



## Don't tax health benefits

By: Sandra Dueck, Policy Analyst, Greater Peterborough Chamber of Commerce

Preparation for the 2017 Federal Budget is now underway and the Canadian and Peterborough Chambers of Commerce want to emphasize to the government the importance of maintaining the tax-free status on employer-provided health care benefits.

A recent article in the National Post, questions in the House of Commons before the break, and calls to the Minister of Finance's office have brought to light that government has identified taxing health and dental benefit packages as a possible source of additional revenue for the federal government, under its commitment to review \$100 billion in forgone federal revenue. Interestingly, the recommendation was made in the 2015 Report of the Advisory Panel on Healthcare Innovation under the heading "Financial Fairness In a Period of Transition":

- Make employer-paid premiums for employer-sponsored health and dental benefits a taxable benefit to the employee, while permitting employees to claim this expense as a qualifying medical expense under the new Refundable Health Tax Credit.

We don't know if the government is planning to implement this recommendation as is, but the whole issue of taxing health care benefits is a huge red flag for the business



Income	Up to \$45,282 Federal Tax @15%	\$45,282 - \$90,563 Federal Tax @ 20.5%	Total Federal Taxes	Difference
\$30,000	\$4,500	\$0	\$4,500	
\$30,000 + \$5,000 (Premium) = \$35,000 Total Taxable Income	\$5,250	\$0	\$5,250	+\$750.00
\$45,000	\$6,750	\$0	\$6,750	
\$45,000 + \$5,000 (Premium) = \$50,000 Total Taxable Income	\$6,792	\$943.60	\$7,735.60	+\$985.60
\$55,000	\$6,750	\$1,992.19	\$8,742.19	
\$55,000 + \$5,000 (Premium) = \$60,000 Total Taxable Income	\$6,750	\$3,017.19	\$9,767.19	+\$1,025

Basic example using federal tax rate only

community and employees who depend on these plans for preventative care. Taxing health care benefits would cost employees hundreds, if not thousands of dollars each year, and could result in fewer employers offering these plans. For example, if your premiums were \$5,000 a year, that cost would be viewed as a taxable benefit and added to your total taxable income for the year (see box above).

Preventative care includes vision care, prescription drug, mental health services, dental care, occupational therapy, and physio, chiro, and massage therapies.

Taxing health benefits could limit use of preventative measures by Canadians and put added stress on the health care system as a whole. The Canadian Chamber of Commerce has found that Finance Canada estimates that exempting employer-provided health benefits results in about \$2.9 billion in forgone tax revenue. However, that

generates \$32.2 billion in additional health care benefits for Canadians.

"We know that healthy employees are productive employees," says Monique Beneteau, Health Promoter with Peterborough Public Health. "Without access to benefits, one could anticipate higher rates of absenteeism and presenteeism. I would think that taxing employee health benefits, where the majority of workers are employed in small businesses and receiving very modest pay, could be the difference between making ends meet and living in poverty while working."

When Quebec introduced a similar tax, 20% of employers dropped health and dental benefits for employees. Studies suggest the removal of this tax benefit across the board could result in a decrease of 50% of small firms that will be able to offer health benefits.

The impact of such a tax is far reaching, with about 24 million

Canadians using employer-provided health care benefits.

While in Peterborough for a Town Hall recently, Prime Minister Trudeau made numerous references to his government's intention to grow the middle class. It is believed this type of tax will not accomplish that goal, but rather create unintended consequences in other areas of health care. It will not bring more fairness to Canadians or simplify the tax code. It will download further complexity onto Canadian employers and potentially leave Canadian families without access to the care they need.

The Canadian Chamber of Commerce has prepared an email letter template which you can find on our website. We are asking that you urge the government, through your MP, to maintain the tax-free status of employer-provided health care benefits.

For more: [peterboroughchamber.ca/news-events-blog](http://peterboroughchamber.ca/news-events-blog)

## OCC: Wrapping up the Health Transformation Initiative

While Ontario's health care system is a source of pride for its residents, recent polling has found that 77 percent of Ontarians are concerned about the sustainability of the system. This concern is well-founded:

- Ontario's population is aging rapidly and increasingly suffering from chronic illnesses,

while seeking new and costly medical innovations;

- Unsustainable growth in government health costs is being managed by artificially limiting spending, rather than increasing efficiency or value;
- Ontario's health and life sciences sector is encumbered by a lack

of capital and too few opportunities to bring their innovations to market in their own province.

In response to these challenges the Ontario Chamber of Commerce embarked on a year-long initiative to recommend transformative solutions.

Read more: [occ.ca](http://occ.ca)

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How do you #lovelocalptbo?

GREATER Peterborough Chamber of Commerce

PTBO CHAMBER MEMBER

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**Radical Wisdom celebrates 20 years in business**

Annie Gelfand MBA, CPCC, MCC is the owner of Radical Wisdom, a professional coaching business. Annie offers private 1:1, leadership development/group facilitation/team coaching, couples/business relationships, stress management coaching, and access

consciousness classes. Annie also mentors those with an interest in coaching. Congratulations!

More: [radicalwisdom.com](http://radicalwisdom.com)

**Women's Business Network raises money for local women's shelter**

From Facebook: The Women's Business Network (WBN) surpassed its fundraising goal for 2016 and was proud to donate \$21,019.75 to

the YWCA Peterborough Haliburton. YWCA Executive Director Lynn Zimmer accepted the cheque. The 25 bed shelter helps women and children in the area. Last year the shelters in Peterborough and Haliburton provided 9,433 safe nights' sleep and 26,331 meals for women and children.

More: [wbnptbo.com](http://wbnptbo.com)

Photo by KawarthaNOW

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www.peterboroughchamber.ca

## Event Calendar

POWER HOUR

WEDNESDAY  
January 25<sup>th</sup>, 2017

**An Evening with our Elected Officials**

**The Venue** **PTBO**  
286 George Street North  
5:30pm-9:00pm

**Details:** Guests will hear from our MP, MPP, Warden, and Mayor as they reflect on their mandates so far, and look toward the next two years.

Be in the room to hear about the major issues impacting our area and be part of a live taping for #cogecotvptbo

**Tickets:** \$65 Members/  
\$75 Non-Members

**Note:** Pre-registration is required

**Sponsor:** Cogeco Connexion

PBX  
PETERBOROUGH  
BUSINESS EXCHANGE

TUESDAY,  
February 7<sup>th</sup>, 2017

**PBX with the Petes**

**Peterborough Memorial Centre**

151 Lansdowne Street West  
**4:00pm – 6:00pm**

**Details:** Join us in the lobby of the Peterborough Memorial Centre to celebrate the business and history of sport in our community.

The Peterborough & District Sports of Hall of Fame will be open for guests.

Door prizes, food and great company.

Don't forget your business cards!

**Cost:** Free, courtesy of Shorelines Slots at Kawartha Downs

CHAMBER  
AM

TUESDAY  
February 14<sup>th</sup>, 2017

**Breakfast Meet Up**

**The Carousel**  
116 Lansdowne Street East  
**Coffee's on at 7:00am**

**Speakers from 7:30-8:30am**

**Speaker: Carlo Raponi, Ptbo Axe Club**

**Cost:** Pay for your breakfast

We look forward to seeing you at our monthly events.

Check out our Events Calendar at [peterboroughchamber.ca/events](http://peterboroughchamber.ca/events)

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POWER HOUR

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## AN EVENING WITH OUR ELECTED LEADERS

WEDNESDAY, JANUARY 25, 2017

AT THE VENUE 286 GEORGE ST. NORTH

\$65 FOR MEMBERS | \$75 FOR NON-MEMBERS

DOORS OPEN AT 5:30 P.M. | DINNER AT 6:15 P.M.

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