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Insurance industry

Key tax rates and updates

Tax changes, rates, deadlines and other useful information for the insurance industry in Canada.

2021

pwc

Insurance industry:

Key tax rates and updates

This booklet is available at:
www.pwc.com/ca/insurancekeytaxrates

Contents

Insurance help—Who to contact

For more information, please contact:

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Some cautions

Rates and other information are current to August 27, 2021, but may change as a result of legislation or regulations issued after that date.

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Recent tax changes: Selected highlights

Corporate income tax rates for 2021
Combined federal and provincial/territorial corporate income tax rates are listed on **page 16**.

Status of changes for accounting purposes
Income tax changes will be recognized for accounting purposes:
- in Canada if they are considered substantively enacted
- in the United States if they are enacted

Tables on **pages 6 to 8** show whether corporate tax rate changes effective after 2019 are recognized for accounting purposes. All information is current to August 27, 2021.

Governments are continually announcing new economic measures in response to the ever-evolving COVID-19 situation, so please contact your PwC adviser to discuss any filing and payment deadline extensions that may apply to your business. To keep current, read our *Government economic response* to COVID-19 updates at **www.pwc.com/ca/tax/covid-19**.

Federal changes

IFRS 17 for insurance contracts
On May 28, 2021, the Department of Finance released a backgrounder that provides a high level indication of its policy direction in regards to International Financial Reporting Standard (IFRS) 17. The federal government generally supports using IFRS 17 accounting income as a basis to determine income for tax purposes, except that it has indicated that it will not allow insurers to deduct the "contractual service margin" as an insurance reserve for tax purposes. The government launched a consultation with industry stakeholders on how best to implement its policy position, as well as on other tax issues that may arise on the adoption of IFRS 17. Submissions for the consultation were due July 30, 2021. See our *Tax Insights* "Department of Finance's policy direction on IFRS 17 for insurance contracts" at **www.pwc.com/ca/taxinsights**.

Employee stock options
Effective for stock options granted after June 30, 2021, new rules:
- impose a $200,000 annual vesting limit on options that can qualify for the 50% employee stock option deduction
- introduce an employer deduction for the amount of stock option benefits that exceeds the new annual vesting limit

These rules do not apply to options granted by Canadian-controlled private corporations (CCPCs) or non-CCPC employers with consolidated group revenue of $500 million or less. See our *Tax Insights* "New rules on the taxation of employee stock options are now in effect: Are you ready?" at **www.pwc.com/ca/taxinsights**.

Mandatory disclosure rules

Proposals to enhance Canada's mandatory disclosure rules:

- change the *Income Tax Act's* existing reportable transaction rules
- introduce requirements to report "notifiable transactions" and for "specified corporations" to report "uncertain tax treatments"
- extend the reassessment period in certain circumstances
- introduce penalties for non-compliance that will apply to both taxpayers and promoters or advisers

The proposals are open to public consultation and would apply to taxation years that begin, and transactions entered into, after 2021. The penalty provisions, however, would not apply to transactions that occur before royal assent of the enacting legislation.

Immediate expensing of capital property for CCPCs

In the year the eligible property becomes available for use, CCPCs can immediately expense up to $1.5 million (shared among associated CCPCs) per taxation year of eligible property acquired after April 18, 2021, that becomes available for use before 2024. Eligible property consists of capital property subject to the capital cost allowance (CCA) rules, other than property included in CCA classes 1 to 6, 14.1, 17, 47, 29 and 51.

Base erosion and profit shifting (BEPS)

New measures (specifics are forthcoming) that are consistent with the recommendations in the BEPS Action Plan:

- limit the amount of new interest expense that a corporation (and a trust, partnership or Canadian branch of a non-resident taxpayer) may deduct in computing its taxable income to no more than a fixed ratio of its "tax EBITDA:"
  - 40% for taxation years beginning after 2022 and before 2024
  - 30% for taxation years beginning after 2023

  A "group ratio" rule will allow a taxpayer to deduct interest that exceeds the fixed ratio, if certain criteria are met. Interest denied can be carried forward 20 years, or back three years. Exemptions are available for:
  - CCPCs whose associated group has taxable capital employed in Canada of less than $15 million
  - groups of corporations and trusts whose aggregate net interest expense among their Canadian members is $250,000 or less
- eliminate the tax benefits arising from hybrid mismatch arrangements, which, among other things, will:
  - deny deductions in Canada for payments under hybrid mismatch arrangements, to the extent they produce deductions in other countries, or are not included in ordinary income of a non-resident recipient
  - include payments received by Canadians under hybrid mismatch arrangements in ordinary income, to the extent they are deductible in other countries

  The rules are expected to apply for certain rules on July 1, 2022, and for other rules no earlier than 2023.

