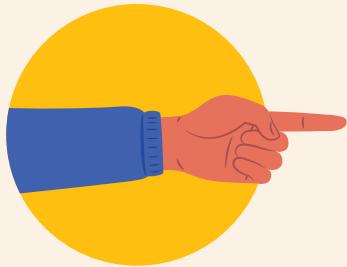


2021



Quick Tax Facts: Guide to Canadian Benefits

This information was last updated on January 14, 2025



The 2025 Quick Tax Facts document does not constitute recommendations or other advice regarding taxes or employee benefits programs, and the user is in no way obligated to use any of this information within their organization. The decision to utilize this information rests with the user. While every effort has been made to keep this document up-to-date, we recommend that the user consults with their tax authority regarding any of the information presented.

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Canada Pension Plan

The Canadian Pension Plan (CPP) provides retirement benefits to people who have worked and contributed to the plan.

The CPP supplements your retirement savings plan and contributions are deducted from the individual's pay. This chart specifies annual contribution limits for individuals based on the Canada Revenue Agency (CRA) guidelines. Starting in 2024, the CRA added a second earnings level for high-income earners to pay additional CPP contributions (CPP2). Employees earning above the first contribution level contribute at a different rate on income above the first threshold, up to the second level maximum. Only employees contributing to this second level of CPP will have access to the added benefit amount, and the longer you pay into it, the greater the impact to your CPP benefits at retirement.

Contributions	2024	2025
Basic annual maximum pensionable earnings	\$68,500	\$71,300
Annual basic exemption	\$3,500	\$3,500
Contribution basis	\$65,000	\$67,800
Basic contribution rate	5.95%	5.95%
Maximum basic annual contributions	Employee	\$3,867.50
	Employer	\$3,867.50
Second contribution level maximum	\$73,200	\$81,200
Maximum second contribution level basis	\$4,700	\$9,900
Second contribution level rate	4%	4%
Maximum annual second level contributions	Employee	\$188
	Employer	\$188
		\$396



The CPP provides retirement benefits to people who have worked and contributed to the plan.

Quebec Pension Plan

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

Contributions		2024	2025
Annual maximum pensionable earnings		\$68,500	\$71,300
Annual basic exemption		\$3,500	\$3,500
Basic contribution basis		\$65,000	\$67,800
Basic contribution rate		6.40%	6.40%
Maximum basic annual contributions	Employee	\$4,160.00	\$4,339.20
	Employer	\$4,160.00	\$4,339.20
Second contribution level maximum		\$73,200	\$81,200
Maximum second contribution level basis		\$4,700	\$9,900
Second contribution level rate		4%	4%
Maximum annual second level contributions	Employee	\$188	\$396.00
	Employer	\$188	\$396.00

Maximum monthly benefit 2025

Type of benefit	CPP	QPP
Retirement pension (at age 65)	\$1,433.00	\$1,433.00
Death benefits		
65 and older	\$859.80	\$844.24
64 and under (maximum)	\$770.88	\$1134.61
Under 45 (disabled)	\$770.88	\$1134.61
Under 45 (not disabled with dependent child)	\$770.88	\$1091.84
Under 45 (not disabled without dependent child)	\$770.88	\$689.43
Lump sum	\$2,500.00	\$2,500.00
Each child	\$301.77	\$301.77
Disability benefit		
Contributor (maximum)	\$1,673.24	\$1672.62
Each child	\$301.77	\$95.82



The QPP provides retirement benefits to people who have worked and contributed to the plan in Quebec.

Employment Insurance

Employment Insurance (EI) provides benefits to an employee who has lost their job through no fault of their own, and is available to work but unable to secure employment. Employers are required to deduct EI premiums from employees' pay, and make contributions of 1.4 times the employee rate. There are two types of benefits: regular and special.

Regular: Loss of employment through no fault of your own.

