

Course Title: Applying taxation concepts to professional practice – Group insurance plans  
Competency: 02-203  
Instructor: Jocelyne Durand, CA

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#### Overview

Throughout this course, students will gain a basic understanding of the federal and Quebec tax structure and effectively grasp the fiscal implications inherent in the sale and administration of group insurance plans.

#### Reference Manual

Taxation Concepts pertaining to Group Insurance of persons and Annuity Plans (A202-T1)  
Autorité des marchés financiers  
Second edition: 2008

#### Material to Prepare

Prior to July 18: Chapter 1  
Prior to July 25: Chapter 2  
Prior to August 8: Chapter 4

\* Thoroughly preparing and understanding the material at hand prior to each class is an important determinant in the successful completion of this course. Each class will serve as a discussion forum and provide concrete applications of the material. Your lack of preparation might affect your ability to participate in class discussions.

#### Evaluation Method

In class participation	10%
Test based on chapter 1 (July 18)	45%
Test based on chapter 2 (July 25)	45%

#### Course Content

##### July 18: Understand the tax framework in Québec (Chapter 1)

1. Understand provincial and federal tax statutes that govern group insurance
  - Most important federal legislation
    - Income Tax Act;
    - Excise Tax Act;
  - Most important provincial legislation
    - Loi sur les impôts;
    - Loi sur la taxe de vente du Québec;

## 2. Understand basic taxation principles

- Who is subject to tax?
  - Individuals;
  - Corporations;
  
- Steps in the income tax calculation
  - Calculation of income;
  - Calculation of taxable income;
  - Taxation rates to calculate taxes payable;
  
- Death of an individual
  - Income tax return;
  - Registered retirement savings plan;
  - Life insurance contract;
  
- Sale of a company
  - Sale of shares;
  - Sale of assets;

## 3. Summary of taxation of contributions and benefits of various statutes dealing with social issues

- Most important federal legislation
  - Employment Insurance Act;
  - Old Age Security Act;
  
- Most important provincial legislation
  - Quebec Parental Insurance Plan;
  - Act respecting industrial accidents and occupational diseases;
  - Act respecting the Quebec Pension Plan;
  - Hospitalization Insurance Act;
  - Act respecting the Régie de l'assurance-maladie du Québec;
  - Act respecting the Prescription Drug Insurance;
  - Individual and Family Assistance Act;
  - Act respecting the Société de l'assurance automobile;

### July 25: Apply tax concepts pertaining to group insurance (chapter 2)

#### 1. Tax legislation relating to group insurance products

- Tax treatment of premiums and benefits
  - Basic principles
  - Medicare, dental care and vision;
  - Life insurance and Accident insurance;
  - Short and Long Term Disability insurance;
  
- When employer contributes to group insurance plans, there are repercussions on contributions to public programs
  
  
- Applicable taxes on group insurance products

- Capital tax of insurance companies;
  - Québec Sales Tax;
  - Goods and Services Tax;
2. Fiscal cost of various Group insurance benefits
- Impact to employees of employer contributions;
  - Calculation of taxable benefits;
  - Cost of premium to give rise to \$1 of benefits net of tax;
  - Principles of maximization for taxation efficiency;

August 8: Apply the concepts of accounting and financial mathematics (chapter 4)

1. Accounting

- Basic concepts
- Elements of financial statements
- Analysis of Financial statements

2. Financial mathematics

- Basic notions
- Temporal Value of a Single Payment
- Temporal Value of an annuity
- Application to Investments
- How to use the calculator Texas Instrument BA 11 Plus
- Financial calculations