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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.

2020



# Insurance industry:

Key tax rates and updates

This booklet is available at:  
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## Insurance help—Who to contact

For more information, please contact:

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## **Some cautions**

Rates and other information are current to September 30, 2020, 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 2020

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 5 to 10** show whether corporate tax rate changes effective after 2018 are recognized for accounting purposes. All information is current to September 30, 2020.

## Federal changes

### Corporate tax and trust returns and payments

In response to the COVID-19 pandemic, the filing deadline for:

- federal corporate tax returns (including Form T106, Form T1135 and any elections, forms and schedules that must be filed with the return) was administratively extended to:
  - June 1, 2020, for those ordinarily due March 19 to May 30, 2020
  - September 1, 2020, for those ordinarily due May 31 to August 31, 2020
- T3 trust returns was administratively extended to:
  - May 1, 2020, for 2019 T3 trust returns ordinarily due March 30, 2020
  - June 1, 2020, for T3 trust returns ordinarily due March 31 to May 30, 2020
  - September 1, 2020, for T3 trust returns ordinarily due May 31 to August 31, 2020

However, the Canada Revenue Agency (CRA) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 18 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see CRA web page “CRA and COVID-19 Income tax filing and payment deadlines” at

**[www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates](http://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates)**.

### Interest on tax debts

In response to the COVID-19 pandemic, the CRA will waive arrears interest on tax debts related to individual, corporate and trust income tax returns from April 1, 2020 to September 30, 2020, and for Goods and Services Tax/Harmonized Sales Tax (GST/HST) returns from April 1, 2020 to June 30, 2020. However, the CRA will not cancel penalties and interest already assessed on a taxpayer's account before April 1, 2020.

## **Information returns and assessments**

In response to the COVID-19 pandemic, many filing deadlines for income reporting, information returns, notices of objection and elections, as well as payment deadlines and timelines for minister assessments and reassessments, have been administratively extended. See CRA web pages:

- “CRA and COVID-19 Income tax filing and payment deadlines” at [www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates](http://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates)
- "Time Limits and Other Periods Act (COVID-19)" at [www.canada.ca/en/revenue-agency/services/covid-19-ministerial-orders/time-period-other-limits-faq](http://www.canada.ca/en/revenue-agency/services/covid-19-ministerial-orders/time-period-other-limits-faq)

## **Canada Emergency Wage Subsidy (CEWS)**

The CEWS is available to eligible employers whose revenues have been affected by the COVID-19 pandemic. The subsidy provides a percentage of eligible remuneration paid to each eligible employee by an eligible employer who has experienced a decrease in qualifying revenues during one or more of several reference periods over the term of the CEWS (currently March 15, 2020 to December 19, 2020, but expected to be extended to June 2021), as compared to the same period in 2019 or to January and February 2020 revenues. The amount eligible for the subsidy depends on the applicable reference period and the CEWS percentage determined for that period; the maximum weekly benefit for each eligible employee is generally calculated as: maximum \$1,129 of eligible remuneration paid multiplied by the applicable CEWS percentage. The CEWS is considered government assistance and is therefore taxable to the employer immediately before the end of the claim period to which it relates.

For more information and post-publication changes, refer to the CRA web page "Canada Emergency Wage Subsidy" at [www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy](http://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy).

## **Capital cost allowance (CCA)**

For eligible zero-emission automotive vehicles and equipment (i.e. off-road vehicles and equipment) acquired after March 1, 2020 and available for use before 2028, a 100% CCA deduction can be claimed in the first year, but is gradually phased out for vehicles and equipment that become available for use after 2023 and before 2028.

## **Employee stock options**

The government intends to limit the use of the current employee stock option tax regime, by proposing a \$200,000 annual limit on employee stock option grants that may receive the current preferential tax treatment, for employee stock options granted after a date yet to be announced. The limit will not apply to options granted by Canadian-controlled private corporations and certain other corporations (to be prescribed by regulation). See our *Tax Insights* “Finance releases draft proposals on stock option deduction limit” at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

**Foreign affiliates**

The T1134 information return filing deadline is 12 months after year end for taxation years or fiscal periods beginning in 2020 (instead of 15 months). It will be ten months after year end for taxation years or fiscal periods beginning after 2020.

