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The information contained in this guide does not constitute a legal interpretation of the laws or regulations of Québec or Canada. This guide must be used for 2020. It does not contain any tax changes for 2020 that were announced after October 31, 2020. You should therefore make sure that the information reflects current fiscal legislation.

Information about the changes that have been made to source deductions and contributions (including those announced after the publication of this guide) is available on our website at revenuquebec.ca.

For more information, contact us. Our contact information is given at the end of this guide.



PRINCIPAL CHANGES

Rates related to the use of an automobile

Allowance for the use of an automobile

For 2020, the per-kilometre rate that we generally consider reasonable is \$0.59 for the first 5,000 kilometres and \$0.53 for each additional kilometre.

Operating-costs benefit related to an automobile made available to an employee

For 2020, the per-kilometre rate for the personal use of an automobile is \$0.25 if the employee is engaged principally in selling or leasing automobiles. In all other cases, it is \$0.28.

Lodging and meals provided to a hotel or restaurant employee

Meals

For 2020, the maximum price for calculating the value of the benefit related to meals provided to a hotel or restaurant employee is \$8.93. For 2021, it is \$9.26.

Lodging

For 2020, the maximum weekly price for calculating the value of the benefit related to lodging provided to a hotel or restaurant employee is \$51.25. For 2021, it is \$52.25.

Low-interest loans

The table below lists the prescribed interest rates for 2020 for calculating the value of the benefit related to a low-interest loan made to an employee or a shareholder.

Period of the year	Prescribed interest rate for 2020
1st quarter / January 1 to March 31	2%
2nd quarter / April 1 to June 30	2%
3rd quarter / July 1 to September 30	1%
4th quarter / October 1 to December 31	1%

Remote working equipment

In the exceptional circumstances caused by COVID-19, we consider that the reimbursement, in whole or in part, upon presentation of receipts, of a maximum of \$500 to compensate the cost of acquiring personal computer equipment or office furnishings needed for remote working does not constitute a taxable benefit for the employee. We consider that it is you, the employer, who primarily benefits from this reimbursement.

1 INTRODUCTION

1.1 Purpose of this guide

This guide is intended for employers who provide benefits to their employees. It contains information on the most common benefits received by employees and indicates whether those benefits must be included in an employee's income and, if so, in which boxes of the employee's RL-1 slip the value of the benefits must be entered. The guide explains whether employers have to make source deductions and pay employer contributions on the value of the taxable benefits they provide.

The guide also covers benefits provided to individuals because they are shareholders or members of a partnership (also referred to as "partners"). It contains information on benefits for which an RL-1 slip must be issued to the shareholder or partner. However, even if this guide contains no specific information on a given benefit provided to shareholders or partners, you should not infer that there are no tax effects for the individual.

For more information about source deductions and employer contributions, consult the *Guide for Employers* (TP-1015.G-V). For more information about filing the RL-1 slip, consult the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

1.2 Explanation of references

The numbers and abbreviations at the end of certain paragraphs refer to sections of the *Taxation Act* (section numbers alone), to the *Regulation respecting the Taxation Act* (numbers with the letter "R") or to one of the acts listed below (letter-number reference).

Acts

ALS	<i>Act respecting labour standards</i>
API	<i>Act respecting parental insurance</i>
AQPP	<i>Act respecting the Québec Pension Plan</i>
ARAMQ	<i>Act respecting the Régie de l'assurance maladie du Québec</i>
AWSDR	<i>Act to promote workforce skills development and recognition</i>



1.3 Abbreviations used in this guide

BDC	Biotechnology development centre
CCPC	Canadian-controlled private corporation
DPSP	Deferred profit-sharing plan
FMV	Fair market value
GST	Goods and services tax
HBP	Home Buyers' Plan
HST	Harmonized sales tax
IFC	International financial centre
LLP	Lifelong Learning Plan
PRPP	Pooled registered pension plan
QPIP	Québec parental insurance plan
QPP	Québec Pension Plan
QST	Québec sales tax
RAMQ	Régie de l'assurance maladie du Québec
RCM	Regional county municipality
RPP	Registered pension plan
RRSP	Registered retirement savings plan
SMB	Small or medium-sized business
TFSA	Tax-free savings account
VRSP	Voluntary retirement savings plan
WSDRF	Workforce Skills Development and Recognition Fund

NOTE

In this guide, GST is used to refer to both the GST and HST.



2 GENERAL INFORMATION

2.1 Taxable benefits

Generally speaking and unless the *Taxation Act* states otherwise, the value of board, lodging and other benefits the employee (or a person with whom they are **not dealing at arm's length**) receives or enjoys because of the employee's office or employment must be included in the employee's income. Moreover, an allowance received by an employee, including a sum they receive and do not have to justify the use of, for personal or living expenses or for any other purposes, must be included in the employee's income.

A benefit that is normally considered tax-exempt may be considered taxable if it proves to be a disguised form of remuneration. A benefit can be paid to an employee in cash, such as an expense allowance or expense reimbursement, or granted in kind (other than in cash), in the form of property or a service given to the employee.

Expense allowance

An expense allowance is a predetermined amount paid to an employee, in addition to the employee's salary or wages. It may cover all or only some of the expenses stipulated in the employment contract. The employee is not required to account for its use.

The allowance does not necessarily correspond to the amount of expenses incurred by the employee, nor do the expenses which the allowance is intended to cover necessarily correspond to the expenses actually incurred.

Expense allowances must be included in the employee's income unless the *Taxation Act* states otherwise. Therefore, the amount of an allowance paid to an employee to cover expenses incurred in the performance of their duties, even if it covers expenses incurred on your behalf, must generally be included in the employee's income as a taxable benefit.

Expense reimbursement

An expense reimbursement is an amount paid to an employee on proof that the expenses were actually incurred.

The reimbursement always corresponds exactly to the amount of the expenses incurred, since a reimbursement is made after the expenses are incurred.

An expense reimbursement does not have to be included in the employee's income, unless it covers personal expenses and cannot be excluded from their income under the *Taxation Act*. Therefore, the amount of an expense reimbursement paid to an employee to cover personal expenses must generally be included in the employee's income as a taxable benefit.

GST and QST

The value of a taxable benefit that has to be included in an employee's income must include any GST and QST as if the employee had personally purchased the property or service that is the benefit. The GST and QST should not be added to a taxable allowance or to any other taxable cash benefit. For more information, consult the document *General Information Concerning the QST and the GST/HST* (IN-203-V).

37, 38, 39, 40



2.2 Source deductions and contributions

Benefit provided to an employee

Taxable benefits in cash or in kind (that is, other than in cash) that you provide are considered a salary or wages. If you provide a taxable benefit to an employee in a pay period, add the value of the benefit to the employee's remuneration in order to calculate source deductions and employer contributions.

Benefit in kind

A taxable benefit in kind is not subject to source deductions of income tax or QPP contributions if you do not pay the employee any sum for the pay period in which the benefit is provided. If you pay the employee a sum for the pay period in which the benefit is provided and that sum does not cover the total amount of source deductions of income tax and the employee QPP contribution, you have to withhold income tax and the QPP contribution up to the amount of the sum paid (see sections 2.3 and 7.18). Note that in the case of employees who receive tips, the employee QPP contribution must be deducted before the source deduction of Québec income tax. For more information, see the *Guide for Employers* (TP-1015.G-V).

A taxable benefit in kind (other than a benefit related to board and lodging) is also not subject to QPIP premiums if you pay the employee a sum for the pay period in which the benefit is provided.

You must include the value of a taxable benefit in kind in calculating the employer contribution to the health services fund, the contribution related to labour standards and, where applicable, the contribution to the WSDRF.

Benefit provided to a shareholder

A taxable benefit provided to a shareholder is not subject to source deductions or employer contributions.

If a shareholder is also an employee of a corporation, and the shareholder receives the benefit as an employee rather than as a shareholder, you must treat the benefit as though it was provided to an employee.

Note that "employee" means an individual who holds employment or an office.

Benefit provided to a partner

A taxable benefit provided to a partner is not subject to source deductions or employer contributions.

Taxable benefits table

Refer to the table in Appendix 1 to find out whether you have to make source deductions and pay employer contributions on the value of a taxable benefit and in which boxes of the RL-1 slip you have to enter the value.

For more information about source deductions and employer contributions, consult the *Guide for Employers* (TP-1015.G-V).

1015; AQPP 7; API 48; ARAMQ 34; ALS 39.0.1; AWSDR 4 and Schedule

2.3 Reporting benefits on the RL-1 slip

Benefit provided to an employee

Include the value of a taxable benefit provided to an employee in box A and in box J, K, L, P, V or W of the employee's RL-1 slip. If a taxable benefit is subject to QPP contributions and QPIP premiums, also include its value in box G or box I of the slip.



Benefit in kind

If you do not pay the employee any sum for the pay period in which the benefit is provided, do not include its value in box G of the employee's RL-1 slip. The benefit is, however, considered to be pensionable salary or wages under the QPP for the employee. As a result, you have to enter "G-1" in a blank box of the RL-1 slip, followed by the value.

If you pay the employee a sum for the pay period in which the benefit is provided and that sum does not cover the total amount of source deductions of income tax and the employee QPP contribution, you have to withhold income tax and the QPP contribution up to the amount of the sum paid. You must include in box G the portion of the pensionable salary or wages (including the amount of the exemption) that is related to the amount withheld. You also have to enter "G-1" in a blank box of the RL-1 slip, followed by the **portion** of the value of the benefit in kind in respect of which you were unable to withhold the QPP contribution because the amount you paid did not cover all of the contribution. This way, an employee who has not reached the maximum QPP contribution for the year can make an optional contribution on the amount or on a portion of the amount entered in box G-1 when filing his or her income tax return. See the examples in section 3.9 of the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

You should not include the value of a benefit in kind in box I of an employee's RL-1 slip, unless the benefit is related to board and lodging provided to an employee for a pay period in which the employee receives cash remuneration.

Benefit related to previous employment

If the amount in box A includes only the value of a benefit (in cash or in kind) that an individual receives in the year because of previous employment, enter "211" in a blank box of the RL-1 slip, followed by the amount in box A. This amount is equal to the total of the amounts entered in boxes J, K, L, P, V and W.

Benefit provided to a shareholder or to a partner

Include the value of a taxable benefit provided to a shareholder in box O (code RO) of the shareholder's RL-1 slip. Include the value of a taxable benefit provided to a partner in box O (code RP) of the partner's RL-1 slip.

For more information, consult the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

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2.4 Employment expenses

An employee can claim a deduction for employment expenses in his or her income tax return, subject to certain conditions. To claim the deduction, the employee has to enclose one of the following forms with his or her income tax return:

- TP-64.3-V, *General Employment Conditions* (salaried employee or employee who earns commissions);
- TP-66-V, *Employment Expenses of Transport Employees* (transport employee);
- TP-75.2-V, *Employment Expenses of Salaried Tradespeople* (employee such as a hairdresser, cook, plumber or apprentice mechanic);
- TP-78-V, *Employment Expenses of Forestry Workers* (forestry worker).

You must give the applicable form, duly completed and signed, to the employee to certify that the employee meets the general conditions for employment.

For more information about employment expenses and the forms to be completed, consult *Employment Expenses* (IN-118-V).

64.3



3 MOTOR VEHICLES

3.1 Definitions

The following definitions and information will help you in calculating the value of a benefit related to the use of a motor vehicle.

Motor vehicle

An automotive vehicle designed or adapted to be used on highways and streets, other than a trolley bus or a vehicle designed or adapted to be operated exclusively on rails.

Automobile

A motor vehicle that is designed or adapted primarily to carry individuals on highways and streets and that seats no more than nine persons, including the driver.

However, the term “automobile” does not include:

- ambulances;
- clearly marked emergency medical response vehicles used by individuals to carry out their duties with an emergency medical response or ambulance service, and to carry emergency medical equipment together with one or more emergency medical attendants or paramedics;
- motor vehicles acquired or leased primarily as a taxi;
- buses used in a passenger transportation business;
- hearses used in a funeral home business;
- pickup trucks, vans or similar vehicles that, in the taxation year they are acquired or leased,
 - are used primarily (more than 50%) to transport goods or equipment in order to earn income, and seat no more than three persons, including the driver, or
 - are used entirely or almost entirely (90% or more) to transport goods, equipment or passengers in order to earn income, regardless of seating capacity;
- pickup trucks, if the following conditions are met:
 - in the year it is acquired or leased, the pickup truck is used primarily to transport goods, equipment or passengers in order to earn income at a location in Canada,
 - at least one occupant of the vehicle works at a special work site where he or she performs temporary duties or at a location so remote from any established community that he or she cannot establish or maintain a dwelling there, and
 - the special work site or remote location is 30 kilometres or more from a population centre of at least 40,000 inhabitants.

Where the benefit related to the personal use of a motor vehicle is not provided to an individual by reason of the individual’s office or employment, the following vehicles are also excluded from the definition of the term “automobile”:

- motor vehicles acquired or leased to be sold or leased in the course of carrying on a business of selling or leasing motor vehicles;
- motor vehicles used by a funeral home business to transport passengers.



Personal use of an automobile

Personal use of an automobile by an employee (or by a person related to the employee) means any non-business use of the automobile. We consider the use by an employee of an automobile made available by the employer to travel between home and his or her usual workplace to be personal use of the automobile, even if the employee is required to return to work after regular hours.

However, if you ask or allow an employee (such as a travelling sales representative) to go directly from home to a place other than his or her usual workplace (or to return home from such a place), the employee is not considered to be using the automobile for personal purposes.

Usual workplace

A usual workplace is, as a rule, a fixed location to which the employee regularly reports to perform his or her duties, and is not necessarily the location of your head office. An employee may have more than one usual workplace to which he or she must regularly report to perform his or her duties (for example, a client's office). An employee may also not have a usual workplace and instead report to multiple places. A place may be considered an employee's usual workplace even if the employee works in this place on a periodic basis several times a year. For example, if an employee works in a place for a few months, it may be considered his or her usual workplace.

3.2 Allowance for the use of a motor vehicle

An allowance received by an employee for the use of a motor vehicle is taxable unless it is considered a **reasonable** allowance.

An allowance is considered **reasonable** if the following conditions are met:

- The allowance is calculated solely on the basis of the actual number of kilometres the vehicle is used by the employee in the performance of his or her duties.
- The per-kilometre rate is reasonable.
- You do not pay an allowance and also reimburse the employee for some or all of the expenses related to the use of the vehicle, unless the reimbursement is for supplementary business insurance, tolls or ferry charges not covered by the allowance.

Therefore, if the allowance you pay an employee for the use of a motor vehicle is **reasonable**, it does not have to be included on the RL-1 slip, as this allowance is not taxable.

However, if the allowance is **not reasonable**, you must include the **full amount** of the allowance in boxes A, G, I and L of the employee's RL-1 slip.

Reasonable per-kilometre rate

As a rule, the per-kilometre rate we consider reasonable is the rate that an employer subject to income tax is authorized to deduct under Québec tax laws and regulations. The type of vehicle and the driving conditions may also be taken into consideration in determining whether a given rate is reasonable. A rate that does not cover the expenses incurred by the employee is not considered reasonable.

For 2020, the per-kilometre rate that we generally consider reasonable is \$0.59 for the first 5,000 kilometres and \$0.53 for each additional kilometre. The rates for other years are given on our website.



Lump-sum allowance combined with an allowance based on a reasonable per-kilometre rate

If you pay a lump-sum allowance that is not based on the number of kilometres travelled, the allowance is taxable and must be included in boxes A, G, I and L of the employee's RL-1 slip.

If you pay, for the use of the same motor vehicle, both a lump-sum allowance and an allowance based on the number of kilometres travelled, both allowances are taxable and must be included in boxes A, G, I and L of the employee's RL-1 slip.

NOTE

An employee who meets the requirements set out in the *Taxation Act* can claim a deduction in their income tax return for the use of a motor vehicle.

For more information about employment expenses and the forms to be completed, consult *Employment Expenses* (IN-118-V).

37, 40(c), 40.1

3.3 Benefit related to an automobile made available to an employee, shareholder or partner, or to a person related to one of these persons

We consider that you make an automobile available to an employee where you entrust the automobile to the care and control of the employee, and authorize the employee to make personal use of the automobile or do not forbid such use.

If the employee uses the automobile for work only, there is no taxable benefit even though the vehicle is available to the employee throughout the year. A taxable benefit results if the employee uses the automobile for personal purposes, or if the automobile made available to the employee is not required for his or her job.

3.3.1 Automobile made available to an employee

If you or a person related to you makes an automobile available to an employee or to a person related to an employee, you must calculate the value of the benefit related to the standby charge for the automobile as well as the value of the operating-costs benefit you pay. To calculate the value of these benefits, you can use the instructions in this section or complete work chart TP-41.C-V, *Calculation of an Automobile Benefit*. The value of the benefits must be included in boxes A and W and also in box G of the employee's RL-1 slip. For more information, see section 2.3.

NOTE

The value of the taxable benefit calculated over the course of the year must be based on estimates and be apportioned over all the pay periods in the year. At the end of the year, you have to use the actual number of kilometres travelled in the year to determine the actual value of the benefit to be entered on the employee's RL-1 slip.