Foreign affiliates

The Canada Revenue Agency (CRA) has issued a revised form T1134, “Information Return Relating to Controlled and Non-Controlled Foreign Affiliates,” to be used for taxation years or fiscal periods that begin after 2020, which requires a more comprehensive disclosure of information and events within the group of foreign affiliates. See our *Tax Insights* “Revised T1134 form coming in 2021 – are you ready?” at **www.pwc.com/ca/taxinsights**.

Digital services tax (DST)

The federal government is proposing to implement a DST, effective January 1, 2022, which will apply only until an acceptable multilateral approach is implemented by members of the OECD and the G-20. The DST targets large global businesses earning revenue from certain digital services reliant on the engagement, data and content contributions of Canadian users. The revenues subject to the DST are grouped into four categories: revenues earned from online marketplaces, social media, online advertising and user data (“in-scope revenue”). The DST will be a 3% non-income tax that will apply to in-scope revenue earned by entities (or members of a business group) with:

- global revenue from all sources of €750 million or more in the previous calendar year, and
- in-scope revenue associated with Canadian users that exceeds $20 million in the particular calendar year

Global minimum tax

On July 1, 2021, 130 countries of the 139 members of the OECD Inclusive Framework on BEPS committed to fundamental changes to the international corporate tax system, which include applying a minimum effective tax rate of at least 15% to profits earned by multinational enterprises in each jurisdiction. This minimum tax would apply to multinational enterprises with global consolidated revenues exceeding €750 million (Pillar Two of the BEPS Action Plan).

The OECD Inclusive Framework also committed to reallocating taxing rights towards market jurisdictions where physical presence is not already established, but where revenue is earned. The new taxing rights would apply initially to multinational enterprises with global consolidated revenues exceeding €20 billion and profitability thresholds greater than 10%; they would not apply to regulated financial services and extractive industries (Pillar One of the BEPS Action Plan).

It is expected that these changes will come into effect in 2023, and that existing jurisdictional digital services taxes will be repealed in response to the implementation of the new rules. For more information, see our *Tax Policy Alert* “130 countries agree on a new international corporate tax framework” at **www.pwc.com/gx/en/services/tax/publications/tax-policy-bulletin.html**.

Tax Information Exchange Agreements (TIEAs)

Canada is negotiating five TIEAs; one has been signed, but is not yet in force; twenty-four have entered into force (one on behalf of five jurisdictions).

Tax treaties

Since October 2020, no tax treaties have been signed, ratified or entered into force, nor were any new negotiations announced.

Emergency business supports

COVID-19 financial support programs are available to businesses and other organizations that have experienced a decrease in qualifying revenues during one or more of several reference periods over the term of the program, as compared to a prior base period. The following programs are currently available until October 23, 2021:

- Canada Emergency Wage Subsidy (CEWS) – subsidizes a percentage of "eligible remuneration" (maximum weekly eligible remuneration of $1,129) paid to eligible employees by an eligible employer
- Canada Emergency Rent Subsidy (CERS) – subsidizes a percentage of "qualifying rent expense" (i.e. rent, mortgage interest and related property expenses) for a "qualifying property" (subject for each four-week claim period to a maximum rent expense of $75,000 per location and an overall cap of $300,000 that must be shared among affiliated entities)
- Lockdown Support – provides an additional subsidy of up to 25% of qualifying rent expense for a qualifying property that was subject to a "public health restriction" during the claim period

For more information, refer to CRA web page:

- "Canada Emergency Wage Subsidy" at **www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy**
- "Canada Emergency Rent Subsidy" at **www.canada.ca/en/revenue-agency/services/subsidy/emergency-rent-subsidy**

Canada Recovery Hiring Program (CRHP)

The CRHP provides eligible employers with a subsidy of up to 50% on the incremental remuneration paid to eligible employees between June 6, 2021 and November 20, 2021, as compared to the base period remuneration paid from March 14, 2021 to April 10, 2021. An eligible employer may claim either the CRHP or the CEWS for a particular qualifying period, but not both. For more information, refer to CRA web page "Canada Recovery Hiring Program" at **www.canada.ca/en/revenue-agency/services/subsidy/recovery-hiring-program.html**.

Automobile deductions and benefits

The 2021 prescribed rates for automobiles remain at their 2020 levels, except for that used to determine the operating cost benefit, which has decreased by 1¢. To account for reduced business-use kilometres driven by employees during the COVID-19 pandemic, eligibility for 2020 and 2021 employee automobile benefit calculations (for employer-provided automobiles) relating to the reduced standby charge and the operating cost benefit alternative computation will be based on 2019 eligibility, if the employer in 2020 or 2021 is the same as in 2019. See *Car expenses and benefits – A tax guide* at **www.pwc.com/ca/carexpenses**.