**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 August 2019, only the tax treaty between Canada and the Republic of Madagascar was ratified and entered into force; no tax treaties have been signed and await ratification, nor were any new negotiations announced.

**Automobile deductions and benefits**

The 2020 prescribed rates for automobiles will remain at their 2019 levels, except for that used to determine tax-exempt allowances, which has increased by 1¢/km. For more information, see *Car expenses and benefits – A tax guide* at [www.pwc.com/ca/carexpenses](http://www.pwc.com/ca/carexpenses).

**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)
2019	\$26,500	\$6,200	\$27,230	\$13,615
2020	\$27,230	\$6,300	\$27,830	\$13,915
2021	\$27,830	Indexed		
2022	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)
2019	\$3,026
2020	\$3,092
2021	Indexed

**Annuities under registered plans**

Starting in 2020, certain registered plans will be permitted to purchase an advanced life deferred annuity and a variable payment life annuity.

## **Registered retirement income funds (RRIFs)**

In response to the COVID-19 pandemic, the required minimum withdrawals from RRIFs are reduced by 25% for 2020. This change to minimum withdrawals also applies to variable benefit payments from a money purchase registered pension plan (RPP) and a pooled registered pension plan (PRPP), but does not apply to minimum withdrawals from individual pension plans.

## **Payment of investment management fees**

The Department of Finance is recommending that, starting with 2018 taxation years, the “advantage” tax rules will not apply to reasonable investment management fees paid by a plan annuitant or holder in respect of registered plans, such as RRSPs, RRIFs or tax-free savings accounts. For more information, see our *Tax Insights* “Finance proposes relief for investment management fees of registered plans” at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

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

### *Digitization of the Canada Revenue Agency (CRA)*

Tax regulators around the world are rapidly changing the way they administer indirect tax from a digitization and automation perspective, forcing businesses to react urgently to this transformation. These changes, which require businesses to ensure the integrity of indirect tax data and processes, include:

- new mandatory compliance requirements (i.e. split payments, electronic invoicing, real-time reporting, standardized audit files and information sharing between global tax authorities) that have been implemented in many countries and are on the horizon for Canada
- significant investments by the CRA to strengthen compliance, using cutting-edge investigative and forensic tools, business intelligence and advanced data analytics to gather data and perform audits

See our *Tax Insights* “Digitization of the CRA is coming soon: Take steps now to ensure the integrity of your indirect tax data” at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

## **Trade agreements**

### *Canada-United States-Mexico Agreement (CUSMA)*

The CUSMA replaced the North America Free Trade Agreement on July 1, 2020. See our *Tax Insights* “Canada-United States-Mexico Agreement to take effect July 1, 2020” at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

# Provincial changes

In response to the COVID-19 pandemic, many provincial and territorial governments have granted administrative extensions to filing deadlines for certain provincial or territorial corporate income, sales, capital, insurance premium and fire tax returns; certain payment deadlines have also been extended, including those for instalments and final balances. This publication provides details of only some of these deadline extensions.

Governments are continually announcing new economic measures in response to the ever-evolving COVID-19 situation, so please contact your PwC adviser to discuss the 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](http://www.pwc.com/ca/tax/covid-19).

## 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 July 1, 2019	12%	Yes	
	July 1, 2019	11%		
	January 1, 2020	10% <sup>1</sup>		
	July 1, 2020	8%		
			Not as at September 30, 2020	

1. The rate was originally scheduled to decrease from 10% to 9% on January 1, 2021, and then to 8% on January 1, 2022; these original rate decreases have been recognized for accounting purposes in Canada and the United States.

