Deloitte.

Canadian indirect tax news

Important reminder for employers with pension plans: December 31 year-end remittance obligations

October 28, 2019

For an employer that acquires services or dedicates internal resources to support the company's registered pension plan, the Excise Tax Act likely deems a supply that requires the employer to remit the related goods and services tax/harmonized sales tax (GST/HST). This remittance is due with the employer's tax return that includes the last day of its fiscal year. Specific rules determine which supplies are considered taxable and how to calculate the tax, based on the distribution of employees who are participants of the plan throughout Canada.

Contacts:

Doug Myrden
National Indirect Tax Leader
Tel: 416-601-6197

Quebec
Michel Lagrange
Tel: 514-393-7124

Eastern Region
Michael Matthews
Tel: 613-751-5310

Toronto
Danny Cisterna
Tel: 416-601-6362

Participating employers of pension entities that do not comply with this remittance requirement **create a risk for their plans**. In such case, the 33% rebate cannot be claimed by the pension entities.

It is therefore crucial for an employer to ensure that the GST/HST on the deemed supply is calculated correctly and remitted with the last GST/HST return of its fiscal year (for example, where an employer is a monthly filer with fiscal year ending December 31, the tax must be reported in its December GST/HST return for the year).

The same rules are applicable for Quebec sales tax purposes. Indeed, Finances Québec has confirmed harmonization with the GST/HST provisions in Information Bulletins 2016-9 (September 23, 2016) and 2017-12 (December 6, 2017).

Deloitte's Indirect Tax professionals can help you identify whether the above-mentioned requirements may apply to your business and your registered pension plans. If you have any questions on any of the above, please reach out to your Deloitte representative or any of the individuals noted on this newsletter.

Karen Wong
Tel: 416-775-8879

Western Region
Andrew Azmudeh
Tel: 587-293-3258

Janice Roper
Tel: 604-640-3353

Related links:
Canadian indirect tax news archive

Deloitte Tax Services

Deloitte LLP
Bay Adelaide Centre, East Tower
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada