REVENU QUÉBEC

2024

# TAXABLE BENEFITS

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HELP YOUR EMPLOYEES REPORT ALL OF THEIR INCOME AND CONTRIBUTE TO THE FUTURE OF QUÉBEC SOCIETY BY INCLUDING THE VALUE OF THE TAXABLE BENEFITS PROVIDED TO THEM IN THEIR INCOME.

# CONTENTS

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 2024. It does not contain any tax changes for 2024 that were announced after February 3, 2025. 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 a motor vehicle

### Allowance for the use of a motor vehicle

For 2024, the per-kilometre rate we generally consider reasonable for determining if the allowance you pay to an employee for the use of a motor vehicle is reasonable is $0.70 for the first 5,000 kilometres and $0.64 for each additional kilometre.

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

For 2024, the per-kilometre rate for calculating the operating-costs benefit of an automobile made available to an employee for personal use is $0.30 if the employee is engaged principally in selling or leasing automobiles. In all other cases, it is $0.33.

## Meals and lodging provided to a restaurant or hotel employee

### Meals

For 2024, the maximum price for calculating the value of the benefit related to meals provided to a restaurant or hotel employee is $10.69. For 2025, it is $11.57.

### Lodging

For 2024, the maximum weekly price for calculating the value of the benefit related to lodging provided to a restaurant or hotel employee is $58.00. For 2025, it is $61.71.

## Low-interest loans

The table below lists the prescribed interest rates for 2024 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 2024 |
|---|---|
| **1st quarter** / January 1 to March 31 | 6% |
| **2nd quarter** / April 1 to June 30 | 6% |
| **3rd quarter** / July 1 to September 30 | 5% |
| **4th quarter** / October 1 to December 31 | 5% |

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

## 1.3 Abbreviations used in this guide

| | |
|---|---|
| CCPC | Canadian-controlled private corporation |
| DPSP | Deferred profit-sharing plan |
| FHSA | First home savings account |
| FMV | Fair market value |
| GST | Goods and services tax |
| HBP | Home Buyers' Plan |
| HST | Harmonized sales tax |
| 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 an employee (or a person with whom they are **not dealing at arm's length**) receives or enjoys because of the their office or employment must be included in their 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 generally 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 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. This means that 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.

### 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*. This means that 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. For employees who receive tips, the employee QPP contribution must be deducted before Québec income tax is.

A taxable benefit in kind is not subject to QPIP premiums, unless the benefit is related to board and lodging and the employee is paid an amount for the pay period in which the benefit is provided. Note that a taxable benefit related to an amount you paid to a third party for a good or service supplied to your employee (e.g. the payment of tuition or professional membership dues) is subject to QPIP premiums if the employee remains the owner of the good or service and would be responsible for the payment if it were not paid by you.

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 or a partner

A taxable benefit provided to a shareholder or a partner 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 because of their status as an employee (and not because they are 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.

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 must include in box G of the RL-1 slip the portion of the pensionable salary or wages (including the amount of the exemption) on which the contribution is 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 paid to the employee for the pay period in which the benefit was granted did not cover the total QPP contribution. This way, an employee who has not reached the maximum QPP contribution for the year can make an optional contribution on the amount entered in box G-1, or on a part of this amount, when filing their income tax return.

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. Note that a taxable benefit related to an amount you paid to a third party for a good or service supplied to your employee (e.g. the payment of tuition or professional membership dues) must be included in box I of the RL-1 slip if the employee remains the owner of the good or service and would be responsible for the payment if it were not paid by you.

**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 must correspond 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).
***1086R1***

## 2.4 Employment expenses

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

- TP-64.3-V, *General Employment Conditions* (salaried employee, employee who earns commissions);
- TP-66-V, *Employment Expenses of Transport Employees* (transport employee);
- TP-75.2-V, *Employment Expenses of Salaried Tradespeople* (for example, hairdresser, cook, plumber, 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

IMPORTANT

This section does not include measures announced in Information Bulletin 2023-4 concerning harmonization with the new federal measures introduced under section 2 of the *Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023* (S.C. 2023, c. 26) (previously Bill C-47).

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 people, including the driver.

An automobile does not include:

- an ambulance;
- a clearly marked emergency medical response vehicle 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;
- a motor vehicle acquired or leased primarily as a taxi;
- a bus used in a passenger transportation business;
- a hearse used in a funeral home business;
- a pickup truck, van or similar vehicle:
  - that seats no more three people, including the driver, and that, **in the taxation year it is acquired or leased**, is used primarily (more than 50%) to transport goods or equipment in order to earn income, or
  - that, **in the taxation year it is acquired or leased**, is used entirely or almost entirely (90% or more) to transport goods, equipment or passengers in order to earn income, regardless of seating capacity;
- a pickup truck, if the following conditions are met:
  - in the year it is acquired or leased, it 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 they perform temporary duties or at a location so remote from any established community that they 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.

The following vehicles are also not considered to be automobiles (except under the rules for benefits provided to an individual by reason of the individual's office or employment and benefits provided to shareholders):

- 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 an employee's use of an automobile made available by the employer to travel between home and their 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 their 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 generally a fixed location to which the employee regularly reports to perform their duties and is not necessarily the location of your head office. An employee may have more than one usual workplace to which they must regularly report to perform their 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 periodically in the year. For example, if an employee works in a place for a few months, it may be considered their 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 actual number of kilometres the vehicle is used by the employee in the performance of their 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 can use to calculate the amount of the allowance they can deduct as a business expense 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 2024, the per-kilometre rate that we generally consider reasonable is $0.70 for the first 5,000 kilometres and $0.64 for each additional kilometre.

Note that the per-kilometre rate is $0.04 more in Yukon, the Northwest Territories and Nunavut.

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 both a lump-sum allowance and an allowance based on the number of kilometres travelled for the same use of a motor vehicle, 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

IMPORTANT

This section does not include measures announced in Information Bulletin 2023-4 concerning harmonization with the new federal measures introduced under section 2 of the *Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023* (S.C. 2023, c. 26) (previously Bill C-47).

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 their 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 automobile. This is a two-step process. The first step involves calculating the value of the standby charge for the automobile, and the second calculating the value of the operating-costs benefit. To do the calculations, you can use the instructions in this section or complete work chart TP-41.C-V, *Calculation of an Automobile Benefit*. The **total** value of the automobile benefit must be included in boxes A and W and, where applicable, in box G of the employee's RL-1 slip (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

If you or a person related to you makes an automobile available to an employee or to a person related to an employee, you have to calculate the value of the standby charge related to the personal use of the automobile.

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

### Simplified method

You can use a simplified method to calculate the standby charge if **all** 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 duties do not consist primarily in selling or leasing automobiles.
- The employee is not entitled to the reduction of the value of the standby charge (see the conditions regarding the reduction under "Reduction of the value of the standby charge" below).

Under the simplified method, the value of the standby charge is 24% of the cost of the automobile.