### Corporate tax returns and payments

In response to the COVID-19 pandemic, the filing deadline for Alberta corporate income tax returns was administratively extended to:

- June 1, 2020, for returns ordinarily due March 19 to May 30, 2020
- September 1, 2020, for returns ordinarily due May 31 to August 31, 2020

However, the Alberta Tax and Revenue Administration (TRA) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition:

- penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 18 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020
- Alberta TRA will waive arrears interest on tax debts related to the *Alberta Corporate Tax Act* from March 18, 2020 to September 30, 2020; however, the TRA will not cancel penalties and interest already assessed on a taxpayer's account before March 18, 2020

See TRA, *Alberta Corporate Tax Act* special notices at

[www.alberta.ca/corporate-income-tax.aspx](http://www.alberta.ca/corporate-income-tax.aspx):

- "Special Notice Vol. 5. No. 57 - Extension to Alberta corporate income tax return (AT1) filing deadline"
- "Special Notice Vol. 5. No. 59 - Revised deferral of corporate income tax payments and waiver of interest on existing debts"



*Community economic development corporation tax credit (CEDCTC)*  
 The CEDCTC has been eliminated, with no new approvals granted after October 23, 2019. Unused credits can be carried forward and claimed under the existing rules.

**Manitoba**

*Health and post-secondary education tax*

Effective January 1, 2021, the thresholds at which employers are subject to this payroll tax will increase, as follows:

		Before January 1, 2021		After December 31, 2020	
		Total payroll <sup>1</sup>	Payroll tax	Total payroll <sup>1</sup>	Payroll tax
<b>Rate</b>	2.15%	Over \$2,500,000	Payroll x 2.15%	Over \$3,000,000	Payroll x 2.15%
	4.3%	\$1,250,000 to \$2,500,000	(Payroll - \$1,250,000) x 4.3%	\$1,500,000 to \$3,000,000	(Payroll - \$1,500,000) x 4.3%
	0%	\$0 to \$1,250,000	\$0	\$0 to \$1,500,000	\$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, 2021.

*Provincial sales tax (PST)*

Manitoba’s PST rate was scheduled to decrease from 7% to 6% on July 1, 2020, but this has been postponed until further notice.

Manitoba’s PST no longer applies to certain residential and commercial property insurance contracts that come into effect after June 30, 2020. The PST exemption applies to new and renewed insurance contracts relating to:

- real property located in Manitoba, including contents insurance (except for leased commercial premises where all or substantially all of the contents are inventory)
- mortgage insurance
- title insurance related to a property located in Manitoba

**Nova Scotia**

*General corporate income tax rate*

Nova Scotia’s general corporate income tax rate has decreased:

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

## Ontario

### *Employer Health Tax (EHT)*

The EHT exemption is temporarily increased to \$1 million (from \$490,000) for 2020. The exemption will return to its original \$490,000 on January 1, 2021.

## Prince Edward Island

### *Premium tax*

An amendment to the Prince Edward Island *Premium Tax Act* reduces the qualifying exemption percentage of a mutual insurance company's net premium income that is derived from the insuring of farm or fishing property from 25% to 15%, effective November 28, 2019.

## Quebec

### *General corporate income tax rate*

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

	Rate	Recognized for accounting purposes?	
		Canada	US
<b>Effective date</b>	<b>Before January 1, 2019</b>	11.7%	Yes
	<b>January 1, 2019</b>	11.6%	
	<b>January 1, 2020</b>	11.5%	

### *Compensation tax for insurers*

Quebec's compensation tax on insurance premiums will decline and be eliminated, as follows:

	Rate	
<b>Effective date</b>	<b>Before April 1, 2022</b>	0.48%
	<b>April 1, 2022</b>	0.3%
	<b>April 1, 2024</b>	Nil

### *Corporate tax returns and payments*

In response to the COVID-19 pandemic, the filing deadline for Quebec corporate income tax returns was administratively extended to:

- June 1, 2020, for returns ordinarily due March 17 to May 30, 2020
- September 1, 2020, for returns ordinarily due May 31 to August 31, 2020

However, Revenu Québec (RQ) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 17 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see RQ web pages "COVID-19: FAQ for Businesses" and "Relief measures for individuals and businesses" at [www.revenuquebec.ca/en/coronavirus-disease-covid-19](http://www.revenuquebec.ca/en/coronavirus-disease-covid-19).

