

Tax Tip
Week of June 15, 2009
Employee Counselling

Employee counselling services are not taxable if they relate to the wellness, mental or physical health of an employee or a person related to an employee. This would include tobacco, drugs, alcohol abuse, stress management, job placement, retirement counselling and psychological services.

Although counselling is not a taxable benefit, if the employer subsidizes a program related to such areas there could be a taxable benefit. For example, the subsidization of a weight loss program would result in a taxable benefit, whereas counselling related to weight loss would not be a taxable. Therefore the employer could not pay for a program that provides food to the employee without an amount being included in the employee's income. It is very important to review the specifics of each type of counselling service to ensure any ancillary services offered does not make the program taxable to the employee.