### Detailed method

You have to use the detailed method to calculate the standby charge if the conditions for using the simplified method are not met.

### Automobile owner

**If you own the automobile you provide**, the value of the standby charge is 2% of the cost of the automobile **multiplied** by the result of the following calculation: the number of days in the year that the automobile is made available to the employee **divided** by 30.

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 1, 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.

### Cost of the automobile

The cost of the automobile is the cost to you of an automobile you own (including taxes). It does not include the cost of equipment, such as a two-way radio, required for the operation of the business.

### Automobile vendor or leasing agent

If an employee's duties consist in selling or leasing automobiles, you have the option of calculating the standby charge at the rate of 1.5% rather than 2% if **all** the following conditions are met:

- The employee's duties consist primarily in selling or leasing automobiles.
- You own the automobile made available to the employee (or to a person related to the employee).
- You acquire at least one automobile in the year.

If the conditions are met and you calculate the standby charge at 1.5%, the **cost of the automobile** is equal to the greater of the following amounts:

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

If an employee receives the benefit as a **shareholder**, you have to calculate the value of a benefit related to the standby charge at 2%.

### Automobile lessee

**If you lease the automobile you provide**, the value of the standby charge is two-thirds (2/3) of the leasing expenses.

### Automobile leasing expenses

Automobile leasing expenses include all of the following amounts that you or a person related to you have to pay the lessor for the automobile (including any GST and QST) for the entire time the automobile is made available:

- leasing costs for the automobile;
- charges related to mileage;
- 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 the following:

- 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;
- the cost of insuring against loss of, or damage to, the automobile or liability resulting from the use or operation of the automobile.

### Lease payment at the beginning of the lease

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.

### Terminal charges or terminal credits

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.

### Reduction of the value of the standby charge

An employee is entitled to a reduction of the value of the standby charge if **all** the following conditions are met:

- You require the employee to use the automobile to perform their duties.
- The employee uses the automobile more than 50% of the time for the performance of their duties.
- The employee's personal use of the automobile is not more than 1,667 kilometres per 30-day period or 20,004 kilometres in the year.

If the employee is entitled to a reduction, the value of the standby charge is equal to the result of the following calculation: the value of the standby charge calculated using the detailed method **multiplied** by the reduction of the value of the standby charge.

To calculate the reduction of the value of the standby charge, **divide** the number of personal-use kilometres by the result of the following calculation: number of days in the year that the automobile is made available to the employee **divided** by 30, and **multiplied** by 1,667.

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 1, 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.

### 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**

You must reduce the amount that is the standby charge by any amounts, other than amounts related to operating costs, 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. If the amounts reimbursed exceed the value of the standby charge, you cannot use the difference to reduce the operating-costs benefit (see step 2).

***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 calculate the operating-costs benefit for the vehicle.

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 following methods to calculate the value of the operating-costs benefit.

**Simplified method**

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

- The employee uses the automobile more than 50% of the time for the performance of their duties.
- The employee informs you in writing before the end of the year of their intention to use the simplified method to calculate the operating-costs benefit.

Under the simplified method, the operating-costs benefit is equal to one-half of the 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.

**Basic method**

You have to use the basic method to calculate the standby charge if the conditions for using the simplified method are not met.

Under the basic method, the operating-costs benefit related to the personal use of an automobile is $0.33 per kilometre travelled for personal purposes, for 2024. If an employee's duties consist primarily in selling or leasing automobiles, the benefit is $0.30 per kilometre travelled for personal purposes.

The rates for other years are given on our website.

#### 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 **total** of 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. If the amounts reimbursed exceed the value of the operating costs, you cannot use the difference to reduce the standby charge you calculated for the employee (see step 1).

***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 the following information daily, for each trip made to perform their duties:

- 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 their duties.

> NOTE
> If the automobile is used solely for personal purposes, the employee must 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 who does not comply with the time requirement for giving you the logbook for the automobile made available to them (or to a person related to them) incurs a penalty of $200.

***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, where applicable, in box G of the shareholder's RL-1 slip (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 sample calculations below are valid for 2024. 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 is 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 | | 366 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: $\frac{10{,}000\text{ km}}{25{,}000\text{ km}} \times 100$ ▶ | | 40% |
| Total operating costs for the automobile, including taxes | | $3,000 |
| Percentage of use for employment purposes: $\$3{,}000 \times \frac{15{,}000\text{ km}}{25{,}000\text{ km}}$ ▶ | | $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**

You can use the simplified method to calculate the standby charge since the employee did not use the automobile more than 50% of the time for the performance of their duties.

The value of the standby charge benefit is 24% of the cost of the automobile.

| | | | | |
|---|---|---|---|---|
| Value of the standby charge benefit<br>24% × $40,000 ▶ | | | | $9,600 |
| Amount reimbursed by the employee for the standby charge | | | − | $2,000 |
| **Standby charge benefit** | | | = | $7,600 |

**Step 2: Calculating the operating-costs benefit**

Use the basic method to calculate the operating-costs benefit since the employee did not use the automobile more than 50% of the time for the performance of their duties.

The value of the operating-costs benefit is $0.33 per kilometre travelled for personal purposes.

| | | | | |
|---|---|---|---|---|
| Value of the operating-costs benefit<br>15,000 km × $0.33 ▶ | | $4,950 | | |
| Amount reimbursed by the employee for operating costs | − | $1,000 | | |
| **Operating-costs benefit** | = | $3,950 | + ▶ | $3,950 |
| **Automobile benefit** | | | = | $11,550 |

**Example 2**

You lease an automobile that you make available to an employee whose duties do not consist in selling or leasing automobiles. You require the employee to use the automobile to perform their duties. 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 is 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 | | 366 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: $\frac{15{,}000 \text{ km}}{20{,}000 \text{ km}} \times 100$ ▶ | | 75% |
| Total operating costs for the automobile, including taxes | | \$2,400 |
| Operating costs related to personal use: $\$2{,}400 \times \frac{5{,}000 \text{ km}}{20{,}000 \text{ km}}$ ▶ | | \$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**

Use the detailed method to calculate the value of the standby charge and apply the reduction of the value of the standby charge since the employee used the automobile more than 50% of the time for the performance of their duties and their personal use of the automobile is not more than 1,667 kilometres per 30-day period or 20,004 kilometres in the year.

The value of the standby charge benefit is equal to the result of the following calculation: the value of the standby charge calculated using the detailed method **multiplied** by the reduction of the value of the standby charge.

The value of the standby charge is two-thirds (2/3) of the leasing expenses (including taxes but not insurance).

To calculate the reduction of the value of the standby charge, **divide** the number of personal-use kilometres by the result of the following calculation: number of days in the year that the automobile is made available to the employee **divided** by 30, and **multiplied** by 1,667.

