

# UBC Down Payment Assistance Program

## Taxable Benefits Calculation

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 provides 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?

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.

## Illustrations of the taxable benefit calculation and taxes estimated – see attached

**Down Payment Assistance Program  
Sample Calculations  
Taxable Benefits and Estimated Income Taxes Payable**

<b>\$45,000 - Down Payment Taxable Benefit Schedules</b>						
Start Date: January 1, 2019						
End Date: December 31, 2023						
Amortization Period	Annual Forgivable Loan Amount	Interest Benefit @CRA Prescribed Int Rate @ 2%	Total Taxable Benefit withheld	Estimated Income Tax Rate	Estimated Income Taxes Payable During the Year	Net Cash Benefit After Taxes
	<b>A</b>	<b>B</b>	<b>C=A+B</b>	<b>D</b>	<b>E=C X D</b>	<b>F=A-E</b>
Jan 2019 - Dec 2019	9,000.00	817.00	9,817.00	40%	(3,926.80)	5,073.20
Jan 2020 - Dec 2020	9,000.00	638.00	9,638.00	40%	(3,855.20)	5,144.80
Jan 2021 - Dec 2021	9,000.00	457.00	9,457.00	40%	(3,782.80)	5,217.20
Jan 2022 - Dec 2022	9,000.00	277.00	9,277.00	40%	(3,710.80)	5,289.20
Jan 2023 - Dec 2023	9,000.00	97.00	9,097.00	40%	(3,638.80)	5,361.20
<b>Total payments</b>	<b>45,000.00</b>	<b>2,286.00</b>	<b>47,286.00</b>	<b>40%</b>	<b>(18,914.40)</b>	<b>26,085.60</b>

<b>\$50,000 - Down Payment Taxable Benefit Schedules</b>						
Start Date: January 1, 2019						
End Date: December 31, 2023						
Amortization Period	Annual Forgivable Loan Amount	Interest Benefit @CRA Prescribed Int Rate @ 2%	Total Taxable Benefit withheld	Estimated Income Tax Rate	Estimated Income Taxes Payable During the Year	Net Cash Benefit After Taxes
	<b>A</b>	<b>B</b>	<b>C=A+B</b>	<b>D</b>	<b>E=C X D</b>	<b>F=A-E</b>
Jan 2019 - Dec 2019	10,000.00	908.00	10,908.00	40%	(4,363.20)	5,636.80
Jan 2020 - Dec 2020	10,000.00	708.00	10,708.00	40%	(4,283.20)	5,716.80
Jan 2021 - Dec 2021	10,000.00	508.00	10,508.00	40%	(4,203.20)	5,796.80
Jan 2022 - Dec 2022	10,000.00	308.00	10,308.00	40%	(4,123.20)	5,876.80
Jan 2023 - Dec 2023	10,000.00	108.00	10,108.00	40%	(4,043.20)	5,956.80
<b>Total payments</b>	<b>50,000.00</b>	<b>2,540.00</b>	<b>52,540.00</b>	<b>40%</b>	<b>(21,016.00)</b>	<b>28,984.00</b>

Note: the income tax rate is an estimate