3.3.1.1 Step 1: Calculating the value of the standby charge

You can use work chart TP-41.C-V or the formula below to calculate the value of the standby charge with regard to an employee's personal use of an automobile made available to them:

$$\frac{A}{B} \times [2\% \times (C \times D) + 2/3 \times (E - F)]$$

where

A = the lesser of:

- the total number of kilometres travelled by the employee for personal purposes during the period in which the automobile is made available (the number is deemed to be equal to variable B, unless you require the employee to use the automobile to perform his or her duties, and the employee uses the automobile primarily [more than 50%] for this purpose), and
- the value of variable B

$$B = 1,667 \times \frac{\text{total number of days in the year that the automobile is made available to the employee}}{30}$$

NOTE

If the result of the division of the number of days by 30 is not a whole number and is greater than 1, round it off to the nearest whole number. If less than one, do not round off. For example, 7.5 is rounded off to 7 and 7.6 is rounded off to 8, whereas 0.63 must not be rounded off.

C = the cost of the automobile to you (or to a person related to you)

$$D = \frac{\text{total number of days in the year that the automobile is made available to the employee while it is owned by you (or a person related to you)}}{30}$$

NOTE

If the result of the division of the number of days by 30 is not a whole number and is greater than 1, round it off to the nearest whole number. If less than one, do not round off. For example, 7.5 is rounded off to 7 and 7.6 is rounded off to 8, whereas 0.63 must not be rounded off.

E = the leasing expenses payable by you (or a person related to you) during the period in which the automobile is made available to the employee

Automobile leasing expenses

Automobile leasing expenses include all of the following amounts that are payable to the lessor for the automobile (including any GST and QST):

- charges related to kilometres travelled;
- maintenance and repair costs;
- terminal charges (amounts charged at the end of the lease) **minus** terminal credits (amounts credited at the end of the lease).

Leasing expenses do not include any penalty paid on cancelling a lease, unless the penalty is determined solely on the basis of the resale value of the automobile at the time the lease is cancelled or is derived solely from an adjustment in the leasing price.

If there are terminal charges or terminal credits, the employee can ask to have the value of the taxable benefit resulting from the lease payments adjusted over the term of the lease, provided it is still possible to make the adjustment for the years in question.



If you pay an amount at the beginning of a lease that is not a payment to buy the automobile but a payment that reduces the monthly lease payments, prorate the payment over the term of the lease and add the amount to each monthly lease payment when you calculate the standby charge.

F = the amount included in variable E that corresponds to the cost of insuring against loss of, or damage to, the automobile or liability resulting from the use or operation of the automobile

GST and QST

In calculating the cost of the automobile, the leasing expenses and the insurance costs, include any tax that is payable by you (or a person related to you), or that would be payable were it not for the exemption granted because of your employer status or the particular use of the automobile. For more information, consult the document *General Information Concerning the QST and GST/HST* (IN-203-V).

Amounts reimbursed by the employee for the standby charge

Any amounts that the employee (or a person related to the employee) reimburses you (or a person related to you) in the year for the use of the automobile, other than operating costs (see step 2), must be subtracted from the reasonable amount that is the standby charge. If the amounts paid exceed the reasonable amount, you cannot use the difference to reduce the operating-costs benefit.

Automobile vendor or leasing agent

You may choose to calculate the standby charge **at the rate of 1.5% rather than 2%**, provided:

- the employee does not principally sell or lease automobiles;
- the automobile made available to the employee (or to a person related to the employee) is owned by you; and
- you acquire at least one automobile in the year.

In this case, the cost of the automobile corresponds to the greater of the following amounts:

- the average cost of all new automobiles you acquire in the year for sale or lease;
- the average cost of all automobiles (new and used) you acquire in the year for sale or lease.

NOTE

The value of a benefit related to the standby charge must be calculated at 2% rather than 1.5% where an individual receives the benefit as a shareholder.

GST and QST must be included in the average cost.

Simplified calculation method

You can use a simplified method to calculate the standby charge if the following conditions are met:

- You own the automobile provided to the employee.
- The employee uses the same automobile throughout the year.
- The employee's principal source of employment is not selling or leasing automobiles.
- The employee uses the automobile in the performance of his or her duties no more than 50% of the time.
- The employee's personal use of the automobile is 1,667 kilometres or more per 30-day period or a total of 20,004 kilometres in the year.

Under the simplified method, the value of the standby charge is 24% of the cost of the automobile you provide to the employee (including taxes).

41-41.0.2, 41.3



3.3.1.2 Step 2: Calculating the operating-costs benefit

If you or a person related to you pays expenses related to the personal use of an automobile made available to an employee or to a person related to the employee, you must include an operating-costs benefit in the employee's income.

Operating costs include:

- maintenance and repair costs (minus insurance proceeds);
- insurance premiums and registration fees;
- fuel and oil costs.

Operating costs do not include:

- interest;
- capital cost allowance;
- leasing expenses;
- parking costs.

You can use work chart TP-41.C-V or either of the methods below to calculate the value of the operating-costs benefit.

Basic calculation method

Under the basic calculation method, the operating-costs benefit related to the personal use of an automobile is \$0.28 per kilometre for 2020. If an employee principally sells or leases automobiles, the benefit is \$0.25 per kilometre.

The rates for other years are given on our website.

Simplified calculation method

You can use the simplified calculation method if both of the following conditions are met:

- The employee uses the automobile primarily (**more than 50%**) in the performance of his or her duties.
- The employee notifies you in writing, before the end of the year, of their intention to use the simplified method to calculate the operating-costs benefit.

Under this method, the operating-costs benefit equals one-half of the reasonable amount corresponding to the standby charge, as calculated in step 1, before the deduction of any amounts reimbursed by the employee for the standby charge.

Amounts reimbursed by the employee for operating costs

If, in the year or within 45 days after the end of the year, the employee (or a person related to the employee) reimburses you (or a person related to you) for the operating costs (including taxes) related to the employee's personal use of an automobile (or the personal use of an automobile by a person related to the employee) in the year, the employee receives no taxable benefit. If only a portion of these costs is reimbursed, subtract the amount reimbursed from the employee's operating-costs benefit.

[41.1.1](#), [41.1.2](#)

3.3.1.3 Logbook

If you or a person related to you makes an automobile available to an employee or to a person related to the employee, the employee must keep a logbook of the trips made with the automobile and give you a copy of the logbook no later than:

- January 10 following December 31 of the year during which the automobile was available to the employee; or
- the 10th day following the day on which the automobile is returned to you (or to a person related to you).



The employee must enter the following information in the logbook:

- the total number of days that the automobile was made available to the employee (or to a person related to the employee) during the year;
- on a daily, weekly or monthly basis, the total number of kilometres travelled during the number of days referred to above.

The employee must also enter, on a daily basis, for each trip made to perform his or her duties, the following information:

- the place of departure and the place of destination;
- the number of kilometres travelled between those two places; and
- any information necessary to establish that the trip is made by the employee to perform his or her duties.

NOTE

If the automobile is used solely for personal purposes, the employee must instead enter the following information in the logbook:

- the total number of days that the automobile is made available to the employee (or to a person related to the employee) during the year; and
- the kilometres registered on the odometer at the beginning and end of the year or of each period during which the automobile is made available, on a continuous basis, to the employee (or to a person related to the employee).

Penalty

An employee incurs a penalty of \$200 if he or she fails, within the time specified, to give you a copy of the logbook of the trips made using an automobile made available to the employee (or to a person related to the employee).

41.1.4, 41.1.5, 1049.34

3.3.2 Automobile made available to a shareholder

If you make an automobile available to a shareholder (or to a person related to a shareholder) who is not an employee, calculate the standby charge and the operating-costs benefit as you would for an employee (see section 3.3.1).

Include the amounts in box O of the shareholder's RL-1 slip and enter "RO" in the "Code (case O)" box.

If the benefits are provided to the shareholder as an employee of the corporation rather than as a shareholder, include the amounts in boxes A and W and also in box G of the shareholder's RL-1 slip instead. For more information, see section 2.3.

Note that "employee" means an individual who holds employment or an office.

111, 117

3.3.3 Automobile made available to a partner

If a partnership makes an automobile available to a partner (or to a person related to a partner), it has to calculate the standby charge as it would for an employee (see section 3.3.1). The operating-costs benefit does not apply in the case of a partner.

The partnership has to file an RL-1 slip for the partner, include the value of the benefit in box O of the slip and enter "RP" in the "Code (case O)" box.

87(x)



3.3.4 Automobile made available to an employee of a partner

If a partnership makes an automobile available to a partner's employee (or to a person related to the employee), it has to calculate the standby charge as it would for an employee (see section 3.3.1).

The value of the employee's operating-costs benefit corresponds to the total amount of expenses (including taxes) related to the personal use of the automobile which are paid by the partnership for the year. Any amount that the employee (or a person related to the employee) reimburses the partnership is subtracted from the employee's operating-costs benefit.

The partnership has to file an RL-1 slip for the partner's employee and report the value of the operating-costs benefit in boxes A and W and the value of the standby charge in box O. It also has to enter "RP" in the "Code (case O)" box.

87(x)

3.3.5 Sample calculations of the benefit related to an automobile

The calculations below are valid for 2020. The rates in effect for other years are given on our website.

Example 1		
You own an automobile that you make available to an employee whose duties do not consist in selling or leasing automobiles. The employee's use of the automobile for employment purposes does not exceed 50%. The employee reimburses you only a portion of the operating costs for the automobile. The information in your records and in the employee's logbook are as follows:		
Cost of the automobile, including taxes		\$40,000
Number of days in the year that the automobile is made available to the employee		365 days
Kilometres travelled in the year		
Kilometres travelled for personal purposes	15,000 km	
Kilometres travelled for employment purposes	10,000 km	
Total kilometres travelled in the year		25,000 km
Percentage of use for employment purposes:		
$\frac{10,000}{25,000} \times 100 \blacktriangleright$		40%
Total operating costs for the automobile, including taxes		\$3,000
Operating costs related to personal use:		
$\$3,000 \times \frac{15,000 \text{ km}}{25,000 \text{ km}} \blacktriangleright$		\$1,800
Amount reimbursed in the year by the employee for the standby charge		\$2,000
Amount reimbursed by the employee in the year or within 45 days after the end of the year for operating costs		\$1,000



Step 1: Calculating the value of the standby charge

Value of the standby charge benefit

$$\frac{A}{B} \times [2\% \times (C \times D) + 2/3 \times (E - F)]$$

where

A = B (since the percentage of use of the automobile for employment is 50% or less)

$$B = 1,667 \times \frac{365}{30} = 1,667 \times 12 = 20,004$$

C = \$40,000

$$D = \frac{365}{30} = 12$$

E and F = 0

$\frac{20,004}{20,004} \times [2\% \times (\$40,000 \times 12)]$		\$9,600	
Amount reimbursed by the employee for the standby charge	–	\$2,000	
Standby charge benefit	=	\$7,600	▶ \$7,600

Step 2: Calculating the operating-costs benefit

Value of the operating-costs benefit¹

$$15,000 \text{ km} \times \$0.28$$

15,000 km × \$0.28		\$4,200	
Amount reimbursed by the employee for operating costs	–	\$1,000	
Operating-costs benefit	=	\$3,200	▶ \$3,200
Automobile benefit	=		\$10,800

1. The operating-costs benefit is calculated using the basic method. The simplified method cannot be used because the automobile is not used primarily (more than 50%) for the purposes of employment.



Example 2

You lease an automobile that you make available to an employee whose duties do not consist in selling or leasing automobiles. The employee uses the automobile more than 50% of the time for employment purposes. The employee reimburses you only a portion of the operating costs and informs you in writing before the end of the year of their intention to use the simplified method to calculate the operating-costs benefit. The information in your records and in the employee's logbook are as follows:

Monthly leasing expenses, including taxes		\$500
Monthly insurance premiums included in leasing expenses		\$75
Number of days in the year that the automobile is made available to the employee		365 days
Kilometres travelled in the year		
Kilometres travelled for personal purposes	5,000 km	
Kilometres travelled for employment purposes	15,000 km	
Total kilometres travelled in the year		20,000 km
Percentage of use for employment purposes: $\frac{15,000}{20,000} \times 100 \blacktriangleright$		75%
Total operating costs for the automobile, including taxes		\$2,400
Operating costs related to personal use: $\$2,400 \times \frac{5,000 \text{ km}}{20,000 \text{ km}} \blacktriangleright$		\$600
Amount reimbursed by the employee in the year or within 45 days after the end of the year for operating costs		\$200



Step 1: Calculating the value of the standby charge

Value of the standby charge benefit

$$\frac{A}{B} \times [2\% \times (C \times D) + 2/3 \times (E - F)]$$

where

A = the lesser of:

- 5,000 km (personal use), and
- variable B (20,004)

$$B = 1,667 \times \frac{365}{30} = 1,667 \times 12 = 20,004$$

C and D = 0

$$E = \$500 \times \frac{365}{30} = 500 \times 12 = \$6,000$$

$$F = \$75 \times \frac{365}{30} = 75 \times 12 = \$900$$

$$\frac{5,000}{20,004} \times [2/3 \times (\$6,000 - \$900)] \blacktriangleright$$

	\$849.83		
Amount reimbursed by the employee for the standby charge	-	\$0	
Standby charge benefit	=	\$849.83	▶ \$849.83

Step 2: Calculating the operating-costs benefit

Value of the operating-costs benefit¹

$$1/2 \times \$849.83 \blacktriangleright$$

	\$424.92		
Amount reimbursed by the employee for operating costs	-	\$200.00	
Operating-costs benefit	=	\$224.92	▶ \$224.92
Automobile benefit	=		\$1,074.75

1. The simplified method can be used to calculate the operating-costs benefit because the automobile is used primarily (more than 50%) for the purposes of employment, and the employee informed you in writing before the end of the year of their intention to use the simplified method to calculate the operating-costs benefit (see section 3.3.1.2). It is to the employee's advantage to use the simplified method rather than the basic method, with which the number of personal-use kilometres have to be multiplied by \$0.28 (5,000 km × \$0.28 = \$1,400).



Example 3

You own an automobile that you make available to an employee whose duties consist in selling or leasing automobiles. You choose to calculate the standby charge at the 1.5% rate. The employee's use of the automobile for employment purposes does not exceed 50%. The employee reimburses you only a portion of the operating costs. The information in your records and in the employee's logbook are as follows:

Automobiles acquired in the year, including taxes	Total cost	Average cost
3 new automobiles acquired in the year	\$120,000	\$40,000
147 used automobiles acquired in the year	\$3,000,000	\$20,408
150 automobiles acquired in the year	\$3,120,000	\$20,800
Number of days in the year that the automobile is made available to the employee		365 days
Kilometres travelled in the year		
Kilometres travelled for personal purposes	11,000 km	
Kilometres travelled for employment purposes	10,000 km	
Total kilometres travelled in the year		21,000 km
Percentage of use for employment purposes: $\frac{10,000}{21,000} \times 100 \blacktriangleright$		48%
Total operating costs for the automobile, including taxes		\$5,000
Operating costs related to personal use: $\$5,000 \times \frac{11,000 \text{ km}}{21,000 \text{ km}} \blacktriangleright$		\$2,619.05
Amount reimbursed by the employee in the year or within 45 days after the end of the year for operating costs		\$1,000



Step 1: Calculating the value of the standby charge

Value of the standby charge benefit

$$\frac{A}{B} \times [1.5\% \times (C \times D) + 2/3 \times (E - F)]$$

where

A = B (since the percentage of use of the automobile for employment is 50% or less)

$$B = 1,667 \times \frac{365}{30} = 1,667 \times 12 = 20,004$$

C = the greater of:

- \$40,000, which is the average cost of the new automobiles acquired for sale or lease during the year, including taxes
- \$20,800, which is the average cost of all automobiles (new and used) acquired for sale or lease during the year, including taxes

$$D = \frac{365}{30} = 12$$

E and F = 0

$$\frac{20,004}{20,004} \times [1.5\% \times (\$40,000 \times 12)] \blacktriangleright$$

Amount reimbursed by the employee for the standby charge

\$7,200

– \$0

Standby charge benefit =

\$7,200

\$7,200

Step 2: Calculating the operating-costs benefit

Value of the operating-costs benefit¹

$$11,000 \text{ km} \times \$0.25 \blacktriangleright$$

\$2,750

Amount reimbursed by the employee for operating costs

– \$1,000

Operating-costs benefit =

\$1,750

\$1,750

Automobile benefit =

\$8,950

1. The operating-costs benefit is calculated using the basic method. The simplified method cannot be used to calculate the operating-costs benefit because the automobile is not used primarily (more than 50%) for the purposes of employment (see section 3.3.1.2).

3.4 Benefit related to an automobile, other than an automobile made available to an employee

If you (or a person related to you) pay expenses related to the personal use of an automobile by an employee (or a person related to an employee), other than an automobile you make available, the employee may receive a taxable benefit for the personal use of that automobile. The value of the benefit corresponds to the automobile operating costs (including taxes) related to the personal use of the automobile which are paid on behalf of the employee. Any amount reimbursed by the employee (or by a person related to the employee) must be subtracted from the value of the employee's operating-costs benefit.

Include the value of the benefit in boxes A and W and also in box G of the employee's RL-1 slip. For more information, see section 2.3.