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 1, 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.

| | | |
|---|---|---|
| Value of the standby charge benefit<br>2/3 × [($500 − $75) × 12] ▶ | | $3,400 |
| Reduction of the value of the standby charge<br>5,000 km ÷ (12 × 1,667) ▶ | × | 0.25 |
| | = | $850 |
| Amount reimbursed by the employee for the standby charge | − | $0 |
| **Standby charge benefit** | = | $850 |

**Step 2: Calculating the operating-costs benefit**

You can use the simplified method to calculate the operating-costs benefit since the employee used the automobile more than 50% of the time for the performance of their duties and they informed you in writing before the end of the year of their intention to use the simplified method to calculate the operating-costs benefit.

The value of the operating-costs benefit is equal to one-half of the value of the standby charge calculated in step 1.

| | | | | |
|---|---|---|---|---|
| Value of the operating-costs benefit<br>1/2 × $850 ▶ | | $425 | | |
| Amount reimbursed by the employee for operating costs | − | $200 | | |
| **Operating-costs benefit** | = | $225 | + ▶ | $225 |
| **Automobile benefit** | | | = | $1,075 |

**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 is 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: $\frac{10{,}000 \text{ km}}{21{,}000 \text{ km}} \times 100$ ▶ | | 48% |
| Total operating costs for the automobile, including taxes | | $5,000 |
| Operating costs related to personal use: $\$5{,}000 \times \frac{11{,}000 \text{ km}}{21{,}000 \text{ km}}$ ▶ | | $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**

Use the detailed method and calculate the value of the standby charge at the rate of 1.5% since the employee's duties consist in selling or leasing automobiles and you chose to calculate the value of the standby charge at the rate of 1.5%. You cannot apply the reduction of the value of the standby charge because the employee's use of the automobile for employment purposes does not exceed 50%.

The value of the standby charge benefit is 1.5% of the cost of the automobile **multiplied** by the result of the following calculation: number of days in the year that the automobile is made available to the employee **divided** by 30.

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 1, 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.

The **cost of the automobile** is equal to the greater of the following amounts:

- $40,000, which is the average cost of the new automobiles acquired for sale or lease in 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.

| | | |
|---|---|---|
| Value of the standby charge benefit<br>1.5% × $40,000 × 12 ▶ | | $7,200 |
| Amount reimbursed by the employee for the standby charge | – | $0 |
| **Standby charge benefit** | = | $7,200 |

**Step 2: Calculating the operating-costs benefit**

Use the basic method to calculate the operating-costs benefit since the employee did not use the automobile more than 50% of the time for the performance of their duties.

The value of the operating-costs benefit is $0.30 per kilometre travelled for personal purposes.

| | | | | |
|---|---|---|---|---|
| Value of the operating-costs benefit<br>11,000 km × $0.30 ▶ | | $3,300 | | |
| Amount reimbursed by the employee for operating costs | – | $1,000 | | |
| **Operating-costs benefit** | = | $2,300 | + ▶ | $2,300 |
| **Automobile benefit** | | | = | $9,500 |

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

IMPORTANT

This section does not include measures announced in Information Bulletin 2023-4 concerning harmonization with the new federal measures introduced under section 2 of the *Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023* (S.C. 2023, c. 26) (previously Bill C-47).

If 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, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

***41.1.2***

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

If you or a person related to you makes 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 generally receives 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 per-kilometre rate used for equivalent transportation. For 2024, we consider a benefit calculated at the rate of $0.33 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 they may make of the vehicle is to travel between home and the workplace and that they are required 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 their 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 their 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, where applicable, in box G of the employee's RL-1 slip (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, where applicable, in box G of the shareholder's RL-1 slip (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 make 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, where applicable, in box G of the employee's RL-1 slip (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 their 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.

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 and the coverage provided to the employee determine 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 for coverage under a private health services plan and in boxes A and L for coverage under any other type of plan. You may also have to include the value of the benefit in box G of the RL-1 slip (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 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 paid by a former or retired employee**

Contributions (or premiums) paid by a 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 for the amount paid when filing their income tax return. To report the amounts that **an 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 (referred to collectively here as a "refund") that is determined on 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: the total of any refunds you received (except for the employees' share in the cost of the plan, if this share was remitted to the employees during the year), **multiplied** by the premium paid for the employee and **divided** by the total premiums paid for all employees.

If the refund is determined **only on 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: the total of any refunds you received (except for the employees' share in the cost of the plan, if this share was remitted to the employees during the year), **multiplied** by the premium paid for the employee's benefits and coverage and **divided** by the total premiums paid for all employees that have the same types of benefits and coverage as the employee.

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 report 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 and L and, where applicable, in box G of the employee's RL-1 slip (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 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

Where an employee has coverage and benefits, the value of the coverage is equal to the result of the following calculation:

- the total amount of benefits (including the related tax) paid in the year to all employees who have the same coverage and benefits as the employee, **multiplied** by the number of days in the year that the employee has the coverage, **divided** by total number of days of coverage in the year for all employees who have the coverage and benefits;

**plus**

- the total expenses (including any related tax) incurred with a third party to administer or manage the plan for the year, **multiplied** by the number of days in the year that the employee has coverage, **divided** by the total number of days of coverage in the year for all employees that have coverage.

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) must not be included in the total benefits paid in the year. The premium (and the related tax) you pay for the year under such a contract does have to be included in the expenses incurred with a third party 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 have to include the premium in the benefits total that applies to the coverage or benefits in question.

Expenses do not include expenses associated with establishing or modifying the plan (such as consultation fees and other costs incurred to establish or amend a plan).

### 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, the value of an employee's coverage must be calculated for each type of benefit the employee receives.

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.

| | | Medical expenses | | Dental expenses | | Number of days of coverage |
|---|---|---|---|---|---|---|
| | | Benefit paid to the employee | Number of days | Benefit paid to the employee | Number of days | |
| **Family coverage** | Audrey | $1,000 | 365 days | $1,400 | 365 days | 365 days |
| | David | $1,200 | 365 days | $0 | 365 days | 365 days |
| | Total | **$2,200** | **730 days** | **$1,400** | **730 days** | n/a |
| **Individual coverage** | Kim | $600 | 183 days | $800 | 183 days | 183 days |
| | Thomas | $700 | 365 days | n/a | n/a | 365 days |
| | Total | **$1,300** | **548 days** | **$800** | **183 days** | n/a |
| | | | | | **Total number of days of coverage** | 1,278 days |

The value of an employee's coverage must be calculated for each type of benefit the employee receives.

| | | Medical expenses | | Dental expenses | | Administrative costs | | 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**

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 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 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 is attached to such an establishment); 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.

Note that if an employee does not physically report for work at one of their employer's establishments, we consider that the employee is reporting for work at one of their employer's establishments if they are attached to the establishment. For more information, see section 2.1 of the *Guide for Employers* (TP-1015.G-V).

**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, if an employee is not subject to the provisions of 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 they 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 calculated 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 paid in the year to employees who have the coverage and benefits 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*.

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 they were subject to it, subtract the prescribed amount respecting the coverage and benefits in question from the total amount of benefits paid in the year to employees who have the coverage and benefits, and reduce the tax on the insurance premiums accordingly.

