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May 4, 2012

Hon. Stan Struthers  
Minister of Finance  
Room 103 Legislative Building  
450 Broadway  
Winnipeg, MB R3C 0V8

Sent via e-mail to: [minfin@leg.gov.mb.ca](mailto:minfin@leg.gov.mb.ca)

Dear Minister:

### **Re: Retail Sales Tax on Group Insurance**

We are writing about the imposition of Retail Sales Tax on prescribed insurance premiums (the Premium Tax), as was announced in the 2012 Budget.

#### **Who we are**

Advocis is the association of choice for financial advisors and planners. With more than 11,000 members across the country, Advocis is the definitive voice of the profession, advocating for professionalism and consumer protection. Our members are provincially licensed to sell life and accident and sickness insurance and may also be registrants for the sale of mutual funds and other securities. Members of Advocis are primarily owners and operators of their own small businesses and create thousands of jobs across Canada.

Professional financial advisors and planners are critical to the ongoing success of the economy, helping consumers to make sound financial decisions that ultimately lead to greater financial stability and independence both for the consumer and the country. No one spends more time with consumers than financial advisors, educating them about financial matters and helping them to reach their financial goals. Advocis works with decision-makers and the public, stressing the value of financial advice and striving for an environment in which all Canadians have access to the advice they need.

#### **Our comments**

We wish to thank you for affording Advocis and other industry stakeholders the opportunity to meet with Ministry of Finance staff in Winnipeg on Wednesday, May 2<sup>nd</sup>, to discuss a range of concerns around the implementation of the Premium Tax.

It was noted during the meeting, and in a letter that the Canadian Life and Health Insurance Association (CLHIA) sent to you on this subject, that the Premium Tax on group life insurance is

a tax on a tax, and that the tax and associated costs may discourage employers from offering these benefits to employees.

We are pleased to note that the Ministry has decided that it will not seek to collect the Premium Tax retroactively, in cases where premiums for a period that follows the implementation date have already been paid.

We believe that industry stakeholders have made a strong case to Ministry staff for implementing the Premium Tax on group life as of January 1, 2013, so that it can be implemented efficiently, without undue cost and without undue disruption for consumers, having regard to the following:

- Federal tax changes affecting payroll deductions come into effect and are required to be implemented by employers as of January 1, 2013;
- Changes to insurance company and employer payroll systems take time to implement, once the details of new requirements are known; and
- Many group insurance renewals are sent to consumers 60 days in advance, and invoices that include the new tax cannot be sent out until the requirements have been finalized and the necessary changes to payroll and other systems have been made.

We accordingly urge the Government to revise the proposed application of RST to taxable insurance contracts, by delaying the coming into force of the RST on taxable insurance contracts until January 1, 2013. This will bring the implementation of the Premium Tax in line with the federal tax changes, and should allow sufficient time for the required changes.

Advocis would welcome the opportunity to discuss any of the issues that we have raised and look forward to working with you.

Yours sincerely,



Greg Pollock, M.Ed., LL.M., C.Dir., CFP  
President and CEO



Dean Owen, CLU, CH.F.C.  
Chair, National Board of Directors