3.5 Benefit related to a motor vehicle, other than an automobile, made available to an employee

If you make a motor vehicle other than an automobile (such as an ambulance, pickup truck, van or bus) available to an employee for the employee's personal use, the employee will generally receive a taxable benefit for the personal use of this vehicle. The value of the benefit corresponds to a reasonable estimate of the FMV of the actual benefit. We consider a reasonable estimate of the FMV to be all amounts that the employee would normally have had to pay for a comparable vehicle in an arm's-length transaction, such as leasing expenses and operating costs (explained in section 3.3.1.2).

Use of a vehicle to travel between home and the workplace

If the vehicle is essential to the operation of your business and the **only** personal use made of it by the employee is to travel between home and the workplace, you can calculate the value of the benefit on the basis of a per-kilometre rate used for equivalent transportation. For 2020, we consider a benefit calculated at the rate of \$0.28 per kilometre to be reasonable, provided all four of the following conditions are met:

- The motor vehicle is not an automobile (see the definition in section 3.1).
- You notify your employee in writing that the **only** personal use the employee may make of the vehicle is to travel between home and the workplace, and you require the employee to keep a logbook in which all the vehicle's trips are recorded as proof that no other personal use is made of the vehicle.
- For valid business reasons, you require that your employee drive the vehicle home in the evening. For example:
 - tools and equipment cannot be safely left overnight at the work site or place of business, or
 - your employee must remain on call for emergencies and the motor vehicle is provided to reduce the emergency response time (see the note below).
- The motor vehicle is specially designed or equipped to meet the needs of your business or trade **and** is essential for the employee to carry out his or her duties. (The employee's use of the vehicle to travel between home and the workplace is not considered to be essential for the employee to carry out his or her duties.) Those two requirements are met in the following examples:
 - The vehicle is specially designed (or has been significantly modified) to transport tools, equipment or goods.
 - The vehicle (a van or pickup truck) is permanently equipped and used for transporting and storing heavy, bulky or numerous tools or pieces of equipment, and it would be difficult to load and unload the contents of the vehicle.
 - The vehicle is used, on a regular basis, to transport harmful or foul-smelling materials (such as veterinary samples or fish and game).
 - Your employee must remain on call for emergencies (see the note below) and has to use:
 - a clearly marked emergency vehicle,
 - a vehicle specially equipped for responding to emergencies, or
 - a vehicle designed to transport specialized equipment to the scene of an emergency.

For purposes of calculating the benefit, an employee who uses any such vehicle to travel between home and the scene of an emergency is not considered to be making personal use of the vehicle.

NOTE

As a rule, any situation in which the health and safety of the general public may be affected or in which the employer's activities are significantly disrupted may be considered an emergency.

Include the value of the benefit in boxes A and W and also in box G of the employee's RL-1 slip. For more information, see section 2.3.



Benefit provided to a shareholder

If you make a motor vehicle, other than an automobile, available to a shareholder who is not an employee, for the shareholder's personal use, you must calculate the value of the benefit as described in this section.

Include the value of the benefit in box O of the shareholder's RL-1 slip and enter "RO" in the "Code (case O)" box.

If the benefit is provided to the shareholder as an employee of the corporation rather than as a shareholder, include its value in boxes A and W and also in box G of the shareholder's RL-1 slip. For more information, see section 2.3.

Note that "employee" means an individual who holds employment or an office.

3.6 Benefit related to an emergency vehicle made available to a member of a police force or fire department

If you or a person related to you makes an emergency vehicle available to an employee who is a member of a police force or fire department, the employee receives no taxable benefit if the following conditions are met:

- A written directive limits the personal use of the vehicle and specifies that the vehicle must be returned to you in the event of an extended absence.
- The vehicle **is clearly identified with your name or has special equipment** allowing for prompt intervention in the case of events concerning public safety.

If these conditions are not met and the vehicle made available to the employee is an automobile (see the definition in section 3.1), you must calculate the value of the benefit related to the use of the automobile as shown in section 3.3. If the vehicle is not an automobile, calculate the value of the benefit as described in section 3.5.

Include the value of the benefit in boxes A and W and also in box G of the employee's RL-1 slip. For more information, see section 2.3.

41.1.3



4 INSURANCE PLANS

4.1 Contributions to a group insurance plan (including a private health services plan)

Contributions paid by the employer

Contributions (or premiums) you pay under a group insurance plan for the coverage that an employee receives during the year because of his or her office or employment (past, present or future) constitute a taxable benefit for the employee. A group insurance plan can be:

- a private health services plan;
- a group life insurance plan (term or other);
- a group critical illness insurance plan (for conditions such as coma, cancer or paralysis);
- all other group insurance plans.

However, contributions for coverage of total or partial loss of income from an office or employment that you pay to a group insurance plan (if wage loss benefits are payable periodically) or to an employee life and health trust do not constitute a taxable benefit for the employee.

The type of plan or the coverage provided to the employee determines the value of the benefit. To calculate the value of the benefit, see sections 4.1.1 through 4.1.4.

Include the value of the benefit in boxes A and J of the employee's RL-1 slip if the coverage is under a private health services plan and in boxes A and L if the coverage is under any other type of plan. You must also include the value of the benefit in box G of the RL-1 slip. For more information, see section 2.3.

NOTE

The value of the taxable benefit calculated over the course of the year is based on estimates and must be apportioned over all the pay periods in the year. You can do the calculation using any reasonable estimation method (such as basing the estimates on data for the previous year or on a hypothetical premium). At the end of the year, you have to use the actual data to determine the actual value of the benefit to be entered on the employee's RL-1 slip.

Contributions (or premiums) paid by the employer for the benefit of the surviving spouse of a deceased employee

Contributions (or premiums) you pay under a private health services plan for coverage that the surviving spouse or the dependants of a deceased employee receive do not constitute a taxable benefit.

Contributions (or premiums) paid by a current, former or retired employee

Contributions (or premiums) paid by a current, former or retired employee to a private health services plan that covers, for example, medical or dental costs, do not constitute a taxable benefit for the employee. However, the employee may be able to claim a tax credit for medical expenses in regard to the amount paid when filing the income tax return. To report the amounts that the employee paid to such a plan on the RL-1 slip, enter "235" in a blank box, followed by the amount. If you do not enter the amount on the RL-1 slip, the employee may ask you for supporting documents. Do not include this amount in box A.



Private health services plan

A medical care insurance plan, a hospital care insurance plan or a plan providing both types of coverage, or a contract of insurance in respect of medical expenses, hospital expenses or both types of expenses, provided the plan or contract:

- covers only services or expenses that qualify for the non-refundable tax credit for medical expenses; or
- essentially covers services or expenses that qualify for the non-refundable tax credit for medical expenses, and substantially all of the premium or any other amount payable for the coverage provided is attributable to the above-mentioned expenses.

A private health services plan does not include a plan or contract established by or pursuant to a law of a province that, in accordance with fiscal agreements, receives contributions from the federal government for health services provided under the plan or contract.

NOTE

- This definition includes **group insurance plans** that cover such services or such medical expenses, as well as contracts and plans that provide full or partial coverage of dental expenses or expenses incurred for vision care.
- To qualify as a private health services plan, a plan must provide that, for an agreed consideration, a person is to indemnify another person for a loss or liability in respect of an event that may or may not occur. If an employer has made an arrangement to reimburse employees for expenses they or their dependants incur for medical, hospital or dental care, this arrangement may qualify as a private health services plan.

1, 37.0.1.1–37.0.1.6, 38

4.1.1 Plan backed by an insurance contract

If the group insurance plan provides coverage backed by an insurance contract with an insurance corporation, the taxable benefit related to this coverage is equal to the result of the following calculation:

- the premium and the related tax of 9% paid for the employee's **coverage** (such as individual, family or single-parent coverage) and **benefits** (such as medical, hospital or dental expenses) for the year (see section 4.1.3 if the coverage is under a private health services plan);

minus

- the total of the following amounts:
 - the amount reimbursed by the employee during the year, and
 - the dividends, returns or refunds of premiums you received during the year with respect to the employee's coverage and benefits.

Dividends, returns or refunds of premiums

If you receive an amount during the year as a dividend, return or refund of premiums (hereinafter referred to as a "refund") that is determined on the basis of all the types of benefits and coverage provided under the plan, the portion of the refund (including the reimbursement of the related tax) that reduces the value of the benefit provided to a given employee is equal to the result of the following calculation:

$$\text{Refunds you receive (except for the employees' share in the cost of the plan, where this share is remitted to the employees during the year)} \times \frac{\text{Premium paid for the employee}}{\text{Premiums paid for all employees}}$$



If the refund is determined **only on the basis of certain types of benefits or coverage provided under the plan**, the taxable benefit is reduced only for those employees who have the types of benefits or coverage on which the refund is calculated. The portion of the refund (including the reimbursement of the related tax) that reduces the value of the benefit paid to a given employee is equal to the result of the following calculation:

Refunds you receive (except for the employees' share in the cost of the plan, where this share is remitted to the employees during the year)	×	$\frac{\text{Premium paid for the employee's benefits and coverage}}{\text{Premiums paid for all employees that have the same types of benefits and coverage as the employee}}$
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If you remit to an employee the portion of the refund that corresponds to **the employee's share** in the cost of the plan, do not enter this amount on the employee's RL-1 slip. However, in the case of a private health services plan, you must subtract this amount from the total amount of the contribution (or premium) that was paid by the employee to the plan and that will entitle the employee to the tax credit for medical expenses when the employee files a tax return. To show this amount on the employee's RL-1 slip, you can enter "235" in a blank box, followed by the amount. Without this information, the employee may ask you for supporting documents. Do not include the amount in box A.

If you remit to an employee the portion of the refund that corresponds to **your share** in the cost of the plan, you must include that amount in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.

37.0.1.2, 37.0.1.3

4.1.2 Plan not backed by an insurance contract

If the group insurance plan (usually administered by an insurance corporation) provides coverage that is not backed by an insurance contract with an insurance corporation, the taxable benefit related to the coverage is equal to the result of the following calculation: the value of an employee's coverage **minus** the total contribution paid by the employee to the plan during the year.

Calculating the value of an employee's coverage

Use the following formula to calculate the value of the employee's coverage:

$$(A \times B)/C + (D \times E)/F$$

where

- A = the total amount of benefits (including the related tax) paid in the year to all employees who have the same types of coverage and benefits as the employee (see section 4.1.3 if the coverage is under a private health services plan)
- B = the number of days in the year that the employee has the coverage and benefits concerned
- C = the total number of days of coverage in the year for all employees who have the types of coverage and benefits concerned
- D = expenses (including any related tax) incurred with respect to a third party, for the administration or management of the plan for the year, other than expenses associated with establishing or modifying the plan (such as consultation fees and other costs incurred to establish or amend a plan)
- E = the number of days in the year that the employee is covered under the plan
- F = the total number of days of coverage in the year for all employees covered by the plan



Stop-loss insurance (variable A or D)

Do not take into account the benefits paid under a stop-loss insurance contract (that is, a contract under which the insurer undertakes to cover losses beyond a certain amount for a given period) when calculating the value of an employee's coverage.

However, you must include in variable D the premiums (and the related tax) you pay for the year under such a contract if the stop-loss insurance applies without distinction to all types of coverage and benefits provided under the plan. If the stop-loss insurance applies only to certain specific types of coverage or benefits, you must include this premium in the variable A that applies to the coverage or benefits in question.

Optional coverage or benefits

If different types of coverage (such as individual, family or single-parent coverage) or optional benefits (such as medical, hospital or dental expenses) are provided under a plan, and the employees covered by the plan do not all have the same types of coverage or benefits, you must apply the formula $(A \times B)/C$ to each type of benefit the employee has.

In determining the value of an employee's coverage under a plan that does not distinguish between the types of coverage and benefits it provides, you cannot break down the amount of benefits paid by the plan according to the employees who do or do not have family coverage, or those who are or are not reimbursed for certain types of expenses.

Example

A corporation's private health services plan offers two types of coverage—individual and family—to its employees as well as two types of benefits—basic health insurance (covering only medical expenses) and insurance covering dental expenses. The administrative costs for the plan are \$1,000 for the year.

NOTE

The letters in parentheses correspond to the variables of the formula given above.

	Medical expenses		Dental expenses		Number of days of coverage (E)
	Benefit paid to the employee	Number of days (B)	Benefit paid to the employee	Number of days (B)	
Family coverage					
Audrey	\$1,000	365 days	\$1,400	365 days	365 days
David	\$1,200	365 days	\$0	365 days	365 days
Total benefits paid to the employee (A)	\$2,200	–	\$1,400	–	–
Total number of days (C)	–	730 days	–	730 days	–
Individual coverage					
Kim	\$600	183 days	\$800	183 days	183 days
Thomas	\$700	365 days	–	–	365 days
Total benefits paid to the employee (A)	\$1,300	–	\$800	–	–
Total number of days (C)	–	548 days	–	183 days	–
Total number of days of coverage (F)					1,278 days



You must use the following formula to calculate the value of the employee's coverage: $(A \times B)/C + (D \times E)/F$. You must apply the formula $(A \times B)/C$ to each type of benefit the employee receives.

		Medical expenses (A × B) C		Dental expenses (A × B) C		Administrative costs (D × E) F		Value of the coverage
Family coverage	Audrey	$\frac{(\$2,200 \times 365)}{730}$	+	$\frac{(\$1,400 \times 365)}{730}$	+	$\frac{(\$1,000 \times 365)}{1,278}$	=	\$2,085.60
	David	$\frac{(\$2,200 \times 365)}{730}$	+	$\frac{(\$1,400 \times 365)}{730}$	+	$\frac{(\$1,000 \times 365)}{1,278}$	=	\$2,085.60
Individual coverage	Kim	$\frac{(\$1,300 \times 183)}{548}$	+	$\frac{(\$800 \times 183)}{183}$	+	$\frac{(\$1,000 \times 183)}{1,278}$	=	\$1,377.32
	Thomas	$\frac{(\$1,300 \times 365)}{548}$	+	n/a	+	$\frac{(\$1,000 \times 365)}{1,278}$	=	\$1,151.48

Employees subject to different legislation (variables A, C, D and F)

If a group insurance plan provides identical coverage to employees subject to different legislation (that is, Québec legislation and legislation in effect elsewhere), you can use one of the two methods below to calculate the benefit received by your employees subject to Québec legislation. You must choose the method that best reflects the coverage provided to these employees.

Method A: The value of an employee's coverage is calculated on the basis of the actual data for all employees covered under the plan. (Method A is the standard method.)

Method B: The value of an employee's coverage is calculated on the basis of the actual data for the employees subject to Québec legislation only.

Employee subject to Québec legislation

An employee:

- who reports for work at one of your establishments in Québec; or
- who is not required to report for work at one of your establishments (in Québec or elsewhere), but is paid by one of your establishments in Québec.

Example

Under your corporation's private health services plan, the three employees who are subject to Québec legislation receive the same coverage as the 200 employees who report for work at one of your establishments in Ontario. If no benefit is paid to the employees subject to Québec legislation, or if the majority of benefits paid by the plan are paid to these employees, you must use Method A to calculate the value of the benefit, because it best reflects the coverage provided under the plan to employees subject to Québec legislation.

37.0.1.4–37.0.1.6

4.1.3 Services insured by the RAMQ

Coverage backed by an insurance contract

If the coverage provided under a private health services plan is backed by an insurance contract with an insurance corporation, subtract the portion of the premium paid for an employee that can reasonably be attributed to coverage related to the cost that would be assumed by the Régie de l'assurance maladie du Québec (RAMQ) for services insured under the *Health Insurance Act*.

However, for a given period in the year, if an employee is not subject to the provisions of the *Health Insurance Act* (as in the case, for example, of an employee posted outside Canada) and if the plan provides the employee with coverage and benefits that comprise, at the least, all the services for which the employee would be covered under the *Health Insurance Act* if he or she were subject to it, subtract the prescribed amount from the premium paid for the employee and reduce the tax on the insurance premiums accordingly.

The prescribed amount is obtained by **multiplying** the number of days in the period concerned by \$2.74 (for an employee who has individual coverage) or by \$10.96 (in all other cases).

Coverage not backed by an insurance contract

If the coverage provided under a private health services plan is not backed by an insurance contract with an insurance corporation, subtract from the total amount of the benefits (variable A) the amount of the benefits that can be considered to relate to the cost that would be assumed by the RAMQ for services insured under the *Health Insurance Act*.

However, if an employee is not subject to the *Health Insurance Act* for a given period in the year (as in the case, for example, of an employee posted outside Canada) and the plan provides the employee with coverage and benefits that comprise, at the least, all the services for which the employee would be covered under the *Health Insurance Act* if he or she were subject to it, subtract the prescribed amount respecting the coverage and benefits in question from the total amount of benefits (variable A), and reduce the tax on the insurance premiums accordingly.

The prescribed amount is obtained by **multiplying**, for each employee in the situation described in the preceding paragraph, the number of days the employee is in that situation and has the specific types of coverage and benefits by \$2.74 (for an employee who has individual coverage) or by \$10.96 (in all other cases).

Services insured according to the *Health Insurance Act*

The pharmaceutical services and prescription drugs that would be covered by the Québec Prescription Drug Insurance Plan if the employee had no coverage under a private insurance plan are insured under the *Act respecting prescription drug insurance*, not the *Health Insurance Act*. As such, do not exclude the portion of the premium that represents the coverage relative to the cost of these services and prescription drugs from the premium.