### *COVID-19 impact on tax incentives*

Temporary measures will be implemented to ensure a corporation's eligibility for certain tax incentives is not negatively affected by the mandatory COVID-19 economic business shutdown.

### *Information returns*

In response to the COVID-19 pandemic, many filing deadlines for income reporting, information returns and other returns, as well as payment deadlines, have been administratively extended. See RQ web pages "COVID-19: FAQ for individuals," "COVID-19: FAQ for Businesses" and "Relief measures for individuals and businesses" at

**[www.revenuquebec.ca/en/coronavirus-disease-covid-19](http://www.revenuquebec.ca/en/coronavirus-disease-covid-19)**.

### *Incentive deduction for the commercialization of innovations in Quebec (IDCI)*

For taxation years beginning after December 31, 2020, a corporation that commercializes a qualified intellectual property asset developed in Quebec can benefit from an effective tax rate of 2% on the qualified portion of its taxable income attributed to that qualified intellectual property asset. See our *Tax Insights* "Quebec introduces an incentive deduction for developing and commercializing intellectual property in Quebec" at **[www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights)**.

### *Tax credit for investments and innovation (C3i)*

For specified property (i.e. manufacturing or processing and computer equipment, or certain management software packages) generally acquired after March 10, 2020 and before 2025, a qualified Quebec corporation can claim a 10%, 15% or 20% tax credit (depending on location and economic vitality of area where the property is primarily used) on eligible expenses exceeding \$5,000 (for computer equipment and management software) or \$12,500 (for other property); maximum cumulative eligible expense limit of \$100 million (on an associated basis) in a 48-month period. The credit's refundability starts to be phased out when the qualified corporation's assets and gross income exceed \$50 million (on an associated basis) and ends when it reaches \$100 million. The non-refundable portion of the credit can be generally carried back three years or forward 20.

### *Refundable tax credit relating to information technology (IT) integration*

Due to the introduction of the C3i tax credit (see above), this credit has been eliminated for applications for an IT integration contract generally submitted after March 10, 2020. It was to have expired for applications submitted before 2021.

### *Tax credits for the development of e-business*

For taxation years beginning after March 10, 2020, website design and development are no longer eligible activities for purposes of these tax credits.

### *Voluntary Disclosure Program (VDP)*

Quebec's VDP has been significantly tightened and is more harmonized with the Canada Revenue Agency's VDP. See our *Tax Insights* "Revenu Québec amends its voluntary disclosure program and creates a "general" and a "limited" program" at **[www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights)**.

### Health Services Fund (HSF)

The total payroll threshold above which the top 4.26% HSF rate applies is increasing:

	Payroll threshold
<b>Effective date</b>	
<b>Before January 1, 2019</b>	\$5.5 million
<b>January 1, 2019</b>	\$6 million
<b>January 1, 2021</b>	\$6.5 million
<b>January 1, 2022</b>	\$7 million
<b>After December 31, 2022</b>	Indexed

### Tax evasion and tax avoidance

New initiatives to fight tax evasion will:

- strengthen corporate transparency by prohibiting the issue of subscription warrants or stock options in bearer form
- form a group to propose innovations to better regulate cryptocurrencies
- increase the number of inspections of money-services businesses
- list businesses that used abusive tax avoidance schemes (subject to a general anti-avoidance rule (GAAR)-based penalty) in the “Registre des entreprises non admissibles aux contrats publics” (RENA) for five years.

For other initiatives, see our *Tax Insights* at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights):

- “Measures designed to protect the integrity and fairness of Quebec’s tax system”
- “Consultation on measures that strengthen corporate transparency to better protect the integrity and fairness of Quebec’s tax system”

## Saskatchewan

### Provincial sales tax (PST)

Starting April 1, 2020:

- the threshold for filing PST returns increased to:
  - for annual filings – \$4,800 (from \$3,600)
  - for quarterly filings – \$4,800 to \$12,000 (from \$3,600 to \$7,200)
  - for monthly filings – \$12,000 (from \$7,200)
- PST return filing deadlines and remittances are extended to the last day of the month (from the 20th day), but only for businesses that file and pay electronically

Starting January 1, 2020, Saskatchewan requires in-province and out-of-province operators of electronic distribution platforms and on-line accommodation platforms, and on-line marketplace facilitators to collect and remit PST.

