

Reimbursement of professional insurance premiums — tax considerations

By **Jonathan Éthier**

Law360 Canada (July 9, 2025, 3:50 PM EDT) -- Members of professional orders are required to pay membership dues in order to maintain their reserved titles and may also pay for professional liability insurance. Various tax consequences may arise when an employer of a member of a professional order reimburses expenses related to maintaining the employee's professional status.

For example, consider an engineering, law or architecture firm that reimburses its employees' professional membership dues.

To the extent that the reimbursement of a professional liability insurance premium constitutes a taxable benefit for an employee who is a member of a professional order, this may trigger a corresponding obligation for the employer with respect to the applicable source deductions.



Jonathan Éthier

The Quebec Revenue Agency issued certain comments regarding the situation of a lawyer whose employer reimbursed not only the annual membership dues for lawyer's professional order (Barreau du Québec) but also the lawyer's professional liability insurance premium. In this case, the employer considered that these reimbursements constituted a taxable benefit, the value of which had to be included in the employee's income.



panchanok premsrirut: ISTOCKPHOTO.COM

As a general rule, employees in Quebec must, in computing their income for the year from an office or employment, include all amounts they receive or benefit from in that year, as well as any amounts allocated to them for that year. With respect to the professional liability insurance premium, the employer argued that subscribing to the professional liability insurance fund was not required in the course of the employee's duties, as the employer already held a general liability insurance policy (Cf. Interpretation Letter 24-068766-001).

Ultimately, the Quebec Revenue Agency was of the view that although the question of whether an employer's reimbursement of a professional liability insurance premium constitutes a taxable benefit for the employee is a question of fact, no such benefit should arise where the reimbursement

primarily benefits the employer (rather than the employee). The mere fact that an employer holds a general liability insurance policy does not, by itself, result in a taxable benefit to the employee arising from the reimbursement of their professional liability insurance premium.

The Quebec Revenue Agency considers that when a professional order requires an employee to pay a professional liability insurance premium on account of the duties connected to the person's employment, the reimbursement of that premium by the employer does not constitute a taxable benefit, given the direct connection to the employee's duties and the fact that the reimbursement primarily benefits the employer.

The bare fact of being a member of a professional order is not, in itself, sufficient to avoid the existence of a taxable benefit arising from the reimbursement of a professional insurance premium, notwithstanding, for example, the fact that a given employer requires a specific employee to be a member of a particular professional order. The determination of whether a taxable benefit arises from the reimbursement of the insurance premium will be closely tied to the specific duties performed by the employee.

Jonathan Éthier is a tax partner at Spiegel Ryan LLP. He can be reached at jethier@spiegelsohmer.com or at 514-875-7878.

The opinions expressed are those of the author and do not reflect the views of the author's firm, its clients, Law360 Canada, LexisNexis Canada or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

Interested in writing for us? To learn more about how you can add your voice to Law360 Canada, contact Analysis Editor Yvette Trancoso at Yvette.Trancoso-barrett@lexisnexis.ca or call 905-415-5811.