The prescribed amount is calculated 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 premiums 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 they 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 |

**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 |

***1, 37.0.1.1–37.0.1.6, 37.0.1.2R1, 37.0.1.5R1***

### 4.1.4 Paid-up life insurance

If coverage is provided to a retired employee for the year 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 number of years the person can reasonably be expected to have the coverage (the “applicable period”).

If the paid-up life insurance contract covers the retired employee until they reach 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 their 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 and L and, where applicable, in box G of the employee’s RL-1 slip (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. 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, where applicable, in box G of the employee’s RL-1 slip (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. The taxable benefit related to contributions you make to a multi-employer insurance plan is 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 the employee received 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 if 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

Free or subsidized lodging that you provide to an employee is a benefit in kind. The value of the benefit is equal to the cost of the lodging **minus** any amount paid by the employee. The cost of the lodging is generally 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 their employer). You have to include the value of the benefit in boxes A and V and, where applicable, in box G or box I of the employee's RL-1 slip (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 include 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 authorizing the reduction that they receive from us after completing form TP-1016-V. 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 them to be away from their 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, where applicable, in box G or box I of the employee's RL-1 slip (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 their 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 less than 30 kilometres of a population centre of at least 40,000 inhabitants.
- The employee maintains a dwelling that is their principal place of residence outside a designated remote area.

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 their principal place of residence and the special work site 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 the employee is required to work;
- the time the employee would have for rest if they 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 (such as medical services, instructional services, basic grocery distribution 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 them to be away from their 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 their 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 where the employee is working.

If these conditions are not met, the value of the benefit is taxable and must be included in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (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. The 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).

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 the employee paid, must be entered in boxes A and V and, where applicable, in box G 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 the employee paid, must be entered in boxes A and L and, where applicable, in box G of the RL-1 slip (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 generally receives a taxable benefit. You have to include the value of the benefit in boxes A and V and, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3).

The value of the taxable benefit varies depending on whether 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 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 2024, by type of housing and utilities.

| Type of housing | Description of services | 2024 |
|---|---|---:|
| Common shelter | n/a | $240 |
| Apartment and duplex | Rent only | $648 |
| | Utilities only | $315 |
| | Rent and utilities | $963 |
| House and trailer | Rent only | $1,084 |
| | Utilities only | $479 |
| | Rent and utilities | $1,563 |

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 may be taxable benefits for the employee.

### Meals

Restaurant and hotel employees have to include the value of meals you provide them free of charge or at a cost that is less than the FMV of the meal when calculating their income.

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 $10.69 for 2024 ($11.57 for 2025);

**minus**

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

### Lodging

Lodging you make available to an employee rent-free or for rent that is less than what the employee would have to pay for comparable lodging rented from someone else is a taxable benefit for the employee. The value of the benefit must be included in the employee's income and is generally a reasonable estimate of the FMV of the rent for the lodging.

If you operate a business in the restaurant or hotel sector and you make a reasonably sized room available to an employee rent-free or for rent that is less than the FMV, 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, for a maximum of $58.00 for 2024 $61.71 for 2025);

**minus**

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

You can use calculations that are different from those provided above to determine the value of a meal or lodging benefit received by an employee. If you do, you must be able to provide facts to justify your results.

You have to include the value of the benefits for meals and lodging in boxes A and V and, where applicable, in box G or box I of the employee's RL-1 slip (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 expense reimbursement or the value of the meal provided 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, where applicable, in box G or box I of the employee's RL-1 slip (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 provided 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, where applicable, in box G or box I of the employee's RL-1 slip (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 is calculated as follows:

- 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 and V and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

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

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## 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**, on 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 to use to commute between their 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 their usual place of residence and the workplace.

An allowance that you pay an employee to compensate them for the cost of their transit pass is a taxable benefit for the employee. You have to include the value of this benefit in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (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 **for the employee's use only**. 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, where applicable, in box G or box I of the employee's RL-1 slip (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 employees, and you have to include the value of the benefit in boxes A and L and, where applicable, in box G of each employee's RL-1 slip (see section 2.3).

*38.2*

## 5.10 Transportation from a meeting point to the workplace

Transportation that you provide free of charge to an employee 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).

If you provide transportation to an employee, 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, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

Allowances 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 do not constitute a taxable benefit.

# 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 because of their position is tax-exempt. The 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 individual who is elected or appointed in a representative capacity by a body that is a corporation, association or other organization does not have to include in their income an allowance paid or an amount reimbursed for travel expenses to enable them to attend a council or committee meeting if the following conditions are met:

- The individual is dealing at arm's length with the organization.
- The travel expenses are not incurred by the individual for trips made in the performance of their duties.
- The meeting is held at a remote location at least 80 kilometres from the individual's usual place of residence and:
  - for 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
  - for another type of organization, in a place that is within the local municipal territory or the metropolitan area where the organization's head office or principal place of business 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 individual'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 individual'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, 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 they have 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 they are 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 they perform 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 an 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 an 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 their 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 to which they are normally attached) 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 their 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 their 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 for 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 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 an employee for their spouse's travel expenses is 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 (or an eligible family member) who works and resides in a designated remote area constitute a taxable benefit for the employee.

The value of the travel benefit corresponds to the travel expenses incurred for trips made by an employee or an eligible family member:

- to receive medical services not available where the employee lives (including the travel expenses of a person accompanying the person requiring medical care); **or**
- for non-business or non-medical reasons (for example, trips made because of a death or an unfortunate event, or annual leave).

Travel expenses include the cost of plane, train or bus tickets, expenses related to the use of a vehicle, the cost of meals and lodging, and incidental expenses such as taxi fares, tolls and ferry charges. You have to include the value of the travel benefit (including GST and QST) in boxes A, G, I and K of the employee's RL-1 slip.

In addition, 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 value of the benefit for such trips.

### Travel deduction

You have to subtract an employee's allowable travel deduction from the employee's gross remuneration subject to income tax 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 an eligible family member 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 an eligible family member to receive medical care not available where they live (**unlimited** number of trips), or for a non-medical reason, such as a trip made because of a death or an unfortunate event, or an annual leave (limit of **two trips** for the employee and for each eligible family member).
- Neither the employee nor any eligible family member will claim another deduction or tax credit for medical expenses with respect to the taxable benefit in their income tax return.
- No form of financial assistance (other than this taxable benefit) was granted to the employee or an eligible family member for travel expenses. This condition does not apply if the financial assistance was included in the employee's or an eligible family member's income.

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

- the least of:
  - the value of the taxable benefit,
  - the total travel expenses paid for the trips, and
  - the cost of the lowest return airfare at the time of the trip between the place the employee lives (or the closest airport) and the nearest designated city;
- **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, *Deduction for Residents of Designated Remote Areas*),
  - 100%, if the remote area is located in a northern zone (see guide TP-350.1.G-V).

If the trip is not made in the year in which the benefit is provided, do not subtract any amounts related to it from the employee's gross remuneration.