## Yukon

### *Insurance premium tax rate*

Starting January 1, 2021, insurance premium tax rates are increasing:

		<b>Life, accident and sickness</b>	<b>Property and casualty</b>
<b>Effective date</b>	<b>Before January 1, 2021</b>	2%	2% or 3% <sup>1</sup>
	<b>January 1, 2021</b>	4%	

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

## **British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut**

No significant changes were made to the rules that apply to insurers in British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories and Nunavut.

## Recent tax cases

The following recent tax cases may be of interest.

### Hedging for tax purposes

On March 13, 2020, the Supreme Court of Canada (SCC) rendered its decision in *James S. A. MacDonald v. Her Majesty the Queen*, 2020 SCC 6. The SCC upheld the Federal Court of Appeal decision that derivative transactions undertaken by the taxpayer constituted hedges for tax purposes. The SCC highlighted the following guiding principles in its decision:

- capital or income (i.e. hedging or non-hedging) characterization of a derivative contract is determined based on the derivative's purpose, and purpose is generally ascertained objectively, and although subjective manifestations of intention may sometimes be relevant, intention is not determinative
- the primary source for ascertaining a derivative's purpose is the linkage between the derivative and any underlying asset, liability, or transaction purportedly hedged — the more effective the derivative is at mitigating or neutralizing the risk related to the underlying item and the more closely connected the derivative is to the underlying item, the stronger the inference that the purpose of the derivative was to hedge
- perfect linkage is not required for characterization and the commercial context surrounding the derivative transaction must be considered in determining purpose

This is an important case for taxpayers who engage in derivative transactions and seek clarity on what constitutes a hedge for tax purposes. See our *Tax Insights* “Supreme Court of Canada upholds Federal Court of Appeal decision in MacDonald – The final word on what constitutes a hedge for tax purposes” at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

### Foreign affiliates – arm's length test

On April 23, 2020, the Federal Court of Appeal (FCA) rendered its judgement in *Loblaw Financial Holdings Inc. v. Canada*, 2020 FCA 79. The FCA reversed the Tax Court of Canada decision, which had found that Glenhuron Bank Limited (Glenhuron) (a controlled foreign affiliate of the taxpayer) conducted business principally with non-arm's length persons, for purposes of the foreign bank exclusion in the definition of “investment business” in subsection 95(1) of the *Income Tax Act*. The FCA held that Glenhuron's business qualified for the foreign bank exclusion, meaning that the income from the business was not foreign accrual property income (FAPI) and was therefore not taxable in Canada.

The FCA decision provides useful guidance for determining whether a business of a foreign affiliate is conducted principally with arm's length persons (the arm's length test). The arm's length test is relevant to many types of businesses conducted by foreign affiliates of Canadian taxpayers. See our *Tax Insights* “Federal Court of Appeal reverses Tax Court of Canada's decision in Loblaw Financial – Arm's length test in foreign affiliate rules focuses on income-earning transactions” at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

## Key tax dates – 2020<sup>1</sup>

The following Canadian tax dates for insurance companies are based on a December 31, 2020 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 <sup>1</sup>		Returns <sup>1</sup>
		Instalments	Balance	
<b>Corporate income tax; Financial institutions capital tax</b>	Some Canadian-controlled private corporations	Last day of each month <sup>2</sup>	March 31	June 30
	All other insurers		February 28	
<b>Life insurer's investment income tax</b>	T2142	June 30		
<b>Branch tax</b>	T2 Sch 20	June 30		
<b>Non-resident tax</b>	T2016	June 30		
<b>Transactions with non-residents</b>	NR4 <sup>3</sup>	n/a		March 31
	Related-party transactions: T106			6 months after year end
<b>Foreign property reporting</b>	T1135, T1141 and T1142	n/a		12 months after year end <sup>6</sup>
	T1134 <sup>6</sup>			
<b>Federal excise tax – insurance premiums<sup>4</sup></b>		April 30		
<b>Insurers not registered for GST that import taxable supplies</b>		1 month after month of importation		
<b>Financial institution GST/HST annual information return<sup>5</sup></b>	GST111/RC7291 <sup>5</sup>	n/a		6 months after year end

