Maternity and parental benefits. If you are pregnant or the mother/father caring for a newborn or adopted child.
- Sickness benefits. If you are sick or injured or are quarantined due to an illness.
- Compassionate care benefits. If you have to take time off work for a sick family member.

	2020	2021
Maximum weekly benefit	\$573	\$595
Maximum annual insurable earnings	\$54,200	\$56,300
Employees		
Employee contribution rate (Quebec)	1.20%	1.18%
Maximum employee cost (Quebec)	\$650.40	\$664.34
Employee contribution rate	1.58%	1.58%
Maximum employee cost	\$856.36	\$889.54
Employers		
Employer contribution rate (Quebec)	1.68%	1.65%
Maximum employer cost (Quebec)	\$910.56	\$930.08
Employer contribution rate	2.212%	2.212%
Maximum employer cost	\$1,198.90	\$1,245.36

Quebec Parental Insurance Plan (QPIP)

QPIP supplements income for parents on parental leave. It is designed to support new parents as they devote time to their children in the first few months. It replaces maternity, parental, or adoptive parent benefits provided before 2006 under the federal employment insurance plan.

	2020	2021
Maximum annual insurable earnings	\$78,500	\$83,500
Employee contribution rate	0.494%	0.494%
Employer contribution rate	0.692%	0.692%
Maximum employee cost	\$387.79	\$412.49
Maximum employer cost	\$543.22	\$577.82

Registered Pension / Savings Plan Limits

Individual contributions to Registered Retirement Savings Plans (RRSP) and Registered Pension Plans (RPP) are tax-deductible and not taxed until the funds are withdrawn. For RRSP and RPP plans, there is a maximum amount for what you can deposit in a given year.

Tax-Free Savings Accounts (TFSA) are a government-regulated tax-free savings plan. Similar to the RRSP and RPP plans, there is a cap on the amount you can deposit per year.

Defined Pension Savings Plan (DPSP) is a savings plan whereby an employer contributes up to a certain amount (typically in the form of a percentage of your earnings). A DPSP acts like a pension at ages 60-65.

	2020	2021
Defined Contribution RPP - Annual contribution limit	\$27,830	\$29,210
Registered Retirement Savings Plan (RRSP)	\$27,230	\$27,830
Deferred Profit Sharing Plan (DPSP)	\$13,915	\$14,605
Tax-Free Savings Account (TFSA)	\$6,000	\$6,000

Workers' Compensation

Maximum assessable earnings subject to premiums.

Province	2020	2021
Alberta	\$98,700	\$98,700
British Columbia	\$87,100	\$100,000
Manitoba	\$127,000	\$127,000
New Brunswick	\$66,200	\$67,100
Newfoundland	\$66,980	\$67,985
NWT/Nunavut	\$94,500	\$97,300
Nova Scotia	\$62,000	\$64,500
Ontario	\$95,400	\$102,800
Prince Edward Island	\$55,300	\$55,300
Quebec	\$78,500	\$83,500
Saskatchewan	\$88,906	\$91,100
Yukon	\$90,750	\$91,930

Provincial Medical Programs

The Canada Health Act (CHA) is Canada's federal legislation for publicly funded health insurance. The CHA ensures all eligible residents of Canada have access to medically necessary health services, including hospital, physician, and extended health care services, on a prepaid basis, without direct charges at the point of service for such services.

All provinces and territories provide a range of health services that go beyond the requirements of the CHA. Coverage is up to the discretion of each province or territory. For more information on these services, please visit:

[Alberta Health Care Insurance Plan \(AHCIP\)](#)

[British Columbia Medical Services Plan \(MSP\)](#)

[Manitoba Health Services Insurance Plan \(MHSIP\)](#)

[New Brunswick Medicare](#)

[Newfoundland Medical Care Plan](#)

[Northwest Territories Health Care Plan](#)

[Nova Scotia Medical Services Insurance Program \(MSI\)](#)

[Nunavut Health Care Plan](#)

[Ontario Health Insurance Plan \(OHIP\)](#)

[Prince Edward Island Health Care Coverage](#)

[Régie de l'assurance maladie du Québec \(RAMQ\)](#)

[Saskatchewan Health Benefits Coverage](#)

[Yukon Health Care Insurance Plan](#)



Provincial Medical Programs

Province	Gross Annual Payroll	2021
British Columbia (Employer Health Tax)	\$500,000.00 or less	Exempt
	\$500,000.01 to \$1,500,000.00	2.925% x (B.C. remuneration - \$500,000)
	Greater than \$1,500,000.00	1.95% x total B.C. remuneration
Manitoba (Health & Post Secondary Education Tax Levy)	\$1,500,000.00 or less	Exempt
	\$1,500,000.00 to \$3,000,000.00	4.3% on the amount in excess of \$1.5 Million (notch provision)
	Greater than \$3,000,000.00	2.15% of the total payroll (the \$1.5 Million is not a deduction)
Ontario (Employer Health Tax) See separate table for premiums payable by the individual	\$1,200,000.00 or less	Exempt
	\$1,200,000 to \$5,000,000	1.95% on the amount in excess of \$1.2 million
	Over \$5,000,000	1.95%

