



Canada: Proposed rules for employee life, health trusts outlined

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Revised legislative proposals from Canada's Finance Department outline rules for transitioning the Health and Welfare Trusts (HWTs) that allow employers to provide benefits to their employees — to Employee Life and Health Trusts (ELHTs). This follows a consultation process in 2019. Final legislation is expected “at an early opportunity.” The proposals would:

- Facilitate the conversion of existing HWTs into ELHTs before 2022.
- Amend existing ELHT tax rules to allow current HWT arrangements to operate in a manner similar to that in which they currently operate.
- Relax the current restrictions that apply to the participation of “key employees.”

Budget 2018 originally announced that the Canada Revenue Agency (CRA) would no longer apply its administrative rules with respect to HWTs after the end of 2020. The Department of Finance Canada and the CRA extended this date until the end of 2021.

Related resources

Non-Mercer resource

- [News release](#) (Department of Finance, 27 Nov 2020)

Mercer Law & Policy resource

- [Canada proposes transitional rules for employee life and health trusts](#) (27 Jun 2019)

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