

In Canada, the taxability of premiums and benefits for group insurance programs can vary depending on the type of coverage and specific factors, such as province of residence. Below is a simplified table outlining the general taxability of premiums and benefits for most standard group insurance programs.

Benefit	Premiums Paid by Employer	Benefit at Time of Claim
Basic Life Insurance	Taxable (Appendix 1)	Non-taxable
Dependent Life	Taxable (Appendix 1)	Non-taxable
AD&D	Taxable (Appendix 1)	Non-taxable
Critical Illness	Taxable (Appendix 1)	Non-taxable
Short-Term Disability	No	Appendix 3
Long-Term Disability	No	Appendix 3
Health Care	No*	Non-taxable
Dental Care	No* (Appendix 2)	Non-taxable

\* Quebec Residents: premiums for these benefits paid by the employer are taxable, and must be reported on their provincial tax return.

**Appendix 1**

Premiums paid for by the employer (including tax) must be reported on the employee's T4.

**Appendix 2**

New boxes added to the T4 slips for the National Dental Plan:

- \* The legislation mandates that employers include on tax slips whether an employee, former employee, or surviving spouse was eligible for dental insurance or coverage on December 31st of the reporting tax year, as a result of current or past employment.
- \* This reporting requirement is mandatory starting with the 2023 tax year and will be required annually.

**Appendix 3**

Short-Term and Long-Term Disability benefits can be either non-taxable or taxable when paid out to the claimant. Your contract will outline the taxability of benefit payments paid to plan members and it is important to ensure that premiums are paid in accordance with your contract.

- \* Non-Taxable benefit payment - the employee has paid 100% of the premiums (including PST where applicable)
- \* Taxable benefit payment - the employer has paid **any** portion of the premiums (including PST where applicable)

If you have any questions about the taxation of group insurance premiums and/or benefits, or for any other tax-related matters, it is advisable to consult with a tax professional. While we strive to keep this information relevant, please refer to CRA's guidelines for the most up-to-date information.

*\* This is not a legal document, and is intended solely for informational purposes.*