Example

A private health services plan provides individual coverage to an employee who works in another country and who is not subject to the provisions of the *Health Insurance Act*. The employer pays a premium of \$1,600 for the employee, for the year. The related tax on insurance premium is \$144 (9% of \$1,600). No portion of the cost is reimbursed to the employer by the employee.

The prescribed amount that reduces the premium is equal to \$2.74 multiplied by the number of days in the year that the employee has coverage comprising, at the least, all the services for which the employee would be covered under the *Health Insurance Act* if he or she were subject to it.

Calculating the premium

Premium paid for the employee		\$1,600.00	
Prescribed amount (\$2.74 × 365 days)	–	\$1,000.10	
	=	\$599.90	\$599.90

Calculating the tax

Tax paid on the premium (\$1,600.00 × 9%)		\$144.00	
Reduction of the tax (\$1,000.10 × 9%)	–	\$90.00	
	=	\$54.00	\$54.00
Value of the benefit	=		\$653.90



4.1.4 Paid-up life insurance

If coverage is provided for the year to a retired employee under a paid-up life insurance contract, the value of the taxable benefit corresponds to the portion of the single premium (and of the related tax) that can reasonably be attributed to the coverage and benefits provided to the person for any period of the year. This portion of the single premium must be calculated on the basis of the number of years the person can reasonably be expected to have the coverage (hereinafter referred to as the “applicable period”).

If the paid-up life insurance contract covers the retired employee until he or she reaches a set age, the applicable period is generally the number of years between the time the coverage takes effect and the set age. This number must be used to calculate the portion of the single premium that constitutes a taxable benefit.

The same principle holds for a paid-up life insurance contract that covers a retired employee until his or her death. In this case, the applicable period is generally the number of years between the time the coverage takes effect and the person’s normal life expectancy. This number must be used to calculate the portion of the single premium that constitutes a taxable benefit.

4.2 Contributions to a non-group insurance plan

The contributions (or premiums) you pay for an employee under a non-group insurance plan constitute a taxable benefit for the employee. Non-group insurance plans include health insurance, accident insurance, disability insurance, life insurance and wage loss replacement plans.

Include the value of the benefit in boxes A, G and L of the employee’s RL-1 slip. For more information, see section 2.3.

NOTE

The value of the taxable benefit calculated over the course of the year must be based on estimates and apportioned over all the pay periods in the year. You can do the calculation using any reasonable estimation method (such as basing the estimates on data for the previous year or on a hypothetical premium). At the end of the year, you have to use the actual data to determine the actual value of the benefit to be entered on the employee’s RL-1 slip.

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4.3 Contributions to a multi-employer insurance plan

Contributions you pay to the administrator of a multi-employer insurance plan for a group insurance plan other than a group insurance plan for total or partial loss of income from an office or employment constitute a taxable benefit for an employee. The value of the benefit corresponds to the portion of the contributions (and the related tax) applicable to the work performed by the employee during the year.

Include the value of the benefit in boxes A and P and also in box G of the employee’s RL-1 slip. For more information, see section 2.3.

If you are the administrator of a multi-employer insurance plan, consult the *Guide to Filing the RL-22 Slip* (RL-22.G-V).

Source deductions and contributions

A benefit related to contributions you make to an employee’s multi-employer insurance plan is subject to source deductions of income tax. However, you have to stop withholding income tax when the total of the contributions reaches the estimated reasonable amount of the taxable benefit that would be provided to the employee were the employee to receive coverage under the plan for the entire year. Even if you stop withholding income tax, you must continue to withhold and pay QPP contributions. Contributions you make to a multi-employer insurance plan are not subject to QPIP premiums.



Multi-employer insurance plan

A plan providing for the insurance of persons which:

- is applicable by operation of law, the regulations or a government order, to an economic sector, an industry, an activity, or a part of such a sector, industry or activity;
- is offered jointly by employers that belong to the same economic sector or industry, or that are engaged in the same activity; and
- is managed by a common administrator.

NOTE

Insurance plans applicable to employees in the construction industry are multi-employer insurance plans.

43.1–43.3, 78.6, 1086R1(i)

4.4 Top-up disability payments

If you make a top-up disability payment to an employee, the following rules apply:

- The payment is not considered a contribution made by you to or under the insurance plan of which the disability policy, for which the payment is made, is a part.
- If the payment is made to the employee, it is considered an amount received by the employee pursuant to the insurance plan referred to above.

A top-up disability payment received by an employee (or former employee) under a group disability insurance plan funded solely by employee contributions is not a taxable benefit.

Top-up disability payment

An amount that is paid by an employer to an employee (or former employee) in the following circumstances:

- The amount replaces or partly replaces the periodic payments that the employee (or former employee) would have received under a group insurance plan covering full or partial loss of employment income had the insurer not become insolvent.
- The amount is paid under an arrangement whereby the employee (or former employee) is required to repay the employer in the event that one or more of the periodic payments replaced by the employer are subsequently recovered from the insolvent insurer or another insurer.

43.0.1, 43.0.2



5 BOARD, LODGING, TRANSPORTATION AND MEALS

5.1 Free or subsidized lodging

If you provide free or subsidized lodging to an employee, the value of the benefit corresponds to the cost of the lodging, including any GST and QST, **minus** any amount paid by the employee. As a rule, the cost of the lodging is considered to be the FMV of the rent for the house or other lodging made available to an employee (that is, the amount the employee would have had to pay to rent from someone other than his or her employer). You have to include the value of the benefit in boxes A and V and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

If the employee works at a special work site or at a remote location, see section 5.2.

GST and QST

If the rent is subject to GST and QST, the cost of the lodging must be increased to take into account these taxes. In general, the supply of a room or other type of lodging occupied by the employee for at least one month is not subject to GST or QST.

Residence of a member of the clergy or of a religious order

If you provide free or subsidized lodging to a member of the clergy, a member of a religious order or a regular minister of a religious denomination, and this person is in charge of or ministers to a diocese, parish or congregation, or is engaged exclusively in full-time administrative service by appointment of a religious order or religious denomination, there is a taxable benefit for the person.

You have to include the value of the benefit in boxes A and V of the person's RL-1 slip.

NOTE

A member of the clergy, a member of a religious order or a regular minister of a religious denomination may be able to claim a deduction for their residence or lodging. To claim the deduction, the person has to enclose form TP-76-V, *Residence Deduction for a Member of the Clergy or a Religious Order*, with their income tax return. You must complete Part 2 of the form to certify that the person is required to use the residence or lodging in the course of their office or employment.

Source deductions and contributions

A member of the clergy, a member of a religious order or a regular minister of a religious denomination can request a reduction in source deductions of income tax with regard to the deduction for their residence or lodging. The person can request the reduction by completing form TP-1016-V, *Application for a Reduction in Source Deductions of Income Tax*. In this way, you do not have to withhold income tax on the value of a taxable benefit (including an allowance) in respect of a residence or lodging provided to such a person, as long as the person gives you the letter they receive from us authorizing the reduction. In this situation, you do not have to withhold or pay QPP contributions on the value of the benefit.

You do not have to withhold or pay QPIP premiums on the value of a taxable benefit in respect of free or subsidized lodging provided to a member of a religious order who has taken a vow of poverty and whose remuneration is paid to the religious order, either directly or by the member.



5.2 Board, lodging and transportation of an employee working at a special work site or a remote location

5.2.1 Board and lodging

A reimbursement or reasonable allowance you provide to an employee for expenses incurred for board and lodging, or board and lodging you provide to the employee, does not constitute a taxable benefit for the employee where the employee's duties require the employee to be away from his or her principal place of residence or to be at a special work site or a remote location for a period of at least 36 hours, and the board and lodging are provided:

- at a **special work site** where the employee performs temporary duties, and the dwelling that is the employee's principal place of residence:
 - is available throughout the period for occupancy by the employee and is not rented to another person, and
 - is far enough from the work site that the employee could not reasonably be expected to return home every day; or
- at a **location so remote** from any established community that the employee could not reasonably be expected to establish or maintain a dwelling there.

If these conditions are not met, the value of the benefit is taxable and must be included in boxes A and V and in box G or box I of the employee's RL-1 slip. For more information see section 2.3.

NOTE

If an employee works at a special work site in a designated remote area (prescribed zone), the value of a tax-exempt benefit for board and lodging may reduce the amount of the deduction for residents of designated remote areas that an employee can claim in an income tax return if the following conditions are met:

- You provide a benefit (including an allowance or reimbursement fixed by a government order, by a decision of the Conseil du trésor or by a collective agreement made pursuant to the *Act respecting labour relations, vocational training and workforce management in the construction industry*) to the employee for board and lodging at a special work site.
- The work site is in a prescribed northern zone or a prescribed intermediate zone and is situated within a radius of 30 kilometres of a population centre of at least 40,000 inhabitants.

If these conditions are met, you must enter "V-1" in a blank box of the RL-1 slip, followed by the amount of the tax-exempt benefit for board and lodging.

350.4, 39R1

Distance between the principal place of residence and the special work site

As a rule, we consider that it is not reasonable for an employee to travel between his or her principal place of residence and the workplace if the distance between those two places by the most direct route normally taken is at least 80 kilometres.

Even if the distance is less than 80 kilometres, we may still consider that it is not reasonable for the employee to make that trip after taking into account the following factors:

- the condition of the road taken;
- the available means of transportation;
- the number of hours of work required of the employee;
- the time the employee would have for rest if he or she returned home every day;
- the employee's general state of physical and mental health;
- the time it takes to travel the distance, and the time of day the travel takes place.



Remote location

As a rule, a location is considered remote if it is 80 kilometres or more, by the most direct route normally taken, from the nearest established community of at least 1,000 inhabitants.

In determining whether a location is remote, we also consider the following factors:

- the available means of transportation;
- the distance between the remote location and the nearest established community; and
- the time required to travel the distance.

Temporary duties

Duties performed on a short-term or interim basis.

NOTE

As a rule, we consider that an employee's duties are temporary if they are unlikely to provide continuous employment for the employee for more than two years.

Dwelling

A house, an apartment or any other similar type of lodging where a person ordinarily eats and sleeps, and which is equipped with kitchen and bathroom facilities.

NOTE

A room in a hotel establishment or rooming house is not a dwelling.

Established community

A group of dwellings located relatively close to one another where people reside on a permanent basis. An established community offers essential community services and housing facilities.

5.2.2 Transportation

The value of a benefit related to a reimbursement or reasonable allowance you provide to an employee for expenses incurred for transportation, or transportation you provide to the employee, is not taxable for the employee if the following conditions are met:

- The employee's duties require the employee to be away from his or her principal place of residence or at a special work site or a remote location for a period of at least 36 hours.
- The employee received a reimbursement or an allowance for his or her board and lodging during the period, or received board and lodging during the period.
- Transportation is provided:
 - between the employee's principal place of residence and the special work site, or
 - between the remote location and a location in Canada or in the country in which the employee is employed.

If these conditions are not met, the value of the benefit is taxable and must be included in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.

5.2.3 Check-out allowance

Under some employment contracts, an employee who leaves a special work site or a remote location for the weekend receives a check-out allowance. This allowance usually corresponds to the value of board and lodging during the employee's absence. Such an allowance is taxable and must be included in boxes A, G, I and L of the employee's RL-1 slip.



5.2.4 Compensation allowance

Under some employment contracts, an employee can leave a special work site or a remote location for a vacation after a specified work period. If the cost of the employee's round trip is paid entirely by the employer, the value of the benefit must not be included in the employee's income (see section 5.2.2).

However, if the employee elects to remain at the special work site or the remote location and be paid a compensation allowance for having elected to forgo the right to leave, the allowance is taxable and must be included in boxes A, G, I and L of the employee's RL-1 slip.

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5.3 Board, lodging and transportation provided to an employee of a subcontractor

Board, lodging and transportation provided to an employee of a subcontractor by the general contractor or another subcontractor constitutes a taxable benefit for the employee.

If the employee works at a special work site or at a remote location, see section 5.2.

The value of the benefit (including GST and QST) provided to the employee in the form of board and lodging, **minus** the portion paid by the employee, must be entered in boxes A and V of the employee's RL-1 slip. Likewise, the value of the benefit provided to the employee in the form of transportation, **minus** the portion paid by the employee, must be entered in boxes A and L. These amounts must also be entered in box G or box I. For more information, see section 2.3.

NOTE

The person that provides the benefit must complete the RL-1 slip.

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5.4 Dwelling located in a designated remote area (prescribed zone)

If you provide housing or utilities (like heating, electricity, water or household refuse collection) to an employee who lives in a designated remote area (prescribed zone), the employee receives a taxable benefit. The value of the taxable benefit varies depending on whether or not there is an established housing market in the prescribed zone.

Presence of an established housing market in the prescribed zone

If there is an established housing market in the prescribed zone where the employee lives, the value of the benefit related to the housing or utilities you provide the employee corresponds to the FMV of the housing or the FMV of the public utilities, including the GST and QST.

No established housing market in the prescribed zone

If there is no established housing market in the prescribed zone where the employee lives, we consider that the value of the benefit related to housing varies depending on whether or not you are the owner of the property. You must determine the value of the housing and the value of the utilities separately.

If you are the **owner** of the property you provide to the employee, the value of the housing benefit is calculated as follows:

- the lower of the following amounts:
 - the FMV of the housing or utilities,
 - the ceiling amount for housing benefits;

minus

- the rent or costs of utilities paid or reimbursed by the employee.



If you **rent** the property you provide to the employee, the value of the housing benefit is calculated as follows:

- the lower of the following amounts:
 - the rent or value of the utilities you pay,
 - the ceiling amount for housing benefits;

minus

- the rent or costs of utilities paid or reimbursed by the employee.

Ceiling amount for housing benefits

The ceiling amount for housing benefits is the maximum amount you can include in an employee’s income if the employee does not pay any expenses related to housing or utilities. The following table shows the monthly ceiling for housing benefits (including GST and QST) for the years 2019 and 2020, by type of housing and utilities.

Type of housing	Description of services	2019	2020
Common shelter	N/A	\$198	\$203
Apartment and duplex	Rent only	\$534	\$547
	Utilities only	\$260	\$266
	Rent and utilities	\$794	\$813
House and trailer	Rent only	\$893	\$916
	Utilities only	\$395	\$405
	Rent and utilities	\$1,289	\$1,320

For more information, refer to publication RC4054, *Ceiling Amounts for Housing Benefits Paid in Prescribed Zones*, on the canada.ca website.

Include the value of the housing benefit in boxes A and V and in box G or box I of the employee’s RL-1 slip. For more information, see section 2.3.

NOTE

An employee who lives in a prescribed northern zone or a prescribed intermediate zone for a period of at least six consecutive months beginning and ending in the year can request a reduction in source deductions of income tax by claiming the housing deduction in form TP-1015.3-V, *Source Deductions Return*.

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5.5 Meals and lodging of a restaurant or hotel employee

Meals and lodging you provide to a restaurant or hotel employee are taxable benefits for the employee.

Meals

The value of the benefit related to the meals provided to an employee is calculated as follows:

- the lowest price (including taxes) charged to customers for a meal (such as a daily special, a business meal, a table d’hôte meal, a buffet or a brunch), to a maximum of \$8.93 for 2020 (\$9.26 for 2021);

minus

- the total of the following amounts:
 - 20% of the above amount, and
 - the amount paid by the employee for the meal.



Lodging

The value of the benefit related to the lodging provided to an employee is calculated as follows:

- the lowest weekly rate (including taxes) for a room rented to paying guests, to a maximum of \$51.25 for 2020 (\$52.25 for 2021);

minus

- the weekly rent paid by the employee for the room.

You have to include the value of the benefits for meals and lodging in boxes A and V and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

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5.6 Meals and transportation for an employee who works overtime

Meals

If you provide a meal or reimburse meal expenses to an employee who works overtime, the employee does not receive a taxable benefit if the following conditions are met:

- The overtime is done at your request and is expected to last for at least two consecutive hours.
- Overtime is done rarely or on an occasional basis (fewer than three times a week).
- The meal expenses incurred by the employee are reimbursed (in whole or in part) upon presentation of receipts.
- The meal expenses reimbursed or the value of the meal provided (as the case may be) is reasonable.

If these conditions are not met, the employee receives a taxable benefit. You have to include the value of the meal benefit in boxes A and V and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

Transportation

If you provide transportation or an expense reimbursement for taxi transportation between an employee's home and usual workplace to an employee who works overtime, the employee does not receive a taxable benefit if the following conditions are met:

- The overtime is done at your request and is expected to last for at least two consecutive hours.
- Overtime is done rarely or on an occasional basis (fewer than three times a week).
- The taxi expenses incurred by the employee are reimbursed (in whole or in part) upon presentation of receipts.
- Public transit is not available, or it is reasonable to consider that, under the circumstances, the employee's safety would be jeopardized because of the time of day the trip is made.

If these conditions are not met, the employee receives a taxable benefit. You have to include the value of the transportation benefit in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

37.0.3



5.7 Free or subsidized meals

Free or subsidized meals (such as meals in an employee dining room or cafeteria) that you provide to an employee are a taxable benefit for the employee. The value of the benefit corresponds to the result of the following calculation:

- the cost of the food and, where applicable, the cost of preparing and serving the food (including GST and QST);
- minus**
- any amount paid by the employee.

You have to include the value of the benefit in boxes A, G and V of the employee's RL-1 slip. For more information, see section 2.3.

If you pay compensation for meals and transportation to employees who work overtime, see section 5.6.