For more information about the travel deduction and for a list of the areas concerned, 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 on behalf of an employee to acquire a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondaction 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.

**Source deductions and contributions**

The value of the benefit is subject to income tax only.

## 7.2 Social events

To determine the value of the benefit respecting a social event, we must distinguish between an in-person event (or combined in-person and virtual event) and a virtual event.

**In-person event (or combined in-person and virtual event)**

If you offer your employees a **free** in-person (or combined in-person and virtual) social event, such as a retirement party or seasonal activity, the benefit for the employee and their spouse's attendance is **not taxable** if **all** the following conditions are met:

- You offer the activity to all your employees in one of your business locations.
- The cost of the activity is not more than $150 (including taxes) per person. This amount includes venue rental, food and entertainment, but excludes ancillary costs (e.g. transportation and lodging), gifts and rewards.
- The activity is one of no more than six social events you pay for in the year. These events can be in-person, virtual or a combination of the two.

If an activity is offered to all your employees and their spouses, the cost must be calculated on the total number of participants, not just the number of employees.

If the above conditions **are not met**, the total value of the benefit for the employee and their spouse's attendance and the value of the benefit respecting ancillary costs must be included in the employee's income.

You must include the total value of the benefit in boxes A and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

**Ancillary costs**

Ancillary costs for in-person participants in a social event, such as transportation and lodging fees, are not included in the cost of the social event. If such costs are considered reasonable in the circumstances, they are not taxable benefits for the employee. If such costs are not considered reasonable, the value of the related benefit must be included in the employee's income, even if the benefit for the employee and their spouse's attendance is not taxable. In addition, the value of the benefit respecting ancillary costs incurred **only** for the spouse must always be included in the employee's income.

### Gift certificates and gift cards

If you give a gift certificate or gift card (including a chip card) for food, beverages and delivery service to an employee (or their spouse) virtually attending an event that is a combined in-person and virtual event, the cost of the gift certificate or gift card must be included in the cost of the social event if the gift certificate or gift card is not considered easily convertible into cash. A gift certificate or gift card is not considered easily convertible into cash if it must be used to purchase a good or service from one or more designated merchants.

If the gift certificate or gift card is considered easily converted to cash, its value must be included in the employee's income and excluded from the cost of the social event.

### Virtual social events

If you offer your employees a **free** social event, such as a retirement party or seasonal activity, or if you reimburse them for the cost of such an event, the benefit for the employee's attendance is **not taxable** if **all** the following conditions are met:

- You offer the activity to all your employees in one of your business locations.
- The cost of the event is not more than:
  - **$50 (including taxes) per employee**, if the amount includes only the cost of food, beverages and delivery service;
  - **$100 (including taxes) per employee**, if the amount includes the cost of food, beverages, delivery service and entertainment.
- If you reimburse your employee for this activity, the employee gives you receipts.
- The activity is one of no more than **six** social events you pay for in the year. These events can be in-person, virtual or a combination of the two.

The cost of the event does not include the cost of gifts and rewards.

If the above conditions are not met, the total value of the benefit for the employee's attendance must be included in their income.

You must include the total value of the benefit in boxes A and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

### Gift certificates and gift cards

If you give a gift certificate or gift card (including a chip card) for food, beverages and delivery service to an employee attending a virtual event, the cost of the gift certificate or gift card must be included in the cost of the social event if the gift certificate or gift card is not considered easily convertible into cash. A gift certificate or gift card is not considered easily convertible into cash if it must be used to purchase a good or service from one or more designated merchants.

If the gift certificate or gift card is considered easily convertible into cash, its value must be included in the employee's income and excluded from the cost of the social event. Note that if you provide your employee's spouse with a gift certificate or gift card, its value must always be included in your employee's income.

For more information, see document CTF-2003, *Directive fiscale concernant l'avantage relatif aux activités mondaines* (in French only).

## 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 | n/a | $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 | Case L | Blank box (L-3) |
| $3,000 | $2, 200 | $800 | $800 | $2,200 | n/a | $800 |
| $1,200 | n/a | $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 (for example, 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 their 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. For a non-monetary gift or reward, you must include GST and QST in the value of the benefit.

The following benefits are tax exempt:

- 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.

If the value of the gift or reward is more than $500 (including taxes), only the portion that is over $500 is taxable. You have to include the portion that is over $500 in boxes A and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

The following benefits are **fully** taxable:

- 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, where applicable, in box G or box I of the RL-1 slip (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 their 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, where applicable, in box G of the slip (see section 2.3). 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 their employees, the dealer has to file RL-1 slips for the employees and has to include the value of the employees' respective shares of the reward in boxes A and L and, where applicable, in box G or box I of their RL-1 slips (see section 2.3).

If the manufacturer rewards a dealer's employee **directly**, the manufacturer has to file an RL-1 slip in the employee's name and include the value of the reward in boxes A and L and, where applicable, in box G of the slip (see section 2.3).

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

Financial compensation not exceeding $1,380 for 2024 ($1,420 for 2025) is tax-exempt if it is paid by a government, a municipality or other public authority to an individual 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 individual during the year are more than $1,380 for 2024 ($1,420 for 2025), the portion that is over $1,380 (or $1,420) is taxable and must be included in boxes A, G, I and L of the individual's RL-1 slip. If the employment is considered 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 individual worked for the same organization that paid the financial compensation, and they 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 they also have full-time or part-time employment with the municipality as a firefighter (whether the employment is permanent or the individual 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 individual that exceeds $1,380 for 2024 ($1,420 for 2025) is subject to source deductions and employer contributions.

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

The total of all amounts paid to an individual participating in emergency services (including any financial compensation) is not subject to QPIP premiums if the amounts are paid for employment that is considered 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
> An individual who elects to claim either the tax credit for volunteer firefighters or the tax credit for volunteers participating in search and rescue activities in their personal income tax return has to include the financial compensation shown in box L-2 of the RL-1 slip received in their employment income when completing the return. 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

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, this 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 the employee reimburses you. You have to include the value of the benefit in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3). If the benefit is not a taxable benefit for federal income tax purposes, the professional dues reimbursement is not subject to QPIP premiums.

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 their profession and does not perform any act pertaining to the profession, but you require them 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 tasks pertaining to their 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 part of employee QPP contributions and employee QPIP premiums you pay (voluntarily or not) on behalf of an employee and that is not reimbursed by the employee is a taxable benefit. You have to include the value of the benefit in boxes A and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

***37***

## 7.9 TFSA contributions made by the employer

Contributions you make to a TFSA for an employee and related administrative costs you pay are a taxable benefit if the amounts are not withheld from the employee's remuneration. You have to include the benefit in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3).

***37***

## 7.10 FHSA contributions made by the employer

Contributions you make to an FHSA for an employee and related administrative costs you pay are a taxable benefit if the amounts are not withheld from the employee's remuneration. You have to include the benefit in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3).