Meal rate

Retroactive to January 1, 2020, the CRA has increased from $17 to $23 the amount that employers can use to determine whether an overtime meal or allowance, or the meal portion of a travel allowance, is taxable.

Retirement savings plans and deferred profit sharing plans

Contribution limits for retirement savings plans and profit sharing plans are increasing:

	Registered retirement savings plans (RRSPs)/ Pooled registered pension plans (PRPPs)	Saskatchewan pension plan ("specified pension plan")	Defined contribution registered pension plans (RPPs)	Deferred profit sharing plans (DPSPs)
2020	$27,230	$6,300	$27,830	$13,915
2021	$27,830	$6,600	$29,210	$14,605
2022	$29,210	Indexed		
2023	Indexed			

Defined benefit registered pension plans (RPPs)

The maximum pension benefit that can be paid from these plans is increasing:

	Pension benefit (per year of service)
2020	$3,092
2021	$3,246
2022	Indexed

Defined contribution pension plans (DCPPs)

DCPP plan administrators are permitted to correct:

- an under-contribution error made in any of the preceding five years, using additional contributions to an employee's account, subject to a dollar limit
- an over-contribution error made in any of the five years prior to the year in which the excess amount is refunded to the contributing employee or employer,

in respect of additional contributions made, and amounts of over-contributions refunded, in the 2021 and subsequent taxation years.

Audit authorities

Effective June 29, 2021, amendments to the *Income Tax Act, Excise Tax Act, Air Travellers Security Act* and Part 1 of the *Greenhouse Gas Pollution Pricing Act* confirm CRA officials' authority to require persons to answer questions in any form specified by them, and to provide reasonable assistance for any purpose related to the administration or enforcement of the statute.

Information returns

Issuers of T4A (Statement of Pension, Retirement, Annuity and Other Income) and T5 (Statement of Investment Income) information returns sent after 2021 will be permitted to provide them only electronically to a taxpayer, without the taxpayer's express authorization.

Corporate beneficial ownership registry

The federal government intends to implement a publicly accessible corporate beneficial ownership registry by 2025.

Goods and Services Tax/Harmonized Sales Tax (GST/HST)

GST/HST and the digital economy

Before July 1, 2021, non-resident vendors were generally not required to register for GST/HST unless they were "carrying on business in Canada." Effective July 1, 2021, new GST/HST regimes apply to:

- foreign-based digital businesses (that are not required to register under the pre-July 1, 2021 GST/HST rules) that supply intangible personal property and services to consumers in Canada
- operators of digital accommodation platforms that facilitate the supply of short-term accommodation by non-registered residential property owners
- non-resident vendors selling goods directly to purchasers in Canada and online marketplace platforms that facilitate the sale of these goods by non-registered vendors to consumers in Canada, for transactions involving goods located at fulfilment warehouses in Canada

See our *Tax Insights* "New GST/HST regime for non-resident vendors of digital products will be effective July 1, 2021" at **www.pwc.com/ca/taxinsights**.

Trade agreements

Canada-United Kingdom Trade Continuity Agreement

The Canada-United Kingdom Trade Continuity Agreement entered into force on April 1, 2021. The agreement allows Canada and the United Kingdom (UK) to preserve benefits that were available to both when the UK was part of the European Union and that were relinquished upon Brexit. The agreement serves as an interim "stop-gap" until a new trade agreement can be fully negotiated between Canada and the UK. See our *Tax Insights* "Canada preserves preferential tariff benefits with the United Kingdom (UK) by signing the UK-Canada Trade Continuity Agreement" at **www.pwc.com/ca/taxinsights**.

Provincial and territorial changes

Alberta

General corporate income tax rate

Alberta's general corporate income tax rate has been decreasing:

		Rate	Recognized for accounting purposes?	
			Canada	US
Effective date	Before January 1, 2020	11%	Yes	
	January 1, 2020	10%[1]	Yes	
	July 1, 2020	8%	Yes	

1. The rate was originally scheduled to decrease from 10% to 9% on January 1, 2021, and then to 8% on January 1, 2022.

British Columbia

Provincial sales tax (PST)

Effective April 1, 2021, Canadian and Canadian-based sellers of goods, and Canadian and foreign sellers of software and telecommunication services, with specified BC revenues exceeding $10,000, are required to collect and remit PST on their sales to customers for consumption or use in British Columbia. For more information, see our *Tax Insights* "Indirect tax hot topics: Do they impact your business? (November 2, 2020)" at **www.pwc.com/ca/taxinsights**.

BC PST rebate on select machinery and equipment
Certain incorporated businesses leasing or purchasing select machinery and equipment after September 16, 2020 and before October 1, 2021, may apply for a rebate of the PST paid for that machinery and equipment. For more information, see our *Tax Insights* "Indirect tax hot topics: Do they impact your business? (April 8, 2021)" at **www.pwc.com/ca/taxinsights**.

Manitoba

Health and post-secondary education tax
Effective January 1, 2022, the thresholds at which employers are subject to this payroll tax will increase, as follows:

		Before January 1, 2022		After December 31, 2021	
		Total payroll[1]	Payroll tax	Total payroll[1]	Payroll tax
Rate	2.15%	Over $3,000,000	Payroll x 2.15%	Over $3,500,000	Payroll x 2.15%
	4.3%	$1,500,000 to $3,000,000	(Payroll - $1,500,000) x 4.3%	$1,750,000 to $3,500,000	(Payroll - $1,750,000) x 4.3%
	0%	$0 to $1,500,000	$0	$0 to $1,750,000	$0

1. Associated employers must aggregate their payroll costs to apply the thresholds.

Community enterprise development tax credit (CEDTC)
The CEDTC is extended one year to December 31, 2022.

Provincial sales tax (PST)
Effective December 1, 2021, businesses:

- providing audio and video streaming services
- selling taxable goods sold by third parties through online marketplaces
- booking taxable accommodations through online platforms

to/for Manitoba consumers will be required to collect and remit PST, regardless of whether they have a physical presence in Manitoba.

Nova Scotia

General corporate income tax rate
Nova Scotia's general corporate income tax rate decreased:

		Rate	Recognized for accounting purposes?	
			Canada	US
Effective date	Before April 1, 2020	16%	Yes	
	April 1, 2020	14%		

Ontario

Employer Health Tax (EHT)
The EHT exemption is permanently increased from $490,000 to $1 million for 2021, and the next scheduled inflationary adjustment for the exemption is deferred five years to January 1, 2029.

The payroll threshold for payments of monthly EHT instalments increased from $600,000 to $1,200,000 in 2021.

Quebec

General corporate income tax rate
Quebec's general corporate income tax rate has decreased:

		Rate	Recognized for accounting purposes?	
			Canada	US
Effective date	Before January 1, 2020	11.6%	Yes	
	January 1, 2020	11.5%		

Compensation tax for insurers
Quebec's compensation tax on insurance premiums will decline as follows, but will no longer be eliminated after March 31, 2024:

		Rate
Effective date	Before April 1, 2022	0.48%
	April 1, 2022	0.3%

Tax credit for investments and innovation (C3i)
The C3i rates are temporarily doubled, as follows:

		Specified property acquired		
		after March 10, 2020 and before March 26, 2021	after March 25, 2021 and before January 1, 2023	after December 31, 2022 and before January 1, 2025
Specified property acquired to be mainly used in:	low economic vitality zone	20%	40%	20%
	intermediate zone	15%	30%	15%
	high economic vitality zone	10%	20%	10%

Refundable tax credit for on-the-job training periods
Basic rates for this credit are temporarily increased by 25%, for qualified expenditures generally incurred after March 25, 2021 and before May 1, 2022, as follows:

	Employer's status	Qualified expenditures generally incurred		
		before March 26, 2021	after March 25, 2021 and before May 1, 2022	after April 30, 2022
Immigrant, disabled or Aboriginal person or person doing a training period in an eligible region	Corporation	32%	40%	32%
	Individual	16%	20%	16%
Other	Corporation	24%	30%	24%
	Individual	12%	15%	12%

Enhanced rates that apply to an education program or prescribed programs are not affected by this increase.

Suspension of reassessment periods
In response to the slowdown in Revenu Québec's audit and recovery activities caused by the COVID-19 pandemic, Quebec has suspended from March 13, 2020 to August 31, 2021 (the suspension period), the reassessment period that applies to an assessment or determination under a fiscal law. Any reassessment period that applies to an assessment that was in progress on March 13, 2020, or had begun during the suspension period, is suspended from that time until August 31, 2021. This effectively extends the time period during which Revenu Québec can reassess a taxation year if its ordinary reassessment period encompasses any time during the suspension period. See our *Tax Insights* "Collateral effects of the pandemic: Suspension of reassessment periods in Quebec" at **www.pwc.com/ca/taxinsights**.