37

5.8 Public transit passes

An employee's public transit pass is not a taxable benefit in the following cases:

- The employee receives a total or partial **reimbursement**, upon presentation of supporting documents, for an eligible subscription-type transit pass that is valid for at least one month or an eligible paratransit pass that the employee acquired with a view to using it to commute between his or her usual place of residence and the workplace.
- You purchase an eligible transit pass or an eligible paratransit pass that is provided to the employee primarily to commute between his or her usual place of residence and the workplace.

However, an allowance that you pay an employee to compensate the cost of his or her transit pass is a taxable benefit for the employee. You have to include the value of this benefit in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information see section 2.3.

Employee who works for a public transit company

Where an employee of a public transit company receives a free transit pass, or a full or partial reimbursement for such a pass, the pass is not considered a taxable benefit, provided it **is to be used only** by the employee. However, the FMV of the pass constitutes a taxable benefit for the employee if the pass is for a member of the employee's family.

If there is a taxable benefit for the employee, you have to include its value in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information see section 2.3.

Eligible transit pass

A transit pass that allows the use of a public transit service, other than a paratransit service, provided by a public entity authorized by law to organize such a service.

Eligible paratransit pass

A transit pass that allows the use of a paratransit service provided by a public entity authorized by law to organize such a service.

156.9

Public entity authorized by law to organize a public transit service

The following are examples of public entities authorized by law to organize a public transit service: municipal transit bodies, intermunicipal transit bodies, the Agence métropolitaine de transport, and the transit authorities of Laval, Lévis, Longueuil, Montréal, Outaouais, Québec, Saguenay, Sherbrooke and Trois-Rivières.

38.1

5.9 Intermunicipal shared transportation

A shared transportation service that you organize, either alone or jointly with other employers, for employees who live outside the local municipal territory where the establishment they normally work at is located is not a taxable benefit for the employees if the following conditions are met:

- The transportation service is provided at least five days a week, except during holidays or a slowdown in the business's activities.
- Employees are transported in a vehicle with a design capacity of at least 15 people (coach, minibus or van).
- Employees can get on and off the vehicle only at predetermined places.

If the above conditions are not met, there is a taxable benefit for the employee, and you have to include the value of the benefit in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.

38.2

5.10 Transportation from a meeting point to the workplace

Transportation that you provide free of charge from a meeting point to the workplace is not considered a taxable benefit if one of the following conditions is met:

- The access roads are closed to public or private vehicles for safety or other reasons, or are otherwise impassable.
- The employee works at a special work site or at a remote location (see section 5.2.2).

Compensation for travel expenses that you pay under collective agreements governed by the *Act respecting labour relations, vocational training and workforce management in the construction industry* to employees whose working conditions are governed by that Act does not constitute a taxable benefit.

If you provide transportation to an employee or reimburse an employee's transportation expenses, but neither of the above conditions are met, there is a taxable benefit for the employee. You have to include the value of this benefit in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.



6 TRAVEL EXPENSES

6.1 Allowance or reimbursement for travel expenses incurred by a member of the council of an RCM or of the Kativik Regional Government

An allowance paid, or an amount reimbursed, by an RCM or the Kativik Regional Government to a council member for personal travel expenses the member is required to incur by reason of his or her position is tax-exempt. Such expenses may include expenses incurred by the member to attend meetings of the council of the RCM or of the Kativik Regional Government, or to visit the organization's offices to prepare for a meeting, settle files or meet with members of the public.

However, if the **allowance or reimbursement exceeds a reasonable amount**, the excess portion is taxable and must be included in boxes A, G, I and L of the member's RL-1 slip.

39.4

6.2 Allowance or reimbursement for travel expenses incurred by a member of a board of directors or a committee member

An allowance paid, or an amount reimbursed, to a board or committee member elected or appointed by a corporation, association or other organization for travel expenses to enable the member to attend a board or committee meeting is not to be included in the member's income if the following conditions are met:

- The member is dealing at arm's length with the organization.
- The travel expenses are not incurred by the member for trips made in the performance of his or her duties.
- The meeting is held at a remote location at least 80 kilometres from the member's usual place of residence and,
 - in the case of a non-profit organization, in a place that can reasonably be regarded as connected to the territory within which the organization regularly carries on its activities, or
 - in the case of another type of organization, in a place that is within the local municipal territory or the metropolitan area where the head office or principal place of business of the organization is located.

If these conditions are met, but the **allowance or reimbursement exceeds a reasonable amount**, the excess portion is taxable and must be included in boxes A and L of the member's RL-1 slip. If the conditions are not met, the **full** amount of the allowance or reimbursement is taxable and must be included in boxes A, G, I and L of the member's RL-1 slip.

39.4.1



6.3 Allowance or reimbursement for travel expenses incurred by a part-time employee

An allowance you pay, or an amount you reimburse, to a part-time employee (as opposed to a part-time office holder) for travel expenses other than expenses incurred in the performance of the duties of the employment (for example, expenses incurred to travel to and from the workplace) should not be included in the employee's income if you and the employee are dealing at arm's length and the following conditions are met:

- The employee is a part-time teacher, and the employee's usual place of residence and place of employment are at least 80 kilometres apart.
- The employee has other employment (as opposed to holding an office) or carries on a business throughout the period he or she has part-time employment, and the employee's usual place of residence and principal place of business or other employment are at least 80 kilometres from the place of part-time employment.

If these conditions are met, but the **allowance or reimbursement exceeds a reasonable amount**, the excess portion is taxable and must be included in boxes A, G, I and L of the employee's RL-1 slip.

NOTE

As a rule, we consider that an employee has part-time employment if the amount of work he or she is required to do is less than that required of full-time employees performing equivalent duties for the same employer.

Office

An office is a position held by an individual for which the individual is entitled to be remunerated. For example, an individual who is a member of the board of directors of a corporation holds an office, even if he or she performs no administrative duties. An individual who is an elected or appointed representative also holds an office.

39.5

6.4 Allowance for travel expenses (employees whose duties consist in selling goods or negotiating contracts)

Any **reasonable** allowance (including any such allowance related to the use of a motor vehicle) that you pay the employee for travel expenses incurred during periods when the employee's duties consist in selling goods or negotiating contracts for you is not taxable.

However, if the **allowance is not reasonable**, it is taxable and the **full amount** must be included in boxes A, G, I and L of the employee's RL-1 slip.

40(a)

6.5 Allowance for travel expenses (employees whose duties do not consist in selling goods or negotiating contracts)

A **reasonable** allowance that you pay the employee is not taxable in the following situations:

- The allowance is paid for a motor vehicle the employee uses for travel in the course of his or her duties.
- The allowance covers travel expenses (other than those related to the use of a motor vehicle) incurred during trips outside the local municipal territory or metropolitan area where your establishment at which the employee normally works (or with which he or she is normally connected) is located.

If the **allowance is not reasonable**, it is taxable and the **full amount** must be included in boxes A, G, I and L of the employee's RL-1 slip. This may be the case, for example, if the allowance you pay for a motor vehicle is not based solely on the actual number of kilometres travelled by the employee in the performance of his or her duties.

Travel expenses (including a meal allowance)

In certain situations, an allowance for travel expenses (including a meal allowance) that you pay for an employee's travel within the local municipal territory or the metropolitan area is not taxable. This type of allowance is paid to an employee who is required to travel to more effectively perform his or her duties in a work period. The allowance must primarily benefit you, the employer, and it must be reasonable and not be combined with another type of remuneration.

This may be the situation of an employee of a hydroelectric company who installs and repairs power lines in a sector of the municipality that is more than one hour away from the office where the employee generally has lunch. Rather than having the employee drive back to the office during the lunch hour and then return to the work site, you pay a reasonable meal allowance so that the employee can eat at a restaurant close to the work site. We consider that this arrangement mainly benefits you. In such a case, the allowance is not taxable and should not be included in the employee's salary.

40(b) and (c)

6.6 Travel expenses paid for an employee's spouse

An amount you pay or reimburse to an employee for the travel expenses of the employee's spouse constitutes a taxable benefit for the employee, unless the spouse makes the trip at your request and the main reason for the spouse's trip is to assist in achieving the objectives of the business trip. If you pay such expenses, you must include GST and QST in the value of the benefit. You have to include the value of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

6.7 Trips made by a resident of a designated remote area

Trips you pay for on behalf of an employee who works and resides in a designated remote area constitute a taxable benefit for the employee. You have to include the total value of the benefit related to the trips (including GST and QST) in boxes A, G, I and K of the employee's RL-1 slip

Moreover, if the trips were made to receive medical care, you have to enter "K-1" in a blank box of the RL-1 slip, followed by the amount that corresponds to trips made to receive medical care.

Trips made to receive medical care

The total cost of a trip made to receive medical care corresponds to the travel expenses incurred for a trip made by an employee or a member of his or her household to receive medical services not available in the locality where the employee is living. If the person requiring medical care has to be accompanied during the trip, the accompanying person's travel expenses should be included in the cost of the trip. The value of the benefit related to any trips made for medical care can be deducted in the calculation of the employee's income, regardless of the number of trips made during the year.

Trips made for reasons other than business or medical reasons

The total cost of trips made for reasons other than business or medical reasons (for example, trips made because of a death or an unfortunate event, or annual leave) must also be included in boxes A and K. The value of this benefit can be deducted in the calculation of the employee's income, subject to a limit of two trips for each member of the household.

For more information, and for a list of the areas concerned, consult guide TP-350.1.G-V, *Deduction for Residents of Designated Remote Areas*.



6.7.1 Deduction for residents of designated remote areas

You have to subtract an employee's allowable travel deduction from the employee's gross remuneration for a pay period if the employee's remuneration for the pay period includes the value of a taxable benefit related to trips made by a resident of a designated remote area and the following conditions are met:

- The employee has lived in a designated remote area for a period of at least six consecutive months that began or ended in the year.
- The trip was made by the employee or by a member of the employee's household during the period of the year in which the employee lived and worked in the remote area.
- The employee worked in the remote area at the time the trip was made.
- You and the employee are dealing at arm's length.
- The trip was made by the employee or a member of the employee's household to receive medical services not available in the place where he or she lives (unlimited number of trips), or for a non-medical reason (limit of two trips per person; see the note below).
- Neither the employee nor any member of the employee's household will claim, in his or her income tax return, another deduction or tax credit for medical expenses with respect to the taxable benefit.
- No form of financial assistance (other than this taxable benefit) was granted to the employee or a member of the employee's household for travel expenses. This condition does not apply if the financial assistance was included in the income of the employee or a member of the employee's household.

NOTE

An employee can claim a deduction for the first two trips for non-medical reasons (such as trips made because of a death or other unfortunate event, or trips made as part of an annual leave) that the employee or a member of the employee's household makes, provided the other conditions described in this section are met.

The deduction for the employee and the members of the employee's household is limited to two trips each.

Calculate the amount of the deduction, where applicable, and subtract it from the gross remuneration.

6.7.2 Calculating the amount to be subtracted from an employee's gross remuneration

The travel deduction that you have to subtract from an employee's gross remuneration is the result of the following calculation:

- the least of:
 - the value of the taxable benefit (see the instructions for column C in guide TP-350.1.G-V),
 - the cost of the trip (see the instructions for column D in guide TP-350.1.G-V), and
 - the amount of the additional limit (see the instructions for column E in guide TP-350.1.G-V);
- **multiplied by** one of the following percentages:
 - 50%, if the remote area is located in an intermediate zone (see guide TP-350.1.G-V),
 - 100%, if the remote area is located in a northern zone (see guide TP-350.1.G-V).

Restriction

If you expect that the trip will not be made in the year in which the benefit was provided, do not subtract an amount for this trip from the employee's gross remuneration.

For more information, see guide TP-350.1.G-V.

350.1–350.6



7 OTHER BENEFITS

7.1 Acquisition of shares in a labour-sponsored fund

An amount you pay to acquire, on behalf of an employee, a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondation is a taxable benefit in kind. You must include the value of the benefit in boxes A and L of the RL-1 slip. You must also enter “G-1” in a blank box, followed by the value of the benefit.

7.2 Social events

We have adopted the same administrative policy as the Canada Revenue Agency regarding benefits related to social events. We do not consider such a benefit to be a taxable benefit if the social event is provided free of charge to all of your employees and costs no more than \$150 per person. If the event is offered to all your employees and their spouses, the cost must be based on the number of people present, not just on the number of employees.

The cost per person includes venue rental fees, the cost of food and entertainment and consumption taxes. It does not include additional costs such as transportation and gifts or rewards covered in section 7.5 of this guide. If the cost is more than \$150 per person, the entire amount, including the additional costs, is a taxable benefit which must be included in boxes A, G and L of the employee’s RL-1 slip. For more information, see section 2.3.

7.3 Allowance paid to a member of a municipal or school body

An allowance paid to a person to cover expenses incurred in the course of the person’s duties (other than an allowance for travel expenses that does not have to be included in the person’s income) is taxable if the person is:

- an elected member of a municipal council (for example, a mayor or a municipal councillor);
- a member of the council or executive committee of a metropolitan community, an RCM or a similar body created under a Québec statute;
- a member of a municipal utilities commission or corporation, or of a similar body responsible for administering such services;
- a member of the board of directors of a school service centre; or
- a member of a public or separate school board, or of a similar body responsible for administering a school district.

Amount determined by a law or regulation

The respective amounts a member of one of the above bodies is paid as salary and as an allowance for expenses incurred in the course of the member’s duties are generally determined by a law or regulation. The law or regulation specifies what portion of the total amount (allowance and salary) paid to the member constitutes an allowance for expenses incurred in the course of duties. This portion is not taxable to a maximum of one-half of the amount paid to the member as salary or other remuneration in the year.

You have to include the portion of the allowance that exceeds half of the amount paid as salary or other remuneration in boxes A, G, I and L of the member’s RL-1 slip. You must also enter “L-3” in a blank box of the slip, followed by the amount of the tax-exempt allowance for expenses incurred in the course of duties.



Example						
Total amount (including allowance)	Salary or other remuneration	Allowance for expenses incurred in the course of duties		Amount to be included in the boxes of the RL-1 slip		
		Allowance paid	Tax-exempt allowance	Box A	Box L	Blank box (L-3)
\$3,000	\$2,000	\$1,000	\$1,000	\$2,000	–	\$1,000
\$3,000	\$1,800	\$1,200	\$900	\$2,100	\$300	\$900

Amount not determined by a law or regulation

Where no law or regulation specifies what portion of the total amount paid to a member constitutes an allowance for expenses incurred in the course of duties, we consider that one-third of the total amount (excluding allowances that do not have to be included in the member's income) constitutes such an allowance and that the remaining two-thirds constitute salary or other remuneration.

You have to include the portion of the allowance that exceeds one-third of the total amount paid in boxes A, G, I and L of the member's RL-1 slip. You must also enter "L-3" in a blank box, followed by the amount of the tax-exempt allowance for expenses incurred in the course of duties.

If the allowance paid is less than one-third of the total amount paid, the allowance is an allowance for expenses incurred in the course of duties. If the member is not paid an allowance, no portion of the remuneration can be considered paid as an allowance.

Example						
Total amount (including allowance)	Salary or other remuneration	Allowance for expenses incurred in the course of duties		Amount to be included in the boxes of the RL-1 slip		
		Allowance paid	Tax-exempt allowance	Box A	Box L	Blank box (L-3)
\$3,000	\$2,200	\$800	\$800	\$2,200	–	\$800
\$1,200	–	\$1,200	\$400	\$800	\$800	\$400

39.3

7.4 Benefits provided to a person with an impairment

A benefit (including a reasonable allowance) you provide to an employee with an impairment is tax-exempt if the expenses are incurred for:

- **transportation** between the employee's home and the workplace (including parking near the workplace), if the employee is blind or has a severe and prolonged mobility impairment certified by a qualified health professional (it may be an allowance or a benefit related to the use of taxis or a paratransit service, or of a provided or subsidized parking space);
- the **services of an attendant** to help the employee carry out the duties of his or her office or employment, if the employee has a severe and prolonged impairment in mental or physical functions certified by a qualified health professional (the expenses incurred may include expenses for the services of a reader for a blind person, a sign-language interpreter for a deaf person, or an instructor for a person with a mental impairment).

42.0.1



7.5 Gifts and rewards

A gift or reward you give to an employee constitutes a taxable benefit whose value must be included in the employee's income. In the case of a non-monetary gift or reward, you must include GST and QST in the value of the benefit.

The value of the following tax-exempt benefits should not be included in the employee's income:

- a **non-monetary gift** given for a special occasion (such as Christmas, a birthday, a wedding or similar occasion), **up to a value of \$500** (including taxes) per year; and
- a **non-monetary reward** given in recognition of certain accomplishments (such as reaching a certain number of years of service, meeting or exceeding safety requirements, or achieving similar objectives), **up to a value of \$500** (including taxes) per year.

The following benefits are **fully** taxable and their value should be included in the employee's income:

- gifts and rewards paid in cash, or easily convertible into cash;
- personal insurance premiums that you pay; and
- gifts and rewards for work performance.

You have to include the value of these benefits in boxes A and L and in box G or box I of the RL-1 slip. For more information, see section 2.3.

NOTE

A gift certificate, gift coupon or gift card that has to be used to purchase goods or services from a particular business or list of businesses is not considered to be easily convertible into cash.