## 7.11 RRSP contributions made by the employer

Contributions you make to an RRSP the annuitant of which is your employee or their spouse and related administrative costs you pay are a taxable benefit for the employee if the amounts were not withheld from the employee's remuneration. You have to include such amounts in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3).

### 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 their 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.

*37*

## 7.12 Contributions made and other amounts paid by employers to certain plans

Contributions you make to and certain 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.

*38*

## 7.13 Remote working equipment

The total or partial reimbursement (on presentation of receipts) of an amount for computer or office equipment that an employee purchased after December 31, 2022, to work from home is not considered a taxable benefit for the employee.

The value of the benefit must be included in boxes A, G, I and L of the employee's RL-1 slip.

## 7.14 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 are the primary beneficiary of the benefit gained by the employee.

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, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3).

## 7.15 Moving expenses and expenses related to relocation

### 7.15.1 Reimbursement of moving expenses

In general, amounts you pay or reimburse to cover the moving expenses of an employee, their family and their 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 they reside.
- 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 they were transferred, after the employment ends.
- The employee begins a new job in one of your other establishments.

The amounts you pay or reimburse are not a taxable benefit if they cover expenses for which the deduction for moving expenses can be claimed.

If none of the situations listed above 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 you pay or reimburse are generally not a taxable benefit 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 their 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 employee may be able to claim a deduction for unreimbursed moving expenses in their income tax return.

*348–350*

### 7.15.2 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**. To determine the maximum allowance, use the employee's salary or wages on the day they begin their 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)***

### 7.15.3 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 following an eligible relocation (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;

**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***

### 7.15.4 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 they 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 they can pay higher mortgage interest or bridge financing required with respect to the new residence.

***37.1.1***

## 7.16 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 the training leads to a diploma or licence).

### Training directly related to the employer's activities

Courses an employee takes 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 return to their employment for a considerable time after finishing the courses. 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 paid for books, meals, travel 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 the employee takes (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 the employee takes 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***

## 7.17 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***

## 7.18 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 their income tax return.

***37, 752.0.11.3***

## 7.19 Cryptoassets

Cryptoassets are considered property, not currency, because they are not legal tender in Canada.

Generally, if you use cryptoassets to pay an employee, the payment is considered a benefit in kind. The value of the benefit is the FMV of the cryptoassets, in Canadian dollars, at the time of the payment is made.

You have to include the value of this benefit in boxes A and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

Go to our website for more information about cryptoassets.

## 7.20 Security options

If a security option (a share of a corporation's capital stock or a mutual fund trust unit) is granted to one of your employees or to an employee of a qualifying person (a corporation or a mutual fund trust) with which you are not dealing at arm's length, and the option is granted under an agreement that allows the employee to acquire such a security from their employer or the qualifying person, there is no taxable benefit for the employee at the time the option is granted.

The employee is generally deemed to receive a taxable benefit in the year in which they acquire the security or transfer a right under the agreement, unless the security is a CCPC share that a CCPC agreed to issue or sell to a CCPC employee.

The employer who grants the benefit has to file an RL-1 slip for the employee.

NOTE
This section does not provide information on the tax rules for the following:

- 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;
- the replacement of a stock option plan.

For information regarding these special cases, contact us.

***47.18–58***

### 7.20.1 Calculating a security option benefit

An employee is generally deemed to receive a taxable benefit in the year they acquire a security or transfer a right under an agreement, unless the security is a CCPC share. If the security is a CCPC share, the employee is deemed to receive a taxable benefit in the year they sell or exchange the share, provided the conditions are met.

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

- the FMV of the security at the time the employee acquires it or the value of the consideration received (in cash or in kind) at the time the employee transfers you a right;

**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 right to acquire the security.

You must include the value of the benefit in boxes A and L of the employee's RL-1 slip in the year in which they are deemed to have received it and may have to include it in boxes G and I of the slip (see section 2.3). You must also enter the amount of the security option deduction that the employee can claim in their income tax return with regard to this benefit, if the conditions in section 7.20.2 or 7.20.3 are met.

#### Rights that can no longer be exercised

If an employee received one or more amounts for rights that can no longer be exercised under the agreement, and the fact that the rights can no longer be exercised does not constitute a transfer or a disposition of their rights, the employee is deemed to have disposed of their rights at the time the amount or amounts were received and to have received the amount or amounts as consideration for the disposition. The employee is deemed to have received a taxable benefit whose value is equal to the total amounts received, minus the amount they paid to acquire the rights.

#### Death of an employee before a security option is exercised

An employee who owned a security option immediately before their death is deemed to have received for the year of death a taxable 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 for the right to acquire the option.

In this situation, you have to enter "L-7" in a blank box of the RL-1 slip, followed by the value of the option benefit the deceased employee is deemed to have received.
***47.18–58***

#### Election made under the *Income Tax Act*

If an employee transfers their right in a 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 if 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.

You can deduct the payment made to or for the employee as an expense if you do not enter the payment amount on the employee's RL-1 slip. If you deduct the payment, the employee cannot claim the security option deduction.

Note that this election does not apply to security options covered by the new regulations applicable to security options granted after June 30, 2021, to an employee of a corporation, other than a CCPC, or a mutual fund trust whose gross annual income exceeds $500 million. See section 7.20.4.

***725.2, 725.2.0.1, 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 trust 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 their income tax return with regard to the benefit, provided the conditions for this deduction 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***

### 7.20.2 Deduction for CCPC stock options

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

- The corporation that entered into an agreement with the employee was a CCPC at the time of the agreement.
- The share acquired by the employee is a CCPC share.
- The employee that entered into an agreement with the CCPC is a CCPC employee.
- Immediately after the agreement was reached, the employee was dealing at arm's length with any corporation involved (whether the employee's corporation, the corporation that made the agreement or the corporation that sold or issued the share to the employee).
- The employee acquired the share after May 22, 1985.

When these conditions are met, the employee can claim a security option deduction in their income tax return provided:

- 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 7.20.3.

If these conditions are not met, the employee can claim the deduction covered by section 7.20.3 provided the conditions in that section are met.

The security option deduction is equal 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” or “L-13” in a blank box of the RL-1 slip for the year in which the securities were sold or exchanged, based on the date of sale or exchange, followed by the amount of the security option deduction. Do not enter a code and amount if the value of the security option benefit is included in the employee’s income and the employee is claiming a deduction elsewhere in calculating their taxable income. If the benefit was granted after June 24, 2024, also enter “L-11” in a blank box of the RL-1 slip, followed by the deduction rate (25% or 50%).

***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***

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

An employee or former employee (the “employee”) is deemed to receive a taxable benefit in the year they acquire a security that is a share of a corporation, other than a CCPC, or a mutual fund trust unit.

The employee can claim a security option deduction (other than for a non-qualified security) in their income tax return if the following conditions are met:

- The amount the employee has to pay to acquire the security is equal to or greater than the result of the following calculation (done without taking into account currency fluctuations): 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 they disposed of the rights under the agreement;
  - would have been a mutual fund trust 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 trust unit if it had been sold or issued to the employee at the time they disposed of the rights under the agreement, and if the trust had not issued units that were different from that unit.