Provincial tax dates		Payments <sup>1</sup>		Returns <sup>1</sup>
		Instalments	Balance	
<b>Corporate income tax (Alberta; Quebec)</b>	Some Alberta Canadian-controlled private corporations	Last day of each month <sup>2</sup>	March 31	June 30
	All other insurers		February 28	
<b>Capital tax</b>	Life insurers in Ontario	Same as federal corporate income tax		
	Life insurers in Quebec	Same as provincial corporate income tax		

- In response to the COVID-19 pandemic, federal and provincial governments have granted administrative extensions for certain payment and return filing deadlines. For more information, refer to:
  - Canada Revenue Agency's website at [www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html](http://www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html)
  - Alberta Tax and Revenue Administration's website at [www.alberta.ca/corporate-income-tax.aspx](http://www.alberta.ca/corporate-income-tax.aspx)
  - Revenu Québec's websites at [www.revenuquebec.ca/en/coronavirus-disease-covid-19/faq-for-businesses.html](http://www.revenuquebec.ca/en/coronavirus-disease-covid-19/faq-for-businesses.html)
- Canadian-controlled private corporations can pay federal and Quebec instalments quarterly (rather than monthly) if certain conditions are met.
- 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.
- 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 remitting the tax by April 30 of the year following the calendar year in which the premiums were paid or became payable.
- Financial institutions that have total revenues exceeding \$1 million and are:
  - GST/HST registrants (but not QST registrants) that are not a Selected Listed Financial Institution (SLFI) must file Form GST111
  - GST/HST and/or QST registrants 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. Significant penalties can apply for non-compliance.
- The filing deadline for T1134 information returns:
  - was 15 months after year end, for taxation years or fiscal periods beginning before 2020
  - will be 10 months after year end, for taxation years or fiscal periods beginning after 2020

# Canadian premium and fire tax – Rates and deadlines

Rates <sup>1</sup>			Deadlines <sup>2</sup>			
Premium tax		Fire tax <sup>3</sup>		Instalments		Return and balance due
Life, accident and sickness	Property and casualty			Premium tax	Fire tax	
3%	4%	Nil	<b>Alberta</b>	Not required		75 days after year end
2%	4% or 4.4% <sup>4</sup>		<b>British Columbia</b>	If prior year's tax payable exceeds \$25,000, 15th of June, September and December		March 31
	3%	1.25%	<b>Manitoba</b>	Not required		March 20
5%		1%	<b>New Brunswick</b>	Last day of June, September and December		March 15
	3%	3% or 4% <sup>6</sup>	<b>Newfoundland and Labrador</b>	Varies <sup>5</sup>		March 20
<b>NWT and Nunavut</b>			Not required		March 15	
3%	4%	1.25%	<b>Nova Scotia</b>	60 days after end of each quarter		Premium: 60 days after last quarter Fire: March 31
	3% or 3.5% <sup>7</sup>	Nil	<b>Ontario</b>	Varies <sup>7</sup>		Return: 6 months after year end Balance due: Same as federal income tax (page 12)
3.75%	4%	Nil	<b>Prince Edward Island</b>	Last day of each quarter		March 31
3.48% <sup>8</sup>		Nil	<b>Quebec</b>	Same as provincial income tax (page 12)		
3%	4%	1%	<b>Saskatchewan<sup>9</sup></b>	Not required		March 15
2% <sup>11</sup>	2% or 3% <sup>10,11</sup>	Nil <sup>10</sup>	<b>Yukon</b>			