Tax holiday for large investment projects
Enhancements to this tax holiday:

- extend the 60-month start-up period for certain investment projects by 12 months, if an application for an amended or initial qualification certificate was submitted before March 25, 2021
- allow a corporation to choose the start date of the tax-free period for its investment project for projects in which the Minister of Finance has not, by March 25, 2021, issued a first annual certificate
- broaden the list of eligible large investment projects to include certain projects that modernize a business through digital transformation, for projects that begin after March 25, 2021

Health Services Fund (HSF)
The total payroll threshold above which the top 4.26% HSF rate applies is increasing:

		Payroll threshold
Effective date	Before January 1, 2021	$6 million
	January 1, 2021	$6.5 million
	January 1, 2022	$7 million
	After December 31, 2022	Indexed

Quebec sales tax (QST)
Quebec has harmonized its QST system with the new federal GST/HST measures (see **page 6**) that apply starting July 1, 2021. Operators of distribution platforms that sell foreign goods located in fulfillment warehouses in Canada and operators of short-term accommodation platforms are required to register and collect QST on certain sales made to Quebec consumers. For more information, see our *Tax Insights* "Indirect tax hot topics: Do they impact your business? (April 8, 2021)" at **www.pwc.com/ca/taxinsights**.

Tax evasion and tax avoidance
New initiatives to fight tax evasion will:

- apply penalties autonomously to promoters of aggressive tax planning schemes, subject to a GAAR-based assessment against a taxpayer, regardless of whether a penalty is imposed on the taxpayer, effective on assent of the enacting legislation
- broaden the types of transactions that must be disclosed under the mandatory disclosure mechanism, to include:
  - avoidance of the deemed disposition rule for property held in a trust
  - deductible payments by a business to non-arm's length persons resident in countries not covered by a tax agreement
  - multiplication of the capital gains deduction, and
  - tax attribute trading

  (see our *Tax Insights* "Quebec mandatory disclosure requirements: Deadline for reporting "specified transactions" coming soon!" at **www.pwc.com/ca/taxinsights**)
- scale up the Registraire des entreprises du Québec's (REQ's) oversight, compliance, quality inspection and investigation functions and implement technology to facilitate REQ information-sharing

Yukon

Insurance premium tax rate
Insurance premium tax rates have increased:

		Life, accident and sickness	Property and casualty
Effective date	Before January 1, 2021	2%	2% or 3%[1]
	January 1, 2021	4%	

1. Before January 1, 2021, Yukon imposed an additional 1% tax on gross premiums in respect of fire insurance and property damage insurance.

New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Saskatchewan

No significant changes were made to the rules that apply to insurers in New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Saskatchewan.

Recent tax cases

The following recent tax case may be of interest.

Zero-rating and the location of risk

On December 4, 2020, the Tax Court of Canada (TCC) rendered its decision in *Northbridge Commercial Insurance Corporation v. Her Majesty the Queen*, 2020 TCC 132; this decision has been appealed to the Federal Court of Appeal. The taxpayer, an insurance company, issues fleet insurance policies to trucking companies that operate their vehicles in both Canada and the United States. For its reporting periods between January 1, 2007 and December 31, 2016, the taxpayer claimed GST/HST input tax credits (ITCs) in respect of its activities, on the basis that its insurance products were partially related to risks ordinarily situated outside Canada (i.e. the United States) and were therefore partially zero-rated. While the supply of an insurance policy is generally an exempt supply (and thus not eligible for ITCs), section 2 of Part IX of Schedule VI of the *Excise Tax Act*, will zero-rate the supply of an insurance policy "to the extent that" the policy relates to risks that are "ordinarily situated outside of Canada." The Minister denied the taxpayer's ITC claims on the basis that all of the taxpayer's supplies were exempt supplies.

The TCC dismissed the taxpayer's appeal, finding in favour of the Minister. In rendering its decision, the TCC interpreted "risks that are ordinarily situated outside of Canada" as being a reference to the "object" that is being insured and not the perils in which the object is being insured against. For property insurance, the "object" is the property being insured and if the object is ordinarily situated in Canada, then the insurance does not qualify for zero-rating.

This is an important case for taxpayers who insure objects located both inside and outside Canada. The TCC provides some useful guidance for insurers in determining whether their supplies are exempt or zero-rated. In light of the TCC's decision, insurers should assess their eligibility to claim ITCs, based on the location of the object and the extent that it qualifies for zero-rating.

Key tax dates – 2021

The following Canadian tax dates for insurance companies are based on a December 31, 2021 fiscal year end. Deadlines falling on holidays or weekends may be extended to the next business day. (Filing dates for miscellaneous matters affecting insurers in Canada, such as provincial taxes, licences, fees, permits and municipal taxes, are not covered.)