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 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 is granted.
- The benefit is deemed received for a stock 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 stock option 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” or “L-12” in a blank box of the RL-1 slip for the year in which the securities were acquired based on the acquisition date, followed by the amount of the security option deduction. Do not enter the code and amount if the value of the security option benefit is included in the employee’s income and the employee is claiming a deduction elsewhere in calculating their taxable income. If the benefit was granted after June 24, 2024, also enter “L-11” in a blank box of the RL-1 slip, followed by the deduction rate (25% or 50%).
***725.2, 725.2.0.1***

## 7.20.4 Rules applicable to security options granted after June 30, 2021, to an employee of a corporation, other than a CCPC, or a mutual fund trust whose gross annual income is more than $500 million

New rules came into effect on July 1, 2021, for security options granted to an employee of a corporation (other than a CCPC) or a mutual fund trust whose gross annual income is more than $500 million according to its financial statements (or its consolidated financial statements).

The rules do not apply to security options granted after June 30, 2021, that replace options granted before July 1, 2021.

**$200,000 limit**

Under the new rules, the $200,000 limit applies to the total value of the security options that an employee can acquire in a year and that will be eligible for the security option deduction. The limit is based on the FMV of the securities at the time the agreement was entered into and is for the year in which the option can be exercised for the first time in regard to the securities. Securities whose value exceeds the annual acquisition limit of $200,000 are considered non-qualified securities.

For more information, see Schedule 59 of the Canada Revenue Agency’s corporation income tax return (T2), in which you are required to report the non-qualified securities.

**Designating securities as non-qualified securities**

If the security options you provide as an employer are subject to the new rules, you can elect to designate securities whose value does not exceed the $200,000 limit to be issued or sold under the agreement as non-qualified securities. If a security option concerns a non-qualified security, the employee cannot claim the security option deduction in their income tax return. In this case, you can deduct an amount equal to the value of the security option benefit that is included in the employee’s income when calculating your taxable income, under certain conditions.

If you designate securities as non-qualified securities under federal legislation, the securities are also considered non-qualified securities under Québec legislation. If you do not make a designation under federal legislation, you cannot make one under Québec legislation.

If you designate securities as non-qualified securities, you cannot make the election under subsection 110(1.1) of the federal *Income Tax Act* that enables the employee to claim the security option deduction.

Moreover, if an employee transfers their right in a security option (other than a non-qualified security) to you as consideration for a cash payment or a benefit in kind without acquiring any securities, and the right is provided for in an agreement covered by the rules that apply to security options granted after June 30, 2021, the employee can claim a security option deduction without you having made the election under subsection 110(1.1). In this case, you cannot deduct any amount when calculating your taxable income.

#### Notification requirements for non-qualified securities

If the value of a security option granted to an employee exceeds the annual acquisition limit of $200,000, or if you elect to designate securities as non-qualified securities, you must notify the employee in writing that the securities are non-qualified securities no later than 30 days after the day the agreement is entered into.

In addition, you must send us a copy of the T2 Schedule 59 that you sent the Canada Revenue Agency to report the non-qualified securities. Send us the schedule no later than the filing deadline for the income tax return for the taxation year during which the agreement is entered into.

#### Charitable donations

If an employee donates to a qualified donee a publicly listed share acquired under a security option related to a non-qualified security, the employee is not eligible for the security option deduction or the additional deduction of 50% for the donation of securities. The employee may be eligible for the tax credit for charitable donations and other gifts.

***725.5.1–725.5.9***

## 7.21 Work tools

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

## 7.22 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 2024 are given 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 |
|---|---|---|---|
| 6% | 6% | 5% | 5% |

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

#### 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***

### 7.22.1 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.

Note that all debts referred to in paragraphs (a) and (b) that an employee contracts by reason of their office or employment and that are not considered excluded loans must be taken into account, regardless of whether the interest rate is lower than, equal to or higher than the prescribed rate (see section 7.22).

You have to include the value of the benefit related to a loan made to an employee in boxes A and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

**Example**

An employee borrows $75,000 from the employer on January 20, 2024. 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:

| | | |
|---|---|---|
| 6% × $75,000 × 72/366 days = | | $885.25 |
| 6% × $75,000 × 91/366 days = | + | $1,118.85 |
| 5% × $75,000 × 92/366 days = | + | $942.62 |
| 5% × $75,000 × 92/366 days = | + | $942.62 |
| **Total** = | | $3,889.34 |
| Interest paid by the employee | – | $500.00 |
| **Taxable benefit for the employee** = | | $3,389.34 |

**Debt contracted to acquire investments**

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 their income tax return.

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.

#### 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 to begin working at a new workplace after September 1998, provided it is reasonable to conclude that, if it weren't 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.

For an employee who began working 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.
***37.1, 487.1–487.2.1, 487.6***

### 7.22.2 Loan made to a shareholder

A person (other than a corporation resident in Canada) or a partnership (other than a partnership whose members are each a corporation resident in Canada) is deemed to receive a taxable benefit if it contracts a debt with a corporation because it 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 prescribed rate 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 and L and, where applicable, in box G of the employee's RL-1 slip (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 it would be for a shareholder who receives the benefit as a shareholder. It must be included in box O of the person's RL-1 slip (not in the shareholder's RL-1 slip).

The loan must be included in the shareholder's income if the shareholder did not repay it in the taxation year following the year it was made.
***113, 487.3, 487.6***

### 7.22.3 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 7.22.1). However, the amount of interest calculated in paragraph (a) of section 7.22.1 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.

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 loan, 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 and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

**Home relocation loan**
A loan made to an individual or the individual's spouse, where either person begins working 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 their 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***

## 7.23 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)***

## 7.24 Loyalty program

An employee can accumulate points under a loyalty program such as a program sponsored by an airline which allows frequent flyers to accumulate points that can subsequently be exchanged for additional air travel or other benefits.

If **you control** the number of points accumulated by your employee (such as when the employee uses a company credit card) the employee receives a taxable benefit if they receive a reward for personal use in exchange for points accumulated under the loyalty program.

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. You must consider any 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 and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

If you do not control an employee's accumulated loyalty program points resulting from expenses or business trips you paid for or reimbursed, the value of the points should not be included in the employee's income, unless 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.

If one of these conditions is met, the employee must determine the FMV of the reward received for personal use and report the amount as income in their income tax return for the year.

## 7.25 Merchandise discounts and commissions on certain sales

### Merchandise discounts

If you sell merchandise to an employee at a reduced price, we do not generally 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:

- Merchandise that is neither outdated nor unfit for sale is purchased from you by the employee at below-cost prices.
- 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 salespeople 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*

## 7.26 Debt forgiveness

The benefit an employee receives during the year because a debt has been forgiven (whether a loan or another type of debt) is 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 and L and, where applicable, in box G of the employee's RL-1 slip (see section 2.3).