- The rates in the table apply to licensed insurers. Different rates may apply to unlicensed insurers in some jurisdictions.
- 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.
- Fire tax rates are levied under *Fire Prevention Act* or similar legislation of each jurisdiction. For Northwest Territories, Nunavut and Yukon, footnotes 6 and 10 set out rates levied under other legislation relating to fire insurance premiums.
- 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.
- Newfoundland and Labrador's instalment deadlines are shown in the table to the right.
- Northwest Territories and Nunavut impose an additional 1% tax on gross premiums in respect of fire insurance.
- Ontario levies a premium tax rate of 3.5% on property insurance. Ontario's instalment deadlines are shown in the table to the right.
- Quebec rates include 0.48% compensation tax on insurance premiums. For changes to the compensation tax rate, see page 7.
- Saskatchewan imposes an additional 1% tax on gross premiums in respect of motor vehicle insurance. Its premium tax rate on hail insurance is 3%.
- Yukon imposes an additional 1% tax on gross premiums in respect of fire insurance and property damage insurance.
- Starting January 1, 2021, a single tax rate of 4% will apply to all Yukon insurance premiums.

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 <sup>a</sup>	One month after month end <sup>b</sup>
≥ \$2,000 but < \$10,000	Three months after quarter end <sup>b</sup>
< \$2,000	Not required

- This threshold must be met in both the current and previous year.
- 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<sup>1</sup>

(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 <sup>2</sup>	5%	Default (Registrant) <sup>3</sup>	Fiscal year <sup>4</sup>	GST34 (RC7200 if QST registered) <sup>5</sup>	6 months after	GST494 and GST111 <sup>6</sup>	RC7294 and RC7291 <sup>6</sup>	6 months after
			By election of a registrant	Fiscal quarter Fiscal month					
<b>Alberta</b>									
No provincial sales tax									
British Columbia	PST	7%	≤ \$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					
Manitoba	PST	7% <sup>7</sup>	< \$500	Calendar year	R.T.4 MG	20 days after			
			\$500 to \$4,999	Calendar quarter					
			≥ \$5,000 <sup>8</sup>	Calendar month					
<b>New Brunswick</b>			Same as federal GST						
<b>Newfoundland and Labrador</b>	HST <sup>9</sup>	15%	Same as federal GST						
<b>Northwest Territories</b>									
No territorial sales tax									
<b>Nova Scotia</b>	HST <sup>9</sup>	15%	Same as federal GST						
<b>Nunavut</b>									
No territorial sales tax									
<b>Ontario</b>		13%	Same as federal GST						
<b>Prince Edward Island</b>	HST <sup>9</sup>	15%							
<b>Quebec</b>	QST	9.975%							
Saskatchewan	PST	6%	< \$4,800 <sup>10</sup>	Calendar year	214 PST	20 days or 1 month after <sup>11</sup>			n/a
			\$4,800 to \$12,000 <sup>10</sup>	Calendar quarter					
			> \$12,000 <sup>10</sup>	Calendar month					
<b>Yukon</b>									
No territorial sales tax									

GST = Goods and Services Tax  
PST = Provincial Sales Tax

HST = Harmonized Sales Tax  
QST = Quebec Sales Tax

- The table reflects standard payment and sales tax return deadlines. It does not reflect payment (including instalments and final balance) and return deadlines that may have been administratively extended by federal, provincial or territorial governments due to the COVID-19 pandemic. Refer to each jurisdiction's website for details of any extensions.
- Instead of the GST, a 5% First Nations Goods and Services Tax applies in certain First Nations.
- 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.
- An annual filer is required to make GST/HST and/or QST quarterly instalments (equal to 1/4 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.
- Non-registered insurers must file Form GST62 if GST/HST SLFI or Form RC7262 if GST/HST and QST SLFI.
- Every registered insurer that has revenue more than \$1,000,000 must file the Information Return (GST111 or RC7291).
- Manitoba's PST rate was scheduled to decrease to 6% on July 1, 2020, but the decrease has been postponed until further notice.
- Starting 2020, businesses that remit or pay PST of \$5,000 or more per month must file, remit and pay the PST electronically.
- The HST rate includes the 5% GST.
- Before April 1, 2020, the Saskatchewan PST return filing thresholds were \$3,600 (for annual filings), \$3,600 to \$7,200 (for quarterly filings), or \$7,200 (for monthly filings).
- Starting April 1, 2020, Saskatchewan PST return filing deadlines and remittances were extended to the last day of the month (from the 20th day), but only for businesses that file and pay electronically.