Example

If you give an employee a gift valued at \$100 for his or her birthday and another valued at \$450 for Christmas, you have to include \$50 ($\$100 + \$450 - \500) in boxes A, G and L of the employee's RL-1 slip. If the gifts are cash gifts, however, the entire amount (\$550) has to be included in boxes A, G, I and L.

Personalized item with an employee's name or a corporate logo

If the reward (other than a reward in recognition of certain accomplishments) is an item that is personalized with an employee's name, a corporate logo or a message, you can subtract an amount that is reasonable in the circumstances from the value of the benefit to be included in the employee's income. If the reward is a plaque, trophy or other memento of nominal value for which there is no market, it is not considered a taxable benefit.

Incentive bonuses and prizes related to sales

Incentive bonuses and other prizes (in cash or in kind) related to sales made in the course of employment or a business constitute a taxable benefit. If a portion of a prize or an incentive bonus is paid in kind, include any GST and QST in the calculation of the benefit.



Gifts and rewards offered by a supplier or a client

If an employee receives a gift or reward directly from a supplier or client, the supplier or client must file an RL-1 slip in the employee's name and include the value of the gift or reward in boxes A and L and in box G or box I of the slip. The \$500 exemption cannot be applied to the amount.

Example

An automobile manufacturer that rewards a dealer directly, in cash or in kind, is not required to report the value of the reward on an RL-1 slip. If the dealer subsequently distributes the reward to his or her employees, the dealer must include the value of the employees' respective shares of the reward in boxes A and L and in box G or box I of their RL-1 slips. However, if the manufacturer rewards one of the dealer's employees directly, the manufacturer must file an RL-1 slip in the employee's name and include the value of the reward in boxes A and L and in box G or box I of the slip. The \$500 exemption cannot be applied to the reward.

NOTE

The cost of gifts and rewards is fully deductible in the calculation of your income, provided the amount is reasonable under the circumstances. This includes gifts and rewards that qualify for the \$500 exemption.

37, 37.1.5

7.6 Financial compensation paid to an emergency services volunteer

A financial compensation not exceeding \$1,190 (amount for 2020) is tax-exempt if it is paid by a government, a municipality or other public authority to a person who is:

- a volunteer firefighter;
- a volunteer ambulance technician;
- a volunteer assisting in the search and rescue of individuals or in other emergency operations.

If the amounts paid (as an allowance or in any other form) and the value of the benefits provided to the volunteer during the year are more than \$1,190, the portion that is over \$1,190 is taxable and must be included in boxes A, G, I and L of the volunteer's RL-1 slip. If the employment is considered to be excepted employment under the QPP and QPIP (see "Source deductions and contributions" below), do not include that portion in boxes G and I of the RL-1 slip. You must also enter "L-2" in a blank box of the RL-1 slip, followed by the tax-exempt amount of the financial compensation.

The tax-exempt financial compensation is indexed annually. To find out what the amount was in another year, see our website.

Exception

The exemption does not apply if, during the year, the volunteer worked for the same organization that paid the financial compensation, and he or she carried out duties that were similar or identical to those performed as a volunteer. For example, the exemption cannot be claimed by a volunteer firefighter who works for a municipality if he or she also has full-time or part-time employment with the municipality as a firefighter (whether the employment is permanent or the person has temporary employment as a replacement for a firefighter).

Source deductions and contributions

A taxable benefit related to the portion of financial compensation paid to an emergency services volunteer that exceeds \$1,190 is subject to source deductions and employer contributions.

However, the total of all amounts paid (including any financial compensation) is not subject to QPP contributions, if the amounts are paid for employment that is considered to be excepted employment under the QPP.

The total of all amounts paid (including any financial compensation) is not subject to employee and employer QPIP premiums, if the amounts are paid for employment that is considered to be excepted employment under the QPIP.



The financial compensation is not subject to the contribution related to labour standards.

To find out what categories of employment are considered to be excepted employment under the QPP and the QPIP, consult the *Guide for Employers* (TP-1015.G-V).

NOTE

A volunteer who elects to claim either the tax credit for volunteer firefighters or the tax credit for volunteers participating in search and rescue activities in the personal income tax return has to include the financial compensation shown in box L-2 of the RL-1 slip received in his or her employment income when completing the income tax return. Despite this, the financial compensation is not subject to source deductions of income tax, QPP contributions, the contribution to the health services fund, the contribution related to labour standards, and, where applicable, the contribution to the WSDRF.

39.6

7.7 Professional membership dues

The professional membership dues you pay on behalf of an employee or reimburse to an employee constitute a taxable benefit for the employee if the dues are required by a professional association for the purposes of maintaining a professional status recognized by law. Likewise, if you pay or reimburse an employee's initial registration fees, the payment also constitutes a taxable benefit for the employee. For example, if the professional membership dues of an employee who is the controller or vice-president of finance of your corporation are paid by you to a professional order of accountants or reimbursed to the employee, there is a taxable benefit for the employee. The value of the benefit is equal to the amount you pay (including taxes), **minus** any amount reimbursed to you by the employee. You have to include the value of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

However, we may consider that such a payment or reimbursement is not a taxable benefit if the facts show that the payment or reimbursement is entirely or almost entirely for the employer's benefit. This may be the case where an employee is not hired to practise his or her profession and does not perform any act pertaining to the profession, but you oblige him or her to maintain a professional status recognized by law simply for prestige. For example, if you hire a chartered accountant as a secretary and this person performs no act pertaining to his or her profession, your payment of the employee's professional membership dues does not constitute a taxable benefit for the employee.

Professional liability insurance premiums

If you pay or reimburse an employee's professional liability insurance premiums, the payment of which is required for the purposes of the employee's duties, the employee does not receive a taxable benefit. We consider payment of the premium to be directly connected to the duties the employee performs for you and you to be the main beneficiary.

37, 752.0.18.3

7.8 Employee QPP contributions and QPIP premiums

Any employee QPP contributions or employee QPIP premiums you pay on behalf of the employee are a taxable benefit for the employee. You have to include the value of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

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7.9 TFSA contributions made by the employer

Contributions you make to a TFSA on an employee's behalf, and the related administrative costs you pay, constitute a taxable benefit, provided the amounts are not withheld from the employee's remuneration. You have to include the benefit in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

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7.10 RRSP contributions made by the employer

Contributions you make to an RRSP of which your employee or his or her spouse is the annuitant, and the related administrative costs you pay, constitute a taxable benefit for the employee, provided the amounts were not withheld from the employee's remuneration. You have to include such amounts in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

If you make a contribution to a group RRSP and the employee cannot withdraw any amounts before his or her retirement or termination of employment (the only exception being amounts the employee can withdraw under the HBP or the LLP), do not include the value of the benefit in box I of the employee's RL-1 slip.

Source deductions and contributions

A taxable cash benefit related to RRSP contributions you make on behalf of your employee or the employee's spouse is generally subject to source deductions and employer contributions. However, the benefit is not subject to income tax if you remit the contributions directly to the RRSP issuer. Moreover, the benefit is not subject to QPIP premiums if you make the contributions to a group RRSP and the employee cannot withdraw any amounts before his or her retirement or termination of employment (the only exception being amounts the employee can withdraw under the HBP or the LLP).

The taxable benefit related to administrative costs you pay in connection with RRSP contributions you make on behalf of an employee is not subject to income tax or QPP contributions if no amounts are paid to the employee for the pay period in which the benefit is provided. This benefit in kind is also not subject to QPIP premiums.

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7.11 Contributions made and other amounts paid by employers to certain plans

Contributions you make to and other amounts you pay into a plan on behalf of an employee do not constitute a taxable benefit for the employee if they are made or paid:

- under a retirement compensation arrangement;
- under a salary deferral arrangement;
- to an employee trust (box Q of the RL-1 slip);
- to a group insurance plan, to cover total or partial loss of income from an office or employment (if the wage loss benefits are payable periodically);
- to an employee life and health trust, to cover total or partial loss of income from an office or employment;
- to an employee benefit plan (box Q of the RL-1 slip);
- to a supplementary unemployment benefit plan;
- to an RPP;
- to a DPSP; or
- to a VRSP or PRPP.

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7.12 Remote working equipment

In the exceptional circumstances caused by COVID-19, we consider that the reimbursement, in whole or in part, upon presentation of receipts, of a maximum of \$500 to compensate the cost of acquiring personal computer equipment or office furnishings needed for remote working does not constitute a taxable benefit for the employee. We consider that it is you, the employer, who primarily benefits from this reimbursement.



7.13 User fees for recreational facilities and social club or sports club dues

An amount that covers the fees that an employee would have had to pay to use a recreational facility had the facility not been provided free of charge or for a nominal fee does not constitute a taxable benefit for the employee if you derive some advantage for your business.

This also applies to dues you pay on behalf of the employee for membership in a social club or sports club. However, where such membership serves a social purpose and is of little or no advantage for your business, the dues you pay constitute a taxable benefit for the employee and must be included in boxes A, G, I and L of the employee's RL-1 slip.

An amount that covers user fees for a recreational facility and any membership dues you pay for a social club or sports club are not considered a taxable benefit if they are a gift given to an employee for a special occasion or a reward given in recognition of certain accomplishments and the total value of all the gifts and rewards given to the employee in the year does not exceed **\$500** (including taxes). For more information on gifts and rewards, see section 7.5.

Moreover, if you provide meals and accommodation free of charge to an employee (for example, at a resort or a hunting or fishing lodge that you maintain), the value of this benefit (including GST and QST) must be included in boxes A and V and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

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7.14 Moving expenses and expenses related to relocation

7.14.1 Reimbursement of moving expenses

Amounts you pay or reimburse to cover the moving expenses of an employee, the employee's family and the employee's household effects do not constitute a taxable benefit for the employee in the following situations:

- The employee is transferred from one of your establishments to another.
- The employee accepts employment in a locality other than the one in which he or she resides.
- The employee moves from a remote area to another area at the end of the employment contract.
- The employee returns to the establishment from which he or she was transferred, after the employment ends.
- The employee begins a new job in one of your other establishments.

If none of the above situations applies, the employee receives a taxable benefit, in which case you have to include the value the benefit in boxes A, G, I and L of the employee's RL-1 slip.

The following moving expenses paid or reimbursed by you are not a taxable benefit for the employee if they are reasonable expenses:

- the cost of reconnecting telephone and cable services, and of hooking up household appliances;
- the cost of modifications required to install drapes, blinds, carpets, and plumbing or electrical systems, provided the changes are needed to enable the employee to continue using his or her property in a new residence.

If the expenses are not reasonable, the employee receives a taxable benefit and you have to include the value of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

NOTE

The individual may be able to claim a deduction in their income tax return for moving expenses that were not reimbursed.

348–350



7.14.2 Allowance to cover expenses related to relocation

An allowance you pay to an employee to cover expenses related to relocation is not taxable as long as it does not exceed an amount equivalent to the employee's salary or wages for **two weeks**. The amount of salary or wages to be taken into account is the employee's salary or wages on the day he or she begins the new assignment. If the allowance exceeds an amount equivalent to the employee's salary or wages for two weeks, the excess portion is taxable and must be included in boxes A, G, I and L of the employee's RL-1 slip.

NOTE

You must withhold and pay QPIP premiums on the portion of a tax-exempt allowance to cover moving and relocation expenses that exceeds \$650.

39(f.2)

7.14.3 Compensation for housing loss

If you pay an amount to an employee (or to a person related to the employee) as compensation for a loss sustained on the sale of the employee's former residence or a decrease in the value of the residence (hereinafter referred to as a "housing loss"), the amount constitutes a taxable benefit.

The value of the taxable benefit is equal to the result of the following calculation:

- one-half of the result of the following calculation: the total amount paid in the year and in a previous year for the housing loss, **minus** \$15,000;

minus

- the value of the benefit included in the taxpayer's income in a previous year with respect to the amount paid for the housing loss.

This calculation applies to amounts that you pay for only one residence for any given move.

At any given time, a housing loss is equal to the result of the following calculation:

- the greater of:
 - the highest FMV of the residence within the six-month period ending at that time, and
 - the adjusted cost base of the residence at that time;

minus

- the lesser of:
 - the FMV of the residence at that time, and
 - the proceeds of disposition, if the residence was disposed of before December 31 of the following year.

You have to include the value of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

37.1.1–37.1.4

7.14.4 Assistance granted to an employee who relocates

Any amount you pay to an employee (including the value of any assistance you provide to the employee) for the acquisition, use or right of use of a residence is taxable. For example, you may pay the employee an amount (or provide the employee assistance) so that he or she can pay or reimburse mortgage interest, property taxes, insurance or costs incurred to keep the former residence in good condition after the move, or so that he or she can pay higher mortgage interest or bridge financing required with respect to the new residence.

37.1.1



7.15 Training expenses

Training expenses you pay or reimburse to an employee do not constitute a taxable benefit for the employee if it is reasonable to consider that the training significantly benefits you (regardless of whether or not the training leads to a diploma or licence).

Training directly related to the employer's activities

Courses taken by an employee to maintain or upgrade skills directly related to your business activities are generally considered to benefit you if it is reasonable to believe that the employee will resume his or her employment for a substantial length of time after the end of the course. Tuition paid for courses leading to a diploma or a licence in a field related to the employee's present or future duties within your business, and other related expenses such as books, meals, travel expenses and accommodation, do not constitute a taxable benefit.

General training not directly related to the employer's activities

Fees you pay or reimburse to the employee for other business-related courses (such as language courses, first-aid courses, stress-management courses and employment-equity courses) are generally considered tax-exempt, even if the training is not directly related to your own business. As a rule, in-house training is not considered a taxable benefit.

Personal-interest training

Fees you pay or reimburse to an employee for personal-interest courses or courses taken by the employee to acquire skills that are unrelated to your business constitute a taxable benefit. For example, the fees you pay for an employee to take a cooking course for personal interest constitute a taxable benefit for the employee. If you pay such fees directly, you must include GST and QST in the value of the benefit.

An amount reimbursed to an employee for books and supplies required for training is taxable in the year it is reimbursed. You must include the reimbursement in boxes A, G, I and L of the employee's RL-1 slip.

37, 38

7.16 Tuition fees, and scholarships and bursaries

If you provide a scholarship, bursary or fellowship to an employee's family member, or if you are an educational institution that offers free courses or reduced tuition fees to an employee's family member, include the value of the benefit in the employee's income only if:

- the benefit is provided in lieu of salary, wages or other remuneration paid to the employee;
- you are not dealing at arm's length with the employee.

The amounts are considered to be a taxable benefit for the family member. The FMV of the benefit must be included in box O of the family member's RL-1 slip.

For example, if you are a primary, secondary or post-secondary educational institution that offers free courses or reduced tuition fees to a member of an employee's family, you have to file an RL-1 slip on behalf of the family member and include the FMV of this benefit in box O of the slip. If you are providing a scholarship, bursary or fellowship, you also have to enter "RB" in the "Code (case O)" box of the slip.

37, 38



7.17 Medical expenses

The amount of medical expenses that you pay or reimburse to an employee, other than under a private health services plan, constitutes a taxable benefit for the employee. You have to include this amount in boxes A, G, I and L of the employee's RL-1 slip.

NOTE

The employee may be able to claim a tax credit for medical expenses in his or her income tax return.

[37, 752.0.11.3](#)

7.18 Security options

If a corporation **grants** a security option that is a share of its capital option (including a share of a corporation not dealing at arm's length with the corporation) to an employee or to the employee of a corporation not dealing at arm's length with the corporation, and the corporation grants this option under an agreement that allows the employee to acquire such a security, there is no taxable benefit for the employee at the time the option is **granted**.

Similarly, if a mutual fund trust grants a security option that is a mutual fund unit (including a mutual fund unit of a mutual fund trust with which it is not dealing at arm's length) to an employee (or to the employee of a mutual fund trust with which it is not dealing at arm's length), and the trust grants this option under an agreement that allows the employee to acquire such a security, there is no taxable benefit for the employee at the time the option is **granted**.

As a rule, the employee receives a taxable benefit in the taxation year in which he or she **acquires** the security covered by the option, unless the security is a share of a CCPC.

[47.18–58.0.6](#)

Election made under the *Income Tax Act*

If an employee transfers his or her security option to you as consideration for a cash payment or a benefit in kind without acquiring any securities, the employee can claim the security option deduction provided that you elected, under subsection 110(1.1) of the federal *Income Tax Act*, that neither you nor any person with whom you are not dealing at arm's length will deduct the payment made to or on behalf of the employee. To make the election, enter "L-8" in a blank box of the RL-1 slip, followed by the amount of the payment. The amount reported after code L-8 may be different from the value of the taxable benefit you must include in boxes A and L of the employee's RL-1 slip.

[725.2.0.2](#)

Source deductions and contributions

A taxable benefit resulting from the acquisition of a security that is a share of a corporation, other than a CCPC, or a mutual fund unit is subject to source deductions of income tax in the year the security is acquired as if it were remuneration paid as a gratuity. However, for the purposes of source deductions of income tax only, the value of the benefit subject to a source deduction can be reduced by the amount of the security option deduction the employee can claim in his or her income tax return, provided the conditions are met.