***37.0.1, 485***

## 7.27 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 7.14]).

***38***

## 7.28 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. 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 cell phone or Internet use does not result in additional fees.

If the reimbursement or payment of the 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, where applicable, in boxes G and I of the employee's RL-1 slip (see section 2.3).

***37***

## 7.29 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.

## 7.30 Parking

A parking space 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 their 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 is blind or 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 free parking is available for clients and employees;
  - you offer parking spaces to all employees who want parking, but the spaces available are not assigned and there are no more than two parking spaces available for every three employees.

Include the value of the taxable benefit in boxes A and L and, where applicable, in box G or box I of the employee's RL-1 slip (see section 2.3).

***37, 41.4***

## 7.31 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 their duties is not considered a taxable benefit. This means that if you provide a distinctive uniform that must be worn by the employee in the performance of their 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 their 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 (suit, overcoat and jacket).

Reimbursements made to an employee for expenses related to the acquisition and care (for example, laundry or drycleaning 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 their 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. For more information about source deductions and employer contributions and filing the RL-1 slip, see the *Guide for Employers* (TP-1015.G-V) and the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

### 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, unless the benefit is related to board and lodging and the employee is paid 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 sections 2.2 and 2.3.

| Category | 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 | O (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 | O (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 | O (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 |
| | 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 |

| Category | Taxable benefit | Type of benefit | Source deductions and contributions: Income tax | Source deductions and contributions: QPP | Source deductions and contributions: QPIP | Source deductions and contributions: Health services fund, labour standards, WSDRF | RL-1 slip boxes | Section of guide |
|---|---|---|---|---|---|---|---|---|
| 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 | No | 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 |
| | Meals provided to a restaurant or hotel employee | In kind | Yes | Yes | No | Yes | A, G, V | 5.5 |
| | Public transit passes | 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 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 cash | Yes | Yes | Yes | Yes | A, G, I, L | 5.2.2 |
| | 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 |

| Category | 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 | | |
| **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 or reimbursement for travel expenses incurred by a council or committee member | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 6.2 |
| | **Unreasonable** allowance or reimbursement 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 or reimbursement 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 | 7.28 |
| | | In kind | Yes | Yes | No | Yes | A, G, L | 7.28 |
| | Cryptoassets | In kind | Yes | Yes | No | Yes | A, G, L | 7.19 |
| | Debt forgiveness | In kind | Yes | Yes | No | Yes | A, G, L | 7.26 |
| | Employee QPP contribution and QPIP premium paid by the employer | In kind | Yes | Yes | No | Yes | A, G, L | 7.8 |
| | FHSA contribution made by the employer | In cash | –[5] | Yes | Yes | Yes | A, G, I, L | 7.10 |
| | FHSA contribution made by the employer (administrative costs) | In kind | Yes | Yes | No | Yes | A, G, L | 7.10 |
| | Financial compensation paid to an emergency services volunteer (portion that exceeds $1,380 for 2024 and $1,420 for 2025) | In cash | Yes | –[6] | –[7] | Yes/No[8] | A, L (code L-2) | 7.6 |
| | 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 | O | 7.22.2 |
| | Interest-free or low-interest loan made to an employee | In kind | Yes | Yes | No | Yes | A, G, L[9] | 7.22.1 |
| | Location incentive | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.23 |
| | Loyalty program | In kind | Yes | Yes | No | Yes | A, G, L | 7.24 |
| | Medical expenses | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.18 |
| | Merchandise discount and commission on sales | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.25 |
| | Moving expenses and expenses related to relocation | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.15 |
| | Parking provided by the employer | In kind | Yes | Yes | No | Yes | A, G, L | 7.30 |
| | Parking reimbursed by the employer | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.30 |

| Category | 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 | | |
| Other benefits | Professional membership dues (amount reimbursed to the employee) | In cash | Yes | Yes | Yes/ No[10] | Yes | A, G, I, L | 7.7 |
| | Professional membership dues | In kind | 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 | 7.14 |
| | | In kind | Yes | Yes | No | Yes | A, G, L | 7.14 |
| | RRSP contribution made by the employer | In cash | – [11] | Yes | – [12] | Yes | A, G, L | 7.11 |
| | RRSP contribution made by the employer (administrative costs) | In kind | Yes | Yes | No | Yes | A, G, L | 7.11 |
| | Scholarship or bursary provided to a family member | In cash | No | No | No | No | O (code RB)[13] | 7.17 |
| | Security options | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.20 |
| | | In kind | Yes | Yes | No | Yes | A, G, L[14] | 7.20 |
| | Social events | 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 | 7.21 |
| | Training expenses for personal-interest training | In cash | Yes | Yes | Yes | Yes | A, G, I, L | 7.16 |
| | Tuition fees (for a family member) | In cash | No | No | No | No | O[15] | 7.17 |
| | | In kind | No | No | No | No | O[15] | 7.17 |

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 benefit is not subject to source deductions of income tax if you remit the amount directly to the FHSA issuer.
6. The total of all amounts paid to the volunteer (including any financial compensation) is not subject to QPP contributions if the employment is considered excepted employment under the QPP.
7. The total of all amounts paid to the volunteer (including any financial compensation) is not subject to QPIP premiums if the employment is considered excluded employment under the QPIP.
8. Only the portion of the financial compensation that exceeds $1,380 for 2024 or $1,420 for 2025 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.
9. 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.
10. If the benefit is not a taxable benefit for federal income tax purposes, the professional dues reimbursement is not subject to the QPIP.

| Category | 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 | | |

11. The benefit is not subject to source deductions of income tax if you remit the amount directly to the RRSP issuer.
12. The benefit is not subject to QPIP premiums if you make a contribution to a group RRSP and the employee cannot withdraw amounts before their retirement or termination of employment (the only exception being amounts the employee can withdraw under the HBP or the LLP).
13. You must prepare an RL-1 slip on behalf of the employee's family member.
14. 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" or "L-12" (based on the purchase date) in a blank box, followed by the amount of the security option deduction, for securities acquired in the year, or "L-10" or "L-13" (based on the purchase date) 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.
15. See note 13.

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|---|---|---|
| 418 659-6299 | 514 864-6299 | 1 800 267-6299 (toll-free) |

### Businesses, employers and agents for consumption taxes

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.
Wednesday: 10:00 a.m. to 4:30 p.m.

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|---|---|---|
| 418 659-4692 | 514 873-4692 | 1 800 567-4692 (toll-free) |

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Monday to Friday: 8:30 a.m. to noon and 1:00 p.m. to 4:30 p.m.

| Québec City | Elsewhere |
|---|---|
| 418 652-6159 | 1 800 827-6159 (toll-free) |

### Individuals with a hearing impairment

| Montréal | Elsewhere |
|---|---|
| 514 873-4455 | 1 800 361-3795 (toll-free) |

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Direction principale des relations
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C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

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avec la clientèle des particuliers

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