# Additional sales tax on insurance premiums – Rates and deadlines<sup>1</sup>

	Tax	Rate	Tax on	Balance and returns	
				Reporting period	Due
<b>Federal</b>	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
<b>Alberta</b>	No insurance premium sales tax				
<b>British Columbia</b>					
<b>Manitoba</b>	Retail Sales Tax	7% <sup>2</sup>	Certain insurance premiums <sup>3</sup>	Calendar year	March 20 of following year
<b>New Brunswick</b>	No insurance premium sales tax				
<b>Newfoundland and Labrador</b>	Retail Sales Tax	15%	Property and casualty insurance policies with certain exceptions	Calendar month	20th day of following month
<b>Northwest Territories</b>	No insurance premium sales tax				
<b>Nova Scotia</b>					
<b>Nunavut</b>					
<b>Ontario</b>	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)	
<b>Prince Edward Island</b>	No insurance premium sales tax				
<b>Quebec</b>	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
<b>Saskatchewan</b>	Provincial Sales Tax	6%	Certain insurance premiums <sup>4</sup>	Calendar year (if annual tax < \$4,800) <sup>5</sup>	January 20 or 31 of following year <sup>6</sup>
				Calendar quarter (if annual tax \$4,800 to \$12,000) <sup>5</sup>	20th day or 1 month after quarter end <sup>6</sup>
				Calendar month (if annual tax > \$12,000) <sup>5</sup>	20th day or 1 month after month end <sup>6</sup>
<b>Yukon</b>	No insurance premium sales tax				

- The table reflects standard payment and sales tax return deadlines. It does not reflect payment (including instalments and final balance) and return deadlines that may have been administratively extended by federal, provincial or territorial governments due to the COVID-19 pandemic. Refer to each jurisdiction's website for details of any extensions.
- Manitoba's RST rate was scheduled to decrease to 6% on July 1, 2020, but the decrease has been postponed until further notice.
- Manitoba's RST no longer applies to certain residential and commercial property insurance contracts that come into effect after June 30, 2020. See page 6 for more details.
- Saskatchewan's 6% PST does not apply to the following insurance premiums:
  - individual and group life insurance
  - individual and group health, disability, accident and sickness insurance
  - agriculture insurance, including crop and livestock insurance, hail insurance and margin/income insurance
- Before April 1, 2020, the Saskatchewan PST return filing thresholds were \$3,600 (for annual filings), \$3,600 to \$7,200 (for quarterly filings), or \$7,200 (for monthly filings).
- Starting April 1, 2020, Saskatchewan PST return filing deadlines and remittances were extended to the last day of the month (from the 20th day), but only for businesses that file and pay electronically.

## Corporate income tax rates for 2020

The following rates, which have been pro-rated for a December 31, 2020 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).

<b>Basic federal rate</b>	38%
<b>Provincial abatement</b>	-10%
<b>General rate reduction</b>	-13%
<b>Total federal rate</b>	<b>15%</b>

	<b>Provincial/ Territorial</b>	<b>Provincial/Territorial + 15% federal</b>
<b>Alberta</b>	8.99% <sup>1</sup>	23.99%
<b>British Columbia</b>	12%	27%
<b>Manitoba</b>	12%	27%
<b>New Brunswick</b>	14%	29%
<b>Newfoundland and Labrador</b>	15% H	30%
<b>Northwest Territories</b>	11.5%	26.5%
<b>Nova Scotia</b>	14.5% <sup>1</sup>	29.5%
<b>Nunavut</b>	12%	27%
<b>Ontario</b> <sup>2</sup>	11.5%	26.5%
<b>Prince Edward Island</b>	16%	31%
<b>Quebec</b>	11.5% <sup>1</sup> H	26.5%
<b>Saskatchewan</b>	12%	27%
<b>Yukon</b>	12%	27%

H Tax holidays are available to certain corporations.

- Recent and future income tax changes are outlined on pages 5 to 7.
- 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 2020

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

1. All rates in this table are for a December 31, 2020 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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