NOTE

- If you pay no other amount to the employee for the pay period in which the benefit is provided, you do not have to withhold income tax on the value of the benefit.
- If you pay an amount to the employee for the pay period in which the benefit is provided, but that amount does not cover the full amount of income tax you should withhold, you have to withhold income tax up to the amount you paid. In this situation, the employee cannot request a reduction in source deductions of income tax by filing form TP-1016-V, *Application for a Reduction in Source Deductions of Income Tax*, and you cannot reduce the amount of income tax you withhold.

[1015.0.3, 1017.3](#)



7.18.1 Calculating a security option benefit

The value of the benefit received by the employee is equal to the result of the following calculation:

- the FMV of the security at the time of acquisition or the value of the consideration received (in cash or in kind) at the time the employee transfers his or her rights to you, as applicable;

minus

- the total of:
 - the amount paid or payable by the employee to acquire the security, and
 - the amount paid by the employee for the option.

You must include the value of the benefit in boxes A and L and in box G or box I of the employee's RL-1 slip **in the year in which the employee sells or acquires** the security, as applicable. For more information, see section 2.3.

You must also calculate the amount of the security option deduction, unless the value of the benefit is included in the income used to calculate the deduction granted to the following persons:

- a Québec sailor working for an eligible shipowner;
- a foreign specialist working at an IFC;
- a foreign researcher, foreign researcher on a post-doctoral internship or foreign expert working for a business carrying out research in Québec;
- a foreign professor working for a university in Québec;
- a foreign specialist working at a BDC;
- a foreign specialist working for a stock exchange business or a securities clearing-house business;
- a foreign specialist working for a financial services corporation;
- a foreign farm worker; or
- a worker holding a key position in a foreign production.

To calculate the security option deduction, see sections 7.18.2 and 7.18.3.

NOTE

The corporation that provides the benefit is responsible for filing the RL-1 slip.

47.18–58

7.18.2 Deduction for CCPC stock options

An employee or former employee (hereinafter referred to as an "employee") is deemed to receive a taxable benefit **in the year the employee sells or exchanges** a share he or she acquired under an option, provided the following conditions are met:

- The corporation that issued or sold the share to the employee was a CCPC at the time the agreement was reached.
- Immediately after the agreement was reached, the employee was dealing at arm's length with the corporations involved (that is, your corporation, the corporation that made the agreement and the corporation that sold or issued the share to the employee).
- The employee acquired the share after May 22, 1985, and, if any of the corporations involved is not a CCPC, the following conditions are met:
 - The share is covered by subparagraph 110(1)(d)(i.1) of the federal *Income Tax Act* at the time of sale or issue, as applicable.
 - The share was acquired between May 22, 1985, and May 3, 1991 (unless it was acquired before January 1, 1987, under an agreement reached prior to April 24, 1985).
 - The amount the employee paid to acquire the share is equal to or greater than the result of the following calculation: the FMV of the share at the time the agreement was reached, **minus** the amount the employee paid for the stock option.



In this case, the employee can claim a security option deduction in his or her income tax return if the following conditions are met:

- The employee sells or exchanges the share in the year.
- The employee held the share for at least two years (except where the employee died).
- The employee did not claim the deduction provided for in section 7.18.3.

If these conditions are not met, the employee can claim the deduction covered by section 7.18.3 provided he or she meets the conditions stated in that section.

The security option deduction corresponds to 25% of the value of the benefit deemed received in the year, or to 50%, if the benefit is deemed received for a stock option granted after March 13, 2008, by an SMB that is an SMB engaged in innovative activities for the calendar year in which the option was granted.

You have to enter “L-10” in a blank box of the RL-1 slip for the year in which the securities were sold, followed by the amount of the security option deduction, unless the employee is claiming a deduction elsewhere in the calculation of his or her taxable income.

725.3, 725.3.1

SMB engaged in innovative activities

A corporation is an SMB engaged in innovative activities for a given calendar year if, during the year:

- it carries on a business in Québec and has an establishment there;
- its assets (including those of any associated corporations), calculated on a worldwide basis, are less than \$50 million for its taxation year ending in the calendar year preceding the given calendar year or, where the corporation is in its first fiscal year, at the beginning of its fiscal year; and
- a refundable tax credit for scientific research and experimental development (R&D) is granted to the corporation for its taxation year ending in the given calendar year or for one of the three previous taxation years.

725.1.3–725.1.6

7.18.3 Deduction for stock options of a corporation, other than a CCPC, or options to purchase mutual fund units

A current or former employee (hereinafter referred to as an “employee”) is deemed to receive a taxable benefit **in the year he or she acquires** a security that is a share of a corporation, other than a CCPC, or a mutual fund unit.

The employee can claim a security option deduction in his or her income tax return if the following conditions are met:

- The amount that the employee had to pay to acquire the security is equal to or greater than the result of the following calculation: the FMV of the security at the time the agreement was reached, **minus** the amount the employee paid for the right to acquire the security.
- Immediately after the agreement was reached, the employee was dealing at arm’s length with the qualifying persons involved (a corporation or a mutual fund trust).
- The security, as applicable:
 - is a share covered by subparagraph 110(1)(d)(i.1) of the federal *Income Tax Act* at the time of sale or issue, or would have been covered by that subparagraph if the share had been sold or issued to the employee at the time he or she disposed of the rights provided for under the agreement;
 - would have been a mutual fund unit at the time of sale or issue if the trust had not issued units that were different from that unit; or
 - would have been a mutual fund unit if it had been sold or issued to the employee at the time he or she disposed of the rights provided for under the agreement, and if the trust had not issued units that were different from that unit.



When calculating the amount an individual must pay to acquire a security, do not take into account currency fluctuations that occur between the time the agreement was reached and the time the security is acquired.

The security option deduction is equal to 50% of the value of the benefit if one of the following conditions is met:

- The benefit is deemed received for a security option granted after March 13, 2008, by an SMB that is an SMB engaged in innovative activities for the calendar year in which the security option is granted.
- The benefit is deemed received for an option on listed shares granted after February 21, 2017, to an employee of a corporation whose salaries and wages subject to the health services fund contribution total \$10 million or more for the calendar year that includes the time the agreement was reached or the time the shares were acquired.

If neither of these conditions is met, the security option deduction is equal to 25% of the value of the benefit.

You have to enter "L-9" in a blank box of the RL-1 slip for the year in which the securities were acquired, followed by the amount of the security option deduction, unless the employee is claiming a deduction elsewhere in the calculation of his or her taxable income.

[725.2, 725.2.0.1](#)

7.18.4 Rights arising from a security option that can no longer be exercised

An individual who is no longer able to exercise his or her rights to acquire securities under an agreement and by virtue of the cessation of those rights is not considered to have transferred or disposed of the rights, and who has received an amount in exchange for the cessation of the rights, is deemed to have disposed of his or her rights at the time the amount was received and to have received the amount as consideration for the disposition. Consequently, the individual is deemed to have received a benefit equal to the amount received, minus the amount he or she paid to acquire the rights.

However, if on more than one occasion the individual received amounts for the cessation of his or her rights, all of the amounts that the individual received previously for the cessation must be subtracted from the amount that the individual is deemed to have paid to acquire the rights in question.

7.18.5 Rule applicable if the employee dies before exercising the security option

An employee who owned a security option immediately before his or her death is deemed to have received for the year of death a benefit whose value is equal to the result of the following calculation:

- the value of the option, immediately after the time of death;

minus

- the amount the employee paid to acquire the option.

You have to enter "L-7" in a blank box of the RL-1 slip, followed by the value of the security option benefit the deceased employee is deemed to have received.

7.18.6 Special cases

This guide does not provide information on the tax treatment of:

- exchanges, sales and transfers of security options;
- the sale or exchange of CCPC shares that an employee acquired before May 23, 1985, under an agreement reached after April 23, 1985;
- the sale or exchange of shares (acquired further to the exercise of a stock option) in the course of a reorganization or recapitalization of the corporation; or
- the replacement of a stock option plan.

For information regarding these special cases, contact us.



7.19 Tools

An allowance or a reimbursement you provide to an employee for the cost of personal tools the employee needs to do his or her work constitutes a taxable benefit for the employee. Include the amount of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

7.20 Interest-free or low-interest loans

A person receives a taxable benefit if you grant an interest-free loan or a loan at a rate lower than the rate set out in section 4301 of the federal *Income Tax Regulations*, because of the person's office or employment (past, present or future) or because the person is a shareholder.

Prescribed interest rates

The rates for 2020 are given in the table below.

1st quarter January 1 to March 31	2nd quarter April 1 to June 30	3rd quarter July 1 to September 30	4th quarter October 1 to December 31
2%	2%	1%	1%

For the rates for other years, go to canada.ca/taxes.

7.20.1 Loan made to an employee

If an employee receives a loan, the value of the benefit is equal to the result of the following calculation:

- the total of the following amounts:
 - (a) the interest on each debt, calculated at the rate prescribed for the period of the year during which the debt is outstanding, and
 - (b) the interest paid or payable for the year on each debt by the employer (that is, by the person or partnership that employs or intends to employ the individual, or by a person that is not the debtor and that is related to the employer);**minus**
- the total of the following amounts:
 - (c) the interest for the year paid on each debt within 30 days after the end of the year, and
 - (d) any portion of the interest in paragraph (b) that the employee reimburses the employer within 30 days after the end of the year.

A loan may be a debt contracted to acquire investments. When this is the case, the employee can deduct the value of the benefit in his or her income tax return.

NOTE

All debts referred to in paragraphs (a) and (b), other than an excluded loan described in section 7.20.3, that are contracted by reason of the individual's office or employment must be taken into account, regardless of whether the interest rate is lower than, equal to or higher than the prescribed rate.



Example

An employee borrows \$75,000 from the employer on January 20, 2020. The employee pays \$500 in interest on the loan within 30 days after the end of the year. The value of the benefit is calculated as explained below.

Multiply the prescribed interest rate by the amount of the loan, then multiply the result by the ratio between the number of days in the quarter that the amount is on loan and the number of days in the year. Next, subtract the amount of interest paid by the employee:

$2\% \times \$75,000 \times 72/365 \text{ days} =$		\$295.89
$2\% \times \$75,000 \times 91/365 \text{ days} =$	+	\$373.97
$1\% \times \$75,000 \times 92/365 \text{ days} =$	+	\$189.04
$1\% \times \$75,000 \times 92/365 \text{ days} =$	+	\$189.04
	Total =	\$1,047.94
Interest paid by the employee	-	\$500.00
	Taxable benefit for the employee =	\$547.94

Loan made to an employee who relocates

The above rules also apply to interest-free and low-interest debts contracted after February 23, 1998, by an employee who relocated in order to begin employment at a new workplace after September 1998, provided it is reasonable to conclude that, but for the employee's office or employment, the loan either would not have been made or would not have been made under the same terms.

In the case of an employee who began employment at a new workplace before October 1998, the above rules apply unless the employee moved to be at least 40 kilometres closer to that location.

You have to include the value of the benefit related to a loan made to an employee in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.

If the benefit results from a debt contracted to acquire investments, you have to enter "L-4" in a blank box of the employee's RL-1 slip, followed by the amount of the benefit.

37.1, 487.1-487.2.1, 487.6

7.20.2 Loan made to a shareholder

If a shareholder who is not an employee receives a loan, the shareholder receives a taxable benefit where all of the following conditions are met:

- The debt is contracted by a person other than a corporation resident in Canada, or by a partnership none of whose members is a corporation resident in Canada.
- This person or partnership is a shareholder of the corporation (or is connected to a shareholder of the corporation), a member of a partnership, or a beneficiary of a trust or member of a partnership that is a shareholder of the corporation.
- The debt is contracted because the person or partnership is a shareholder of the corporation or is connected to such a shareholder, or because the person or partnership is a beneficiary of a trust or member of a partnership that is a shareholder of the corporation.



The value of the benefit is equal to the result of the following calculation:

- the interest on each debt, calculated at the rate prescribed for the period of the year during which the debt is outstanding;

minus

- the interest paid for the year on each debt within 30 days after the end of the year.

You have to include the value of the benefit in box O of the shareholder's RL-1 slip.

If a shareholder who is an employee receives a loan that is made to the person because the person is a shareholder, the value of the benefit must be calculated as described in the preceding paragraph and included in box O only. However, if the loan is made to the person because the person is an employee, the value of the benefit must be calculated as for employees and included in boxes A, G and L of the RL-1 slip. For more information, see section 2.3.

If a person who is connected to a shareholder receives a loan and does not contract the debt by reason of an office or employment, the value of the benefit must be calculated as for shareholders who are not employees, and must be included in box O of the person's RL-1 slip (rather than the shareholder's RL-1 slip).

487.3, 487.6

7.20.3 Excluded loans

No benefit should be calculated for the following types of loans (or for any portion of those types of loans):

- a loan that is included in the income of a person or partnership under Part I of the *Taxation Act*,
- a loan on which the interest is paid or payable to the creditor only by the debtor, and for which the interest rate is equal to or higher than the rate that would have been agreed on, when the loan was contracted, by parties dealing with each other at arm's length, provided that:
 - lending was part of the creditor's normal activities, and
 - neither party had contracted the loan because of an office or employment, or by reason of being a shareholder.

487.5

7.20.4 Home relocation loans and home purchase loans

If a home relocation loan or home purchase loan is made to an employee, the taxable benefit is calculated in the same way as for interest-free or low-interest loans and debts (see section 7.20.1). However, the amount of interest calculated in (a) in section 7.20.1 must not be more than the interest the individual would have had to pay if interest had been calculated at the rate of 8%, in the case of a debt contracted before May 1, 1987, or, in all other cases, at the rate prescribed or set at the time the debt was contracted.

A loan made by a financial institution to one of its employees does not constitute a taxable benefit if the loan is made after December 31, 1993, under the Accent on Renovation Program, or after September 21, 1995, under the Renovate Program or the Revitalization of Old Neighbourhoods Program.

If the term of repayment of a home relocation loan or a home purchase loan is more than five years, the outstanding balance at the end of the five years is considered a new debt, in the form of a home purchase loan, contracted on the same day by the individual. The value of the benefit must therefore be calculated using the prescribed rate in effect on the day this new loan is contracted.

You have to include the value of the benefit in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.



Home relocation loan

A loan made to an individual or the individual's spouse, where either person begins employment at a new workplace located elsewhere in Canada, provided the following conditions are met:

- The loan is designated by the individual as a home relocation loan.
- The loan is used to purchase a dwelling or a share of the capital stock of a housing cooperative, where the individual purchases such a share for the sole purpose of obtaining the right to live in a dwelling owned by the cooperative.
- The dwelling is occupied by the individual as his or her new residence and is at least 40 kilometres closer to the new workplace than the individual's former residence was.

Home purchase loan

The portion of a debt contracted by an individual for one of the following purposes:

- to purchase a dwelling or a share of the capital stock of a housing cooperative, where the individual purchases such a share for the sole purpose of obtaining the right to live in a dwelling owned by the cooperative (the dwelling must be occupied either by an individual by virtue of whose office or employment the debt is contracted, or a person related to such an individual, or a specified shareholder of the corporation by virtue of whose services the debt is contracted, or a person related to the shareholder);
- to repay a debt contracted to purchase such a dwelling or share;
- to repay a home purchase loan.

487.5.1–487.5.4

7.21 Location incentives

A location incentive paid to a salaried health professional, such as a physician or pharmacist who practises in a particular area, is taxable and must be included in boxes A, G, I and L of the salaried health professional's RL-1 slip.

37, 87(w)

7.22 Frequent-flyer program

An employee receives a taxable benefit if he or she receives, for personal use, a reward in exchange for points accumulated under a frequent-flyer program and both of the following conditions are met:

- The points were accumulated as a result of taking business trips paid for by you.
- **You control** the number of points accumulated by your employee.

The value of the taxable benefit is equal to the FMV of the reward your employee received for personal use. In the case of an airline ticket, for example, the value of the benefit is equal to the FMV of the ticket issued in the name of the employee or a member of the employee's family. However, you must take into account restrictions that may affect the FMV, such as whether the ticket is for first class, business class or economy class.

You have to include the value of the taxable benefit in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.



If you do not control the number of points accumulated by the employee, it is the employee who has to determine the FMV of the reward received for personal use and include that amount in his or her income if one of the following conditions is met:

- The points are converted to cash.
- The plan or arrangement between you and the employee seems to be a form of additional remuneration.
- The plan or arrangement is a form of tax avoidance.

Frequent-flyer program

A program sponsored by an airline which allows frequent air travellers to accumulate points that may subsequently be exchanged for additional air travel or other benefits.

7.23 Merchandise discounts and commissions on certain sales

Merchandise discounts

If you sell merchandise to an employee at a reduced price, we do not, as a rule, consider the employee to be receiving a taxable benefit, as long as the discount is reasonable under the circumstances. However, the employee receives a taxable benefit in the following situations:

- If merchandise that is neither outdated nor unfit for sale is purchased from you by the employee at below-cost prices.
- If you have made a special agreement with the employee or a selected group of employees, allowing for the purchase of merchandise at a discount.

An employee who receives a discount on merchandise from a person other than you is generally not considered to have received a taxable benefit, unless the discount is granted further to an arrangement between you and the vendor of the merchandise. For example, if the employer and the vendor of the merchandise have an arrangement whereby their respective employees are entitled to discounts at the other employer's business, such a discount constitutes a taxable benefit.

Where the benefit is taxable, its value is equal to the difference between the FMV of the merchandise (including GST and QST) and the price paid by the employee. You have to include the value of the benefit in boxes A, G, I and L of the employee's RL-1 slip.

