

TAX BULLETIN

AUTOMOBILE EXPENSES & RECORDKEEPING

The BDO Automobile Log

Many people use their cars for work or business and personally incur expenses in doing so. If this is your situation, you'll want to be able to deduct those expenses against the related income. The Canada Revenue Agency (CRA) has strict requirements for claiming automobile deductions that are designed to ensure that only true business-related expenses may be claimed. To substantiate your deduction, you'll have to maintain detailed records of the expenses you incur and the kilometres you drive on income-earning activities.

That's where your BDO Automobile Log comes in handy. It's a compact, easy-to-use booklet for keeping track of all your automobile expenses and business driving. In it, you'll find forms for recording your gas, oil and other expenses, and the purpose and details of every trip you make. If you fill out the log, you'll have all the information you need at year-end to support your tax deductions.

Information isn't enough, though. There are some complex