



Finance

Deputy Minister
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April 9, 2019

Mr. Brendan Wycks, BA, MBA, CAE
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com

Dear Mr. Wycks:

Thank you for your email dated March 21, 2019 requesting clarification on Manitoba Finance's communication expectations of the insurance industry in terms of notifying Manitoba consumers on the reduction in retail sales tax. We have also received your additional questions concerning periodic premium payments, and the actual implementation of the rate reduction, submitted on April 2, 2019.

As you are aware, the annual provincial Budget was publicly announced on March 7, 2019, advising consumers of the reduction in retail sales tax from 8% to 7%, effective July 1, 2019. The transition rules for the retail sales tax rate change have been updated and are readily accessible, along with the 2019 provincial budget notice, on the Manitoba Finance website. As such, the Taxation Division does not require that you communicate the changes to your membership.

In response to your additional questions concerning periodic premium payments, the tax rate applies based on the effective date of the insurance policy. Policies effective before July 1, 2019, are taxable at 8%; those effective after June 30, 2019, are taxable at 7%. This includes multi-year contracts paid by instalments where the tax is collected annually. Contracts with an effective date prior to July 1, 2019, are taxable at the 7% rate on annual instalments collected after that date. Monthly premiums payable prior to July 1, 2019, are taxable at 8%, regardless of the coverage period. Monthly premiums that become payable after June 30, 2019, are taxable at 7%.

Attached is a copy of the *Information Notice 19-02 - Retail Sales Tax - Rate Reduction Transition Rules*. In the event of member inquiries, you may forward this notice or direct them to the Manitoba Finance website: <https://www.gov.mb.ca/finance/taxation/taxes/retail.html>

Thank you for the opportunity to review this matter with you.

Sincerely,



Jim Hrichishen