



Client Connect

Want To Know A Way To Increase Your Take Home Pay?

Consider The Use Of Non-taxable Benefits



When it comes to employee compensation, many employers lack creativity. Employees often receive pay that is fully taxable, with little in the way of tax breaks to soften the blow.

How do we do that? Consider the use of non-taxable benefits.

The following are the top 10 non-taxable benefits that your employer might extend to you.

- 1. Discounts on merchandise.** You won't face tax on discounts that are extended to you as an employee provided the discounts are generally available to all employees, and as long as your employer doesn't sell you the item below cost (except for soiled or damaged items).
- 2. Commissions on sales.** If you're a salesperson who receives commissions on the sale of products, you won't generally be required to pay tax on commissions resulting from sales to yourself. Likewise, if you're an insurance salesperson, you won't have to pay tax on commissions earned on insurance you purchase for yourself as long as you're obligated to pay the premiums.
- 3. Employer-provided daycare.** The value of daycare services provided to you will be a tax-free benefit as long as the daycare is provided by your employer in-house. Daycare provided by a third party and paid for by your employer will be taxable, although you'd likely be entitled to claim a deduction for child care costs in that case, which could offset all or part of the taxable amount.
- 4. Education costs.** If your employer pays for training or education that is primarily for your employer's benefit, you won't generally face tax on the value of that benefit. Where the education or training is considered to be for your own personal interest, and not primarily related to your job, the benefit will be taxable.
- 5. Personal counselling.** If your employer pays for the cost of counselling related to the physical or mental health of you or a family member, the benefit is generally tax-free. This also includes financial counselling related to your re-employment or retirement if you require it.
- 6. Membership fees.** Fees paid by your employer for social and athletic clubs are generally tax-free provided the membership is principally deemed to be for your employer's advantage, not yours.
- 7. Use of recreational facilities.** If you're entitled to use your employer's recreational facilities (exercise rooms, swimming pools, etc.), the value of this benefit is not normally taxable.
- 8. Interest subsidies.** Your employer can arrange a mortgage or other financing for you and make payments directly to the financial institution for a portion of your interest cost. There will generally be no taxable benefit to you as long as your share of the interest cost remains at or above the prescribed rate set by our tax law quarterly (currently just 1 per cent). It's important that the financing be arranged by your employer and not you.
- 9. Relocation expenses.** If your employer reimburses you for the cost of moving after requiring you to move or if you've moved to start work with the employer, the reimbursed amount is not a taxable benefit to you.
- 10. Reimbursed losses.** If your employer requires you to move and you otherwise qualify to claim moving expenses, your employer can reimburse you for "eligible housing losses" if you have to sell your home at a loss when making the move. The benefit will be tax-free except to the extent that half of the reimbursement exceeds \$15,000, in which case that excess will be taxable.

If you have any questions, please contact us.

Complimentary Advice. Any Time. Just Ask.

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