Provincial Medical Programs

Province	Gross Annual Payroll	2021
Quebec (Health Services Fund)	\$1,000,000 or less	1.65%
	\$1,000,0001 to \$6,499,999	Between 1.65% - 4.26%
	\$6,500,00 or more	4.26%
Newfoundland (Health & Post Secondary Education Tax)	\$1,300,000 or less	Exempt
	Over \$1,300,000	2%
All other provinces	Government-funded	N/A

Ontario Individual Health Premiums

Ontario residents pay the health premium through the income tax system. The money collected through the tax funds Ontario's health services.

Individual Taxable Income	Premium for Tax Year
Up to \$20,000	No premium
\$21,000	\$60.00
\$22,000	\$120.00
\$23,000	\$180.00
\$24,000	\$240.00
From \$25,000 to \$36,000	\$300.00
\$36,500	\$330.00
\$37,000	\$360.00
\$37,500	\$390.00
\$38,000	\$420.00
From \$38,500 to \$48,000	\$450.00

Ontario Individual Health Premiums Continued

Individual Taxable Income	Premium for Tax Year
From \$38,500 to \$48,000	\$450.00
\$48,100	\$475.00
\$48,200	\$500.00
\$48,300	\$525.00
\$48,400	\$550.00
\$48,500	\$575.00
From \$48,600 to \$72,000	\$600.00
\$72,100	\$625.00
\$72,200	\$650.00
\$72,300	\$675.00
\$72,400	\$700.00
From \$72,600 to \$200,000	\$750.00
\$200,100	\$775.00
\$200,200	\$800.00
\$200,300	\$825.00
\$200,400	\$850.00
\$200,500	\$875.00
\$200,600 and over	\$900.00

Taxes

Sales Taxes on Group Insurance Plans

Sales tax is applied based on the location of the organization purchasing group insurance or the location of the plan member, depending on the employer/employee premium cost-sharing arrangement.

Ontario, Quebec, and Manitoba charge sales taxes on group insurance plans. Sales taxes are not applicable for all other provinces.

Ontario	8% on net group insurance plan costs
Quebec	9% on net group insurance plan costs
Manitoba	7% on life, short and long term disability, critical illness and accidental death and dismemberment insurance. <i>Does not include premiums for health and dental.</i>

Taxes

Group Benefits Taxation

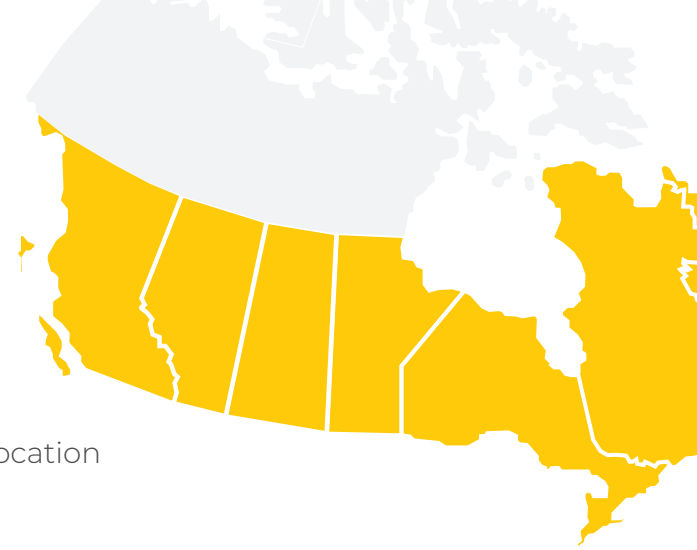
Each benefit, depending on what the employer provides, plus the percentage an employee pays versus the percentage the employer pays — makes it a taxable or non-taxable benefit.



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	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.*

Taxes



Premium Tax

Premium tax is a tax applied on net group insurance premiums and is based on the location of the plan member.

Province	Premium Tax
British Columbia, New Brunswick, Ontario	2%
Yukon	4%
Alberta, Nova Scotia, Nunavut, Saskatchewan, Northwest Territories	3%
Newfoundland	5%
Prince Edward Island	3.75%
Quebec	3.48%

Net premiums is defined as the gross premiums less dividends or a surplus. Applies to insured premium, claims, and expenses on Administrative Services Only (ASO) plans in Ontario, Quebec, and Newfoundland. Not applicable to fee-for-use services.

Harmonized Sales Tax

Certain employer paid contributions are subject to GST/HST and/or PST or provincial insurance levies and should be added to the value of the taxable benefit. For more information on HST/GST rules, visit the [Canada Revenue Agency website](#).

2021 TAX QUICK TIPS:



Contact us to learn more about
our employee benefits plans.



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