Special benefits:

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



	2024	2025
Maximum weekly benefit	\$668	\$695
Maximum annual insurable earnings	\$63,200	\$65,700
Employees		
Employee contribution rate (Quebec)	1.32%	1.31%
Maximum employee cost (Quebec)	\$834.24	\$860.67
Employee contribution rate	1.66%	1.64%
Maximum employee cost	\$1,049.12	\$1,077.48
Employers		
Employer contribution rate (Quebec)	1.848%	1.834%
Maximum employer cost (Quebec)	\$1,167.94	\$1,204.94
Employer contribution rate	2.324%	2.296%
Maximum employer cost	\$1,468.77	\$1,508.47

EI may be collected when an employee has lost their job through no fault of their own, and are available to work but unable to secure employment.

Quebec Parental Insurance Plan

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

	2024	2025
Maximum annual insurable earnings	\$94,000	\$98,000
Employee contribution rate	0.494%	0.494%
Employer contribution rate	0.692%	0.692%
Maximum employee cost	\$464.36	\$484.12
Maximum employer cost	\$650.48	\$678.16



Registered Pension, Retirement Savings Plan, and Tax-Free Savings Account limits

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

Tax-Free Savings Accounts (TFSA) are a government-regulated tax-free savings plan. Similar to the RRSP and RPP plans, there is a cap on the amount you can deposit per year without paying taxes.

A Deferred Profit-Sharing Plan (DPSP) is a savings plan whereby only the employer makes contributions, with the employee choosing how to invest the funds.

Annual contribution limit	2024	2025
Defined Contribution (RPP)	\$32,490	\$33,810
Registered Retirement Savings Plan (RRSP)	\$31,560	\$32,490
Deferred Profit Sharing Plan (DPSP)	\$16,245	\$16,905
Tax-Free Savings Account (TFSA)	\$7,000	\$7,000



Each savings plan includes a maximum annual contribution limit.

Workers' compensation

Maximum assessable earnings subject to premiums

Workers' compensation provides benefits to employees who experience work-related injury or illness. Maximum assessable earnings per worker are subject to premiums.

Province	2024	2025
Alberta	\$104,600	\$106,400
British Columbia	\$116,700	\$121,500
Manitoba	\$160,510	\$167,050
New Brunswick	\$76,900	\$84,200
Newfoundland and Labrador	\$76,955	\$79,345
Northwest Territories/Nunavut	\$110,600	\$110,600
Nova Scotia	\$72,500	\$76,300
Ontario	\$112,500	\$117,000
Prince Edward Island	\$78,400	\$82,900
Quebec	\$94,000	\$98,000
Saskatchewan	\$99,945	\$104,531
Yukon	\$102,017	\$104,975



Provincial medical programs

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

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

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

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

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

[New Brunswick Medicare](#)

[Newfoundland and Labrador Medical Care Plan](#)

[Northwest Territories Health Care Plan](#)

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

[Nunavut Health Care Plan](#)

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

[Prince Edward Island Health Care Coverage](#)

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

[Saskatchewan Health Benefits Coverage](#)

[Yukon Health Care Insurance Plan](#)



Provincial health plan employer taxes

Province	Gross annual payroll	2025
British Columbia (Employer Health Tax)	\$1,000,000.00 or less	Exempt
	\$1,000,000.01 to \$1,500,000.00	5.85% x (B.C. remuneration - \$1,000,000)
	Greater than \$1,500,000.00	1.95% x total B.C. remuneration
Manitoba (Health & Post Secondary Education Tax Levy)	\$2,250,000.00 or less	Exempt
	\$2,250,000.01 to \$4,500,000.00	4.3% on the amount in excess of \$2.25 Million
	Greater than \$4,500,000.01	2.15% of the total payroll (the \$2.25 Million is not a deduction)
Ontario (Employer Health Tax)	\$200,000.00 or less	0.98%
	\$200,000.01 to \$230,000.00	1.101%
	\$230,000.01 to \$260,000.00	1.223%
	\$260,000.01 to \$290,000.00	1.344%
	\$290,000.01 to \$320,000.00	1.465%
	\$320,000.01 to \$350,000.00	1.586%
	\$350,000.01 to \$380,000.00	1.708%
	\$380,000.01 to \$400,000.00	1.829%
	Over \$400,000.00	1.95%
Quebec (Health Services Fund)	Any amount	4.26% (public sector)
	\$1,000,000 or less	1.25% (primary and manufacturing sectors) 1.65% (other than public sector)
	\$1,000,000.01 to \$7,800,000	0.8074 + (0.4426 x TP/1,000,000) (primary and manufacturing sectors) 1.2662 + (0.3838 x TP/1,000,000) (other than public sector)
	\$7,800,000.01 or more	4.26%
Newfoundland and Labrador (Health & Post Secondary Education Tax)	\$2,000,000 or less	Exempt
	Over \$2,000,000	2%
All other provinces	Government-funded	N/A

Employers pay health plan taxes to help fund our public provincial health plans. Without the assistance, we would not have access to all of the services and equipment we do today.

Taxes

Sales taxes on group insurance premiums

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

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

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

Group benefits taxation

Employer paid premium contributions may be considered a taxable benefit to the employee. Benefit payments may be taxable when received by the employee (or beneficiary).

Benefit	Is the premium taxable to employees?	Are benefit payments taxable to employees?
Life Insurance	Yes	No
Dependent Life	Yes	No
Accidental Death & Dismemberment (AD&D)	Yes	No
Critical Illness	Yes	No
Short & Long-Term Disability	No	No/yes*
Health Care	No; yes in Quebec	No
Dental Care	No; yes in Quebec	No
Employee Assistance Program (EAP)	No	No
Health Care Spending Account (HCSA)	N/A	No; yes in Quebec
Lifestyle/Wellness Spending Account (LSA/WSA)	N/A	Yes
Diagnostic Specialist Access Insurance (DSAI)	No	No

*Disability payments are taxable to the employee if the employer pays a portion of the premium for short-term and/or long-term disability. The employee is entitled to receive benefits equal to their contributions on a non-taxable basis when premium costs are shared.

Premium tax

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

Province	Premium tax
British Columbia, Manitoba, New Brunswick, Ontario	2%
Yukon	4%
Alberta, Northwest Territories, Nova Scotia, Nunavut, Saskatchewan	3%
Newfoundland and Labrador	5%
Prince Edward Island	3.75%
Quebec	3.30%

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



Harmonized Sales Tax

Certain employer paid contributions are subject to GST/HST and/or PST or provincial insurance levies and should be added to the value of the taxable benefit. For more information on HST/GST rules, visit the Canada Revenue Agency website at <https://www.canada.ca/en/revenue-agency.html>



Canadian Dental Care Plan – Tax Reporting

Effective with the 2023 tax reporting cycle, employers are required to confirm whether, on December 31st of the reporting year, each employee and their eligible dependents, previous employees, or the spouse and/or dependents of a deceased employee had access to dental coverage of any kind through their employer due to current or former employment. This includes access to a HCSA, even if the employee does not use their HCSA for dental expenses.

There is a box on the employee tax slip which will need to be coded to advise their coverage status.

Tax Slip	Box number and name
T4	45 – Employer offered dental benefits
T4A	015 – Payer offered dental benefits. Mandatory only if you report in Box 016, Pension or Superannuation.

Code	Explanation
1	The employee has no access to dental care insurance or coverage of dental services of any kind.
2	Access to any dental care insurance, or coverage of dental services of any kind for only the employee.
3	Access to any dental care insurance, or coverage of dental services of any kind for employee, spouse, and dependents. *
4	Access to any dental care insurance, or coverage of dental services of any kind for only the employee and their spouse.
5	Access to any dental care insurance, or coverage of dental services of any kind for only the employee and dependents.

**If family coverage is available, select code 3, regardless of the selection the employee made (eg: family, single, waived).*

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