

Quebec compensation tax rate remains unchanged

On March 28 2017, Quebec's Minister of Finance announced that the current compensation tax rate will be extended for the next five years and as such will remain unchanged until March 31, 2022. The tax reduction initially set to begin on April 1, 2017, will apply to the period from April 1, 2022 to March 31, 2024.

What does this mean?

There are no changes required to the combined Quebec premium and compensation tax rate, used for calculating group insurance premium rates, preparing financial statements and producing ASO statements and invoices, when there is Quebec content.

Tax Rates and the application period

Below is an outline of the current premium tax and compensation tax rates and their application period.

Quebec Tax Rates	From December 3, 2014 to March 31, 2022	From April 1, 2022 to March 31, 2024
Premium Tax	3.00%	3.00%
Compensation Tax	0.48%	0.30%
Total Tax Rate*	3.48%	3.30%

*A tax factor of 3.60% (until March 31, 2022) and 3.409% (until March 31, 2024) will be used when calculating taxes on ASO arrangements. The tax factor is displayed on the ASO statements and invoices.

Questions?

Contact your Sun Life Financial group benefits representative.