Commissions on certain sales

Commissions received by salespersons on goods purchased for their personal use do not constitute a taxable benefit. The same rule generally applies to commissions received by life insurance agents for life insurance policies they take out on themselves, provided the agents underwrite the policies and pay the premiums. However, commissions that life insurance agents receive further to acquiring an annuity contract or a segregated fund policy for investment purposes are taxable. You have to include the value of the benefit in boxes A, G, I and L of the agent's RL-1 slip.

37



7.24 Debt forgiveness

The benefit an employee receives during the year because of the forgiveness of a debt (whether the debt is a loan or another type of debt) constitutes a taxable benefit. The value of the benefit corresponds to the amount forgiven when the debt is settled or extinguished. The forgiven amount is equal to:

- the lesser of the following amounts:
 - the principal, or
 - the amount for which the debt was contracted;

minus

- any amount paid on the principal of the debt, and
- any other adjustments.

You have to include the value of the benefit in boxes A, G and L of the employee's RL-1 slip. For more information, see section 2.3.

37.0.1, 485

7.25 Counselling services

Employee counselling services are not a taxable benefit if they are for one of the following:

- the employee's re-employment;
- the employee's retirement;
- the mental or physical health of the employee (or of a person related to the employee), and the counselling is to deal with problems caused by tobacco or drug use, alcohol abuse or stress (not including the benefit related to the fees paid for the use of a recreational facility or membership dues for a social or sports club [see section 7.13]).

38

7.26 Cell phone and Internet services

An allowance you pay to an employee for cell phone or Internet access fees is a taxable benefit for the employee and must be included in boxes A, G, I and L of the employee's RL-1 slip. However, a reimbursement or payment of such fees does not constitute a taxable benefit if it is made primarily for your benefit and the employee's personal use does not result in additional fees.

If the reimbursement or payment of such fees is made primarily for the employee's benefit or if the employee's personal cell phone or Internet use results in additional fees, the value of the employee's benefit, including the applicable taxes, must be included in boxes A and L and in box G or box I of the employee's RL-1 slip. For more information, see section 2.3.

37

7.27 Subsidized school services

School services provided to an employee's children free of charge are not considered a taxable benefit if the employee works in a remote area where no public school body provides education. However, this does not apply in the case of tuition fees that would normally be paid by the employee.



7.28 Parking

As a rule, a parking space that you provide to an employee free of charge (or at a price below the FMV), or any reimbursement you make to the employee for the cost of a parking space at his or her usual workplace, is considered a taxable benefit for the employee. The value of the benefit corresponds to the FMV of the parking space **minus** any amount you are reimbursed by the employee for its use.

This benefit is generally tax-exempt in the following circumstances:

- The employee has a severe and prolonged mobility impairment certified by a qualified health professional (see section 7.4).
- The parking space is provided mainly for your benefit, which is the case, for example, if:
 - under the employment contract, most of the employee’s duties are to be performed away from your establishment, to which the employee must nonetheless go from time to time to prepare reports;
 - the employee’s duties consist in transporting merchandise on a daily basis using a motor vehicle.
- The value of the benefit is difficult to quantify, as when:
 - the parking space is an integral part of your establishment (or of a shopping centre in which your business is located) and parking is available free of charge for clients and employees;
 - there are not enough parking spaces for all employees and the spaces available are used on a first-come, first-served basis.

Include the value of the taxable benefit in boxes A and L and in box G or box I of the employee’s RL-1 slip. For more information, see section 2.3.

37, 41.4

7.29 Uniforms and special clothing

Generally speaking, the value of any clothing you provide to an employee that must be worn by the employee in the performance of his or her duties is not considered a taxable benefit. Thus, if you provide a distinctive uniform that must be worn by the employee in the performance of his or her duties, or special clothing or equipment designed to protect the employee from work hazards, there is no taxable benefit for the employee.

An allowance for the acquisition and care of clothing is also tax-exempt, provided:

- the amount of the allowance does not exceed a reasonable amount; and
- the allowance is for the acquisition and care of distinctive clothing that the employee is required, under the employment contract, to wear in the performance of his or her duties.

We consider that the distinctive nature of the clothing must be determined on the basis of its intrinsic characteristics and not on the basis of the employee’s usual attire. In other words, clothing is distinctive if it is not suitable to be worn elsewhere than at work. For example, the safety equipment worn by construction workers is distinctive. Consequently, an allowance for such equipment does not constitute a taxable benefit.

With respect to police officers, we are willing to take a more liberal view of what constitutes distinctive clothing. This applies, for example, in the case of a police officer who, as a plain-clothes investigator, is required to wear street clothes that meet the employer’s requirements (a tailored suit, overcoat and jacket).

Reimbursements made to an employee for expenses related to the acquisition and care (for example, laundry or dry-cleaning costs) of distinctive clothing are tax-exempt, provided the employee submits the appropriate supporting documents and is required, under the employment contract, to wear such clothing in the performance of his or her duties.

39(f.1)



APPENDIX 1: TAXABLE BENEFITS

The table below lists the **taxable** benefits described in this guide by category. It tells you whether you have to make source deductions and pay employer contributions on the value of a benefit and shows in which boxes of the RL-1 slip you have to include it.

Benefit in kind

A taxable benefit in kind is not subject to source deductions of income tax or QPP contributions if the employee does not receive an amount for the pay period in which the benefit is provided. A taxable benefit in kind is also not subject to QPIP premiums, the only exception being a benefit related to board and lodging if you pay the employee an amount for the pay period in which the benefit is provided. You must include the value of a taxable benefit in kind in calculating the employer contribution to the health services fund, the contribution related to labour standards and, where applicable, the contribution to the WSDRF. For more information, see section 2.3.

IMPORTANT

Not all the requirements relating to source deductions and employer contributions and to filing the RL-1 slip are found in the table. For more information, see this guide, the *Guide for Employers* (TP-1015.G-V), the *Guide to Filing the RL-1 Slip* (RL-1.G-V) and the *Guide to Filing the RL-1 Summary* (RLZ-1.S.G-V). You can also see our website.

Taxable benefit	Type of benefit	Source deductions and contributions				RL-1 slip boxes	Section of guide
		Income tax	QPP	QPIP	Health services fund, labour standards, WSDRF		
Motor vehicles							
Automobile made available to an employee (or to a person related to an employee)	In kind	Yes	Yes	No	Yes	A, G, W	3.3.1
Automobile made available to an employee of a partner (or to a person related to an employee of a partner) – Operating costs	In kind	No	No	No	No	A, W	3.3.4
Automobile made available to an employee of a partner (or to a person related to an employee of a partner) – Standby charge	In kind	No	No	No	No	0 (code RP)	3.3.4
Automobile made available to a partner (or to a person related to a partner)	In kind	No	No	No	No	0 (code RP)	3.3.3
Automobile made available to a shareholder as an employee (or to a person related to a shareholder)	In kind	Yes	Yes	No	Yes	A, G, W	3.3.2
Automobile made available to a shareholder (or to a person related to the shareholder)	In kind	No	No	No	No	0 (code RO)	3.3.2
Automobile used by an employee for personal purposes, other than an automobile made available to the employee	In kind	Yes	Yes	No	Yes	A, G, W	3.4
Emergency vehicle made available to a member of a police force or fire department	In kind	Yes	Yes	No	Yes	A, G, W	3.6



Taxable benefit	Type of benefit	Source deductions and contributions				RL-1 slip boxes	Section of guide
		Income tax	QPP	QPIP	Health services fund, labour standards, WSDRF		
Motor vehicle, other than an automobile, made available to an employee for personal use	In kind	Yes	Yes	No	Yes	A, G, W	3.5
Unreasonable allowance for the use of a motor vehicle	In cash	Yes	Yes	Yes	Yes	A, G, I, L	3.2
Insurance plans							
Contribution to a group insurance plan (life insurance, other)	In kind	Yes	Yes	No	Yes	A, G, L	4.1
Contribution to a group insurance plan (private health services plan)	In kind	Yes	Yes	No	Yes	A, G, J	4.1
Contribution to a multi-employer insurance plan	In kind	Yes	Yes	No	Yes	A, G, P	4.3
Contribution to a non-group insurance plan (health, accident, disability, life, wage loss)	In kind	Yes	Yes	No	Yes	A, G, L	4.2
Board, lodging, transportation, meals							
Board and lodging provided to an employee of a subcontractor	In kind	Yes	Yes	– ¹	Yes	A, G, V	5.3
Board and lodging provided to an employee working at a special work site or at a remote location	In kind	Yes	Yes	– ¹	Yes	A, G, V (code V-1)	5.2.1
Check-out allowance paid to an employee working at a special work site or at a remote location	In cash	Yes	Yes	Yes	Yes	A, G, I, L	5.2.3
Compensation allowance paid to an employee working at a special work site or at a remote location	In cash	Yes	Yes	Yes	Yes	A, G, I, L	5.2.4
Dwelling located in a designated remote area (prescribed zone)	In kind	Yes	Yes	– ¹	Yes	A, G, V	5.4
Free or subsidized lodging provided to a member of the clergy	In kind	– ²	– ²	– ³	Yes	A, V	5.1
Free or subsidized lodging provided to an employee (other than lodging provided to an employee working at a special work site or at a remote location)	In kind	Yes	Yes	– ⁴	Yes	A, G, V	5.1
Free or subsidized meals	In kind	Yes	Yes	No	Yes	A, G, V	5.7
Intermunicipal shared transportation	In kind	Yes	Yes	No	Yes	A, G, L	5.9
Lodging provided to a restaurant or hotel employee	In kind	Yes	Yes	– ⁴	Yes	A, G, V	5.5
Meals for an employee who works overtime	In cash	Yes	Yes	Yes	Yes	A, G, I, V	5.6
	In kind	Yes	Yes	No	Yes	A, G, V	5.6



Taxable benefit	Type of benefit	Source deductions and contributions				RL-1 slip boxes	Section of guide
		Income tax	QPP	QPIP	Health services fund, labour standards, WSDRF		
Meals provided to a restaurant or hotel employee	In kind	Yes	Yes	No	Yes	A, G, V	5.5
Public transit passes	In cash	Yes	Yes	Yes	Yes	A, G, I, L	5.8
	In kind	Yes	Yes	No	Yes	A, G, L	5.8
Transportation for an employee who works overtime	In cash	Yes	Yes	Yes	Yes	A, G, I, L	5.6
	In kind	Yes	Yes	No	Yes	A, G, L	5.6
Transportation from a meeting point to the workplace	In cash	Yes	Yes	Yes	Yes	A, G, I, L	5.10
	In kind	Yes	Yes	No	Yes	A, G, L	5.10
Transportation provided to an employee of a subcontractor	In kind	Yes	Yes	No	Yes	A, G, L	5.3
Transportation provided to an employee working at a special work site or at a remote location	In kind	Yes	Yes	No	Yes	A, G, L	5.2.2
Travel expenses							
Allowance for travel expenses incurred by an employee's spouse	In cash	Yes	Yes	Yes	Yes	A, G, I, L	6.6
Trips made by a resident of a designated remote area	In cash	Yes	Yes	Yes	Yes	A, G, I, K (code K-1)	6.7
Unreasonable allowance for travel expenses	In cash	Yes	Yes	Yes	Yes	A, G, I, L	6.4, 6.5
Unreasonable allowance for travel expenses incurred by a member of a board of directors or a committee member	In cash	Yes	Yes	Yes	Yes	A, G, I, L	6.2
Unreasonable allowance for travel expenses incurred by a member of the council of an RCM or of the Kativik Regional Government	In cash	Yes	Yes	Yes	Yes	A, G, I, L	6.1
Unreasonable allowance for travel expenses incurred by a part-time employee	In cash	Yes	Yes	Yes	Yes	A, G, I, L	6.3
Other benefits							
Acquisition of shares in a labour-sponsored fund	In kind	Yes	No	No	No	A, L (code G-1)	7.1
Allowance paid to a member of a municipal or school body	In cash	Yes	Yes	Yes	Yes	A, G, I, L (code L-3)	7.3
Cell phone and Internet services	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.26
	In kind	Yes	Yes	No	Yes	A, G, L	7.26
Debt forgiveness	In kind	Yes	Yes	No	Yes	A, G, L	7.24



Taxable benefit	Type of benefit	Source deductions and contributions				Health services fund, labour standards, WSDRF	RL-1 slip boxes	Section of guide
		Income tax	QPP	QPIP				
Employee QPP contribution and QPIP premium paid by the employer	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.8	
Financial compensation paid to an emergency services volunteer (portion that exceeds \$1,190 for 2020)	In cash	Yes	– ⁵	– ⁶	Yes/No ⁷	A, L (code L-2)	7.6	
Frequent-flyer program	In kind	Yes	Yes	No	Yes	A, G, L	7.22	
Gifts and rewards	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.5	
	In kind (value of more than \$500)	Yes	Yes	No	Yes	A, G, L	7.5	
Interest-free or low-interest loan made to a shareholder	In kind	No	No	No	No	0	7.20.2	
Interest-free or low-interest loan made to an employee	In kind	Yes	Yes	No	Yes	A, G, L ⁸	7.20.1	
Location incentive	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.21	
Medical expenses	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.17	
Merchandise discount and commission on sales	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.23	
Moving expenses and expenses related to relocation	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.14	
Parking provided by the employer	In kind	Yes	Yes	No	Yes	A, G, L	7.28	
Parking reimbursed by the employer	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.28	
Professional membership dues	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.7	
Recreational facilities and social club or sports club dues	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.13	
	In kind	Yes	Yes	No	Yes	A, G, L	7.13	
RRSP contribution made by the employer	In cash	– ⁹	Yes	– ¹⁰	Yes	A, G, L	7.10	
RRSP contribution made by the employer (administrative costs)	In kind	Yes	Yes	No	Yes	A, G, L	7.10	
Scholarship or bursary provided to a family member	In cash	No	No	No	No	0 (code RB) ¹¹	7.16	
Security options	In kind	Yes	Yes	No	Yes	A, G, L ¹²	7.18	
Social events (more than \$150 per person)	In kind	Yes	Yes	No	Yes	A, G, L	7.2	
TFSA contribution made by the employer	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.9	
TFSA contribution made by the employer (administrative costs)	In kind	Yes	Yes	No	Yes	A, G, L	7.9	
Tools	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.19	
Training expenses for personal-interest training	In cash	Yes	Yes	Yes	Yes	A, G, I, L	7.15	



Taxable benefit	Type of benefit	Source deductions and contributions				RL-1 slip boxes	Section of guide
		Income tax	QPP	QPIP	Health services fund, labour standards, WSDRF		
Tuition fees (for a family member)	In cash	No	No	No	No	0 ¹³	7.16
	In kind	No	No	No	No	0 ¹³	7.16

1. A taxable benefit in kind related to board and lodging is subject to QPIP premiums only if an amount is paid to the employee for the pay period in which the benefit is provided.
2. You do not have to withhold income tax on the value of a taxable benefit (including an allowance) in respect of a residence or lodging provided to a member of the clergy, a member of a religious order or a regular minister of a religious denomination, as long as the person gives you the letter authorizing the reduction that they received from us after submitting form TP-1016-V, *Application for a Reduction in Source Deductions of Income Tax*. In this situation, you do not have to withhold or pay QPP contributions on the value of the benefit.
3. You do not have to withhold or pay QPIP premiums on the value of a taxable benefit in respect of free or subsidized lodging provided to a member of the clergy, a member of a religious order who has taken a vow of poverty and whose remuneration is paid to the religious order, either directly or by the member.
4. See note 1.
5. The total of all amounts paid to the volunteer (including any financial compensation) is not subject to QPP contributions if the employment is considered to be excepted employment under the QPP.
6. The full amount of the financial compensation is subject to QPIP premiums. However, the total of all amounts paid to the volunteer (including any financial compensation) is not subject to QPIP premiums if the employment is considered to be excepted employment under the QPIP.
7. Only the portion of the financial compensation that exceeds \$1,190 for 2020 is subject to the contribution to the health services fund and, where applicable, the contribution to the WSDRF. The financial compensation is not subject to the contribution related to labour standards.
8. If the debt was contracted to acquire investments, you have to enter "L-4" in a blank box of the RL-1 slip, followed by the amount of the benefit resulting from the debt.
9. The benefit is not subject to source deductions of income tax if you remit the amount directly to the RRSP issuer.
10. The benefit is not subject to QPIP premiums if you make a contribution to a group RRSP and the employee cannot withdraw amounts before his or her retirement or termination of employment (the only exception being amounts the employee can withdraw under the HBP or the LLP).
11. You must prepare an RL-1 slip on behalf of the employee's family member.
12. If you made an election under subsection 110(1.1) of the *federal Income Tax Act*, you have to enter "L-8" in a blank box of the RL-1 slip, followed by the amount of the payment. In addition, if the employee can claim a security option deduction, you must enter "L-9" in a blank box, followed by the amount of the security option deduction, for securities acquired in the year, or "L-10" followed by the amount, for securities sold in the year. If the employee died before exercising the security option, you have to enter "L-7" in a blank box of the RL-1 slip, followed by the value of the benefit related to the security option at the time of death that the employee is deemed to have received.
13. See note 11.



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Monday to Friday: 8:30 a.m. to 4:30 p.m.

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Elsewhere

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Wednesday: 10:00 a.m. to 4:30 p.m.

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