



Down Payment Assistance Program Taxable Benefits

Down payment assistance is available to eligible UBC Vancouver faculty and staff to help in the purchase of a primary residence in Metro Vancouver. Eligible employees with a start date prior to July 1, 2017 may receive \$45,000, and those with a start date on or after July 1, 2017 may receive \$50,000. Assistance is provided as a 5-year forgivable interest-free loan advanced on or before the purchase closing date.

Canadian income tax law requires that any assistance provided or amount paid for or on behalf of an individual, in connection with their office or employment, for the acquisition or use of a residence, is a taxable employment benefit. Employers are required by law to calculate, report, withhold and remit tax on cash and non-cash taxable benefits.

What are the Taxable Benefits?

1. **Forgivable Portion of Loan Principal:** The loan is forgiven for each calendar month after the date the loan is advanced and is taxable as income to the employee.
2. **Interest Benefit:** Interest is calculated on the declining balance of the loan at [the CRA annual prescribed interest rates](#) for interest-free and low-interest loans. The prescribed rates stay in effect for five years from the date the loan is granted or the prescribed rate for the particular quarter, whichever is lower.

How and when are the taxable benefits reported and taxes remitted to CRA?

1. **Employees hired as Tenure or Tenure Track faculty before July 1, 2017 receiving \$45,000**
UBC does not withhold or remit applicable income tax from an employee's payroll during the calendar year. UBC reports the taxable benefit at the end of each calendar year to the employee's T4 in Box 14, "Employment Income" and in the "Other information" are under Code 36.
2. **Employees hired as Tenure or Tenure Track on and after July 1, 2017 receiving \$50,000**
UBC withholds and remits applicable income tax from an employee's payroll each pay period. UBC reports the taxable benefit at the end of the end of each calendar year to the employee's T4 in Box 14, "Employment Income" and in the "Other information" are under Code 36. The income tax deducted and remitted to CRA is reported in Box 22.

Examples of how taxable benefits are calculated and the estimated amount of income taxes payable can be found in the tables on the following page.

Down Payment Assistance Program

Sample Calculations - Taxable Benefits and Estimated Income Taxes Payable

\$45,000 Down Payment Assistance Taxable Benefit Schedule						
Loan advanced: January 1, 2019						
Loan end date: December 31, 2023						
Amortization Period	Forgivable Loan Amount A	Interest Benefit ¹ B	Taxable Benefit Earned C=A+B	Estimated Income Tax Rate D	Estimated Income Taxes Payable ² E=CxD	Net Cash Benefit After Taxes F=A-E
Jan 1 2019-Dec 31, 2019	9,000.00	817.00	9,817.00	40%	3,926.80	5,073.20
Jan 1 2020-Dec 31, 2020	9,000.00	489.00	9,489.00	40%	3,795.60	5,204.40
Jan 1 2021-Dec 31, 2021	9,000.00	228.00	9,228.00	40%	3,691.20	5,308.80
Jan 1 2022-Dec 31, 2022	9,000.00	138.00	9,138.00	40%	3,655.20	5,344.80
Jan 1 2023-Dec 31, 2023	9,000.00	48.00	9,048.00	40%	3,619.20	5,380.80
Totals	45,000.00	1,720.00	46,720.00		18,688.00	26,312.00
1. Calculated using the CRA prescribed interest rate of 2% from Jan 1 2019 to June 30, 2020, and 1% as of July 1, 2020.						
2 UBC does not withhold or remit applicable income tax from an employee's payroll.						

\$50,000 Down Payment Assistance Taxable Benefit Schedule						
Loan advanced: January 1, 2019						
Loan end date: December 31, 2023						
Amortization Period	Annual Forgivable Loan Amount A	Interest Benefit ¹ B	Taxable Benefit Earned C=A+B	Estimated Income Tax Rate D	Estimated Income Taxes Payable ² E=CxD	Net Cash Benefit After Taxes F=A-E
Jan 1 2019-Dec 31, 2019	10,000.00	908.00	10,908.00	40%	4,363.20	5,636.80
Jan 1 2020-Dec 31, 2020	10,000.00	543.00	10,543.00	40%	4,217.20	5,782.80
Jan 1 2021-Dec 31, 2021	10,000.00	254.00	10,254.00	40%	4,101.60	5,898.40
Jan 1 2022-Dec 31, 2022	10,000.00	154.00	10,154.00	40%	4,061.60	5,938.40
Jan 1 2023-Dec 31, 2023	10,000.00	54.00	10,054.00	40%	4,021.60	5,978.40
Totals	50,000.00	1,913.00	51,913.00		20,765.20	29,234.80
1. Calculated using the CRA prescribed interest rate of 2% from Jan 1 2019 to June 30, 2020, and 1% as of July 1, 2020.						
2 UBC withholds and remits applicable income tax from an employee's payroll in the calendar year.						