Federal tax dates		Payments – Instalments	Payments – Balance	Returns
Corporate income tax; Financial institutions capital tax	Some Canadian-controlled private corporations	Last day of each month[1]	March 31	June 30
	All other insurers		February 28	
Life insurer's investment income tax	T2142			
Branch tax	T2 Sch 20	June 30		
Non-resident tax	T2016			
Transactions with non-residents	NR4[2]	n/a		March 31
	Related-party transactions: T106			6 months after year end
Foreign property reporting	T1135, T1141 and T1142			
	T1134[5]			10 months after year end[5]
Federal excise tax – insurance premiums[3]		April 30		
Insurers not registered for GST/HST that import taxable supplies		1 month after month of importation		
Financial institution GST/HST annual information return[4]	GST111/RC7291[4]	n/a		6 months after year end

Provincial tax dates		Payments – Instalments	Payments – Balance	Returns
Corporate income tax (Alberta; Quebec)	Some Alberta Canadian-controlled private corporations	Last day of each month[1]	March 31	June 30
	All other insurers		February 28	
Capital tax	Life insurers in Ontario	Same as federal corporate income tax		
	Life insurers in Quebec	Same as provincial corporate income tax		

1. Canadian-controlled private corporations can pay federal and Quebec instalments quarterly (rather than monthly) if certain conditions are met.
2. The payer in a transaction with a non-resident is required to remit withholding tax on or before the 15th of the month following the month the amount was paid or credited to the non-resident.
3. The tax applies to premiums for the insurance of Canadian risks, other than premiums for life insurance, personal accident insurance, sickness insurance or marine insurance. Premiums in respect of reinsurance contracts or for insurance that is not available within Canada are also not subject to the tax. The policyholder is responsible for reporting and remitting the tax by April 30 of the year following the calendar year in which the insurance contract was entered into or became renewed.
4. Financial institutions that have total revenues exceeding $1 million and are:
   - GST/HST registrants (but not QST registrants) that are not Selected Listed Financial Institutions (SLFIs) must file Form GST111
   - GST/HST and/or QST registrants that are SLFIs must file Form RC7291

   A QST registrant that is not a SLFI and that meets the criteria must file Form FP-2111-V with Revenu Québec. Penalties may apply for non-compliance.
5. The filing deadline for T1134 information returns:
   - was 12 months after year end, for taxation years or fiscal periods beginning in 2020
   - is 10 months after year end, for taxation years or fiscal periods beginning after 2020

Canadian premium and fire tax – Rates and deadlines

Rates[1]				Deadlines[2]		
Premium tax				Instalments		
Life, accident and sickness	Property and casualty	Fire tax[3]		Premium tax	Fire tax	Return and balance due
3%	4%	Nil	**Alberta**	Not required		75 days after year end
2%	4% or 4.4%[4]		**British Columbia**	If prior year's tax payable exceeds $25,000, 15th of June, September and December		March 31
	3%	1.25%	**Manitoba**	Not required		March 20
		1%	**New Brunswick**	Last day of June, September and December		March 15
5%		Nil[6]	**Newfoundland and Labrador**	Varies[5]		March 20
3%	3% or 4%[6]		**NWT and Nunavut**	Not required		March 15
	4%	1.25%	**Nova Scotia**	60 days after end of each quarter		Premium: 60 days after last quarter Fire: March 31
2%	3% or 3.5%[7]	Nil	**Ontario**	Varies[7]		Return: 6 months after year end Balance due: Same as federal income tax (**page 12**)
3.75%	4%	Nil	**Prince Edward Island**	Last day of each quarter		March 31
3.48%[8]		Nil	**Quebec**	Same as provincial income tax (**page 12**)		
3%	4%	1%	**Saskatchewan**[9]	Not required		March 15
4%[10]		Nil[10]	**Yukon**			

1. The rates in the table apply to licensed insurers. Different rates may apply to unlicensed insurers in some jurisdictions.
2. The table reflects standard payment and return deadlines. It does not reflect payment and return deadlines that may have been administratively extended by provincial and territorial governments due to the COVID-19 pandemic. Refer to each jurisdiction's website for details of any extensions.
3. Fire tax rates are levied under *Fire Prevention Act* or similar legislation of each jurisdiction. For Northwest Territories and Nunavut, footnote 6 sets out the rate that is levied under other legislation relating to fire insurance premiums.
4. British Columbia's premium tax rate on property insurance and automobile insurance is 4.4%. A rate of 4% applies to most other types of insurance.
5. Newfoundland and Labrador's instalment deadlines are shown in the table to the right.
6. Northwest Territories and Nunavut impose an additional 1% tax on gross premiums in respect of fire insurance.
7. Ontario levies a premium tax rate of 3.5% on property insurance. Ontario's instalment deadlines are shown in the table to the right.
8. Quebec rates include 0.48% compensation tax on insurance premiums. For changes to the compensation tax rate, see page 8.
9. Saskatchewan imposes an additional 1% tax on gross premiums in respect of motor vehicle insurance. Its premium tax rate on hail insurance is 3%.
10. Starting January 1, 2021, a single tax rate of 4% applies to all Yukon insurance premiums. See page 10 for rates that applied before January 1, 2021.

Newfoundland and Labrador	
Previous year's tax	**Instalment deadlines**
≥ $1,000,000	20th day of each following month
≥ $500,000 but < $1,000,000	20th of April, July, October and January
≥ $100,000 but < $500,000	20th of July and January
< $100,000	Not required

Ontario	
Current or previous year's tax	**Instalment deadlines**
≥ $10,000[a]	One month after month end[b]
≥ $2,000 but < $10,000	Three months after quarter end[b]
< $2,000	Not required

a. This threshold must be met in both the current and previous year.
b. For taxation years that do not end on the last day of a month, instalments are due by the same day of the following month or quarter.

Sales tax – Rates and deadlines

(see page 15 for additional sales tax that applies to insurance premiums)

	Tax	Rate	Filing conditions		Balance and returns			If Selected Listed Financial Institution (SLFI)		
					Reporting period	Form	Due	GST/HST	GST/HST and QST	Due
Federal	GST[1]	5%	Default (Registrant)[2]		Fiscal year[3]	GST34 (RC7200 if QST registered)[4]	6 months after	GST494 and GST111[5]	RC7294 and RC7291[5]	6 months after
			By election of a registrant		Fiscal quarter		1 month after			
					Fiscal month					
Alberta	No provincial sales tax									
British Columbia	PST	7%	Annual tax	≤ $3,000	Fiscal quarter, semi-annual or year	FIN400	1 month after	n/a		
				> $3,000 to $6,000	Fiscal quarter or semi-annual					
				> $6,000 to $12,000	Fiscal month or quarter					
				> $12,000	Fiscal month					
Manitoba	PST	7%	Monthly tax	< $500	Calendar year	R.T.4 MG	20 days after			
				$500 to $4,999	Calendar quarter					
				≥ $5,000[6]	Calendar month					
New Brunswick	HST[7]	15%	Same as federal GST							
Newfoundland and Labrador										
Northwest Territories	No territorial sales tax									
Nova Scotia	HST[7]	15%	Same as federal GST							
Nunavut	No territorial sales tax									
Ontario	HST[7]	13%	Same as federal GST							
Prince Edward Island		15%								
Quebec	QST	9.975%								
Saskatchewan	PST	6%	Annual tax	< $4,800	Calendar year	214 PST	20 days or 1 month after[8]	n/a		
				$4,800 to $12,000	Calendar quarter					
				> $12,000	Calendar month					
Yukon	No territorial sales tax									

GST = Goods and Services Tax
PST = Provincial Sales Tax
HST = Harmonized Sales Tax
QST = Quebec Sales Tax

1. Instead of the GST, a 5% First Nations Goods and Services Tax applies in certain First Nations.
2. An insurer, as a listed financial institution, will be assigned an annual reporting period. Some non-registrants may also have filing obligations and the reporting period is a calendar month.
3. An annual filer is required to make GST/HST and/or QST quarterly instalments (equal to ¼ of "net tax") within one month after the end of each fiscal quarter. Instalments are waived if the "net tax" (on line 109 of the GST/HST return or line 209 of the QST return) is less than $3,000.
4. Non-registered insurers must file Form GST62 if GST/HST SLFI or Form RC7262 if GST/HST and QST SLFI.
5. Every registered insurer that has revenue more than $1,000,000 must file the Information Return (GST111 or RC7291).
6. Businesses that remit or pay PST of $5,000 or more per month must file, remit and pay the PST electronically.
7. The HST rate includes the 5% GST.
8. Saskatchewan PST return filing deadlines and remittances are extended to the last day of the month (from the 20th day), for businesses that file and pay electronically.

Additional sales tax on insurance premiums – Rates and deadlines

	Tax	Rate	Tax on	Balance and returns: Reporting period	Balance and returns: Due
Federal	Excise Tax	10%	Insurance premiums paid to a non-resident insurer or a non-licensed insurer, with certain exceptions (e.g. life, personal accident, sickness, marine)	Calendar year	April 30 of following year
Alberta	No insurance premium sales tax				
British Columbia	No insurance premium sales tax				
Manitoba	Retail Sales Tax	7%	Certain insurance premiums	Calendar year	March 20 of following year
New Brunswick	No insurance premium sales tax				
Newfoundland and Labrador	Retail Sales Tax	15%	Property and casualty insurance policies with certain exceptions	Calendar month	20th day of following month
Northwest Territories	No insurance premium sales tax				
Nova Scotia	No insurance premium sales tax				
Nunavut	No insurance premium sales tax				
Ontario	Retail Sales Tax	8%	Certain types of insurance (e.g. house insurance, group insurance)	Every 6 months (if annual tax < $333)	23rd day of following month
				Every 3 months (if annual tax $333 to $666)	
				Every 2 months (if annual tax $666 to $1,000)	
				Every month (if annual tax ≥ $1,000)	
Prince Edward Island	No insurance premium sales tax				
Quebec	Quebec Sales Tax on insurance premiums	9%	Automobile premiums and other insurance premiums with certain exceptions (e.g. individual life and health)	Fiscal year (if annual tax < $1,500)	3 months after year end
				Fiscal quarter (if annual tax $1,500 to $12,000)	1 month after quarter end
				Fiscal month (if annual tax ≥ $12,000)	1 month after month end
Saskatchewan	Provincial Sales Tax	6%	Certain insurance premiums	Calendar year (if annual tax < $4,800)	January 20 or 31 of following year[1]
				Calendar quarter (if annual tax $4,800 to $12,000)	20th day or 1 month after quarter end[1]
				Calendar month (if annual tax > $12,000)	20th day or 1 month after month end[1]
Yukon	No insurance premium sales tax				

1. Saskatchewan PST return filing deadlines and remittances are extended to the last day of the month (from the 20th day), for businesses that file and pay electronically.

Corporate income tax rates for 2021

The following rates, which have been pro-rated for a December 31, 2021 year end, apply to insurance companies. For Canadian-controlled private property and casualty insurers, lower rates may apply on up to $500,000 of active business income ($600,000 in Saskatchewan).

Basic federal rate	38%
Provincial abatement	-10%
General rate reduction	-13%
Total federal rate	**15%**

	Provincial/ Territorial	Provincial/Territorial + 15% federal
Alberta	8%[1]	23%
British Columbia	12%	27%
Manitoba	12%	27%
New Brunswick	14%	29%
Newfoundland and Labrador	15% H	30%
Northwest Territories	11.5%	26.5%
Nova Scotia	14%[1]	29%
Nunavut	12%	27%
Ontario[2]	11.5%	26.5%
Prince Edward Island	16%	31%
Quebec	11.5%[1] H	26.5%
Saskatchewan	12%	27%
Yukon	12%	27%

H Tax holidays are available to certain corporations.

1. Recent and future income tax changes are outlined on **pages 6 to 8**.
2. Ontario corporations that, on an associated basis, have gross revenues of $100 million or more and total assets of $50 million or more, may have a corporate minimum tax (CMT) liability based on adjusted book income. CMT is payable to the extent that it exceeds the regular Ontario income tax liability.

Capital tax rates for 2021

			Life[1]	Non-life[1]
Federal	Part VI financial institutions capital tax[2]	On first $1 billion taxable capital	Nil	
		On taxable capital > $1 billion	1.25%	
Alberta			No capital tax	
British Columbia			No capital tax	
Manitoba			No capital tax	
New Brunswick			No capital tax	
Newfoundland and Labrador			No capital tax	
Northwest Territories			No capital tax	
Nova Scotia			No capital tax	
Nunavut			No capital tax	
Ontario[3] and Quebec[4]	On taxable capital ≤ $10 million		Nil	No capital tax
	On taxable capital > $10 million and ≤ $50 million		0.625%	No capital tax
	On taxable capital > $50 million and ≤ $100 million		0.9375%	No capital tax
	On taxable capital > $100 million and ≤ $200 million		1.25%	No capital tax
	On taxable capital > $200 million and ≤ $300 million		0.625%	No capital tax
	On taxable capital > $300 million		0.3125%	No capital tax
Prince Edward Island			No capital tax	
Saskatchewan			No capital tax	
Yukon			No capital tax	

1. All rates in this table are for a December 31, 2021 year end. When applying the thresholds, taxable capital of all companies in a group is considered.
2. The federal Part VI tax is reduced by the corporation's federal income tax liability. Any unused federal income tax liability can be applied to reduce the Part VI tax for the previous three years and the next seven.
3. Ontario capital tax may be reduced by the Ontario income tax and corporate minimum tax payable for the year.
4. Quebec capital tax may be reduced by the Quebec income tax payable for the year.

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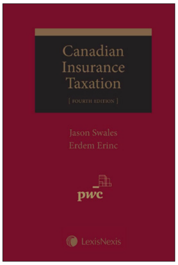
Canadian Insurance Taxation (Fourth Edition)



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