

Payment of PGSS Supplemental Health and Dental Insurance from Federal Research Grants

The Federal Councils have confirmed that mandatory benefits such as the PGSS Supplemental Health and Dental Insurance are eligible expenses that can be budgeted over and above the amount of the salary of stipend paid to graduate students and postdocs from grants.

Different mechanisms for paying the supplemental Health and Dental Insurance have different tax implications. In order for this amount to be considered a taxable benefit in a way that is consistent with the type of income that is paid to the student or postdoc, i.e. as a stipend which is considered scholarship income or as a salary which is considered employment income, there is a need to standardize the way in which this supplement is paid. Therefore, please take note of the following:

Permitted mechanism

- The amount of the Supplemental Health and Dental Insurance paid to the student should be added as a supplement to the amount of the stipend or salary paid to the student. It can be added to the appointment form, or paid as a lump sum via Casual Payroll Requisition. This will allow this additional amount to be taxed as a benefit, consistently with the type of income (either stipend or salary) paid the student or postdoc.

Non-permitted mechanisms

- Expense reports cannot be used for reimbursing the student for the Supplemental Health and Dental Insurance, since there is no mechanism to assign this type of reimbursement to the taxable income category;
- Direct payment into the tuition account cannot be used for paying the Supplemental Health and Dental Insurance in cases where the student is paid a salary (e.g. Research Assistantship), since the direct payment would be considered a scholarship payment for tax purposes, which is inconsistent with the type of income paid to the student or postdoc.

We were informed by the Payroll Department that any expense report submitted this fall to reimburse PGSS Supplemental Health and Dental Insurance has been transferred to the Payroll Department to issue manual tax slips that are consistent with the type of income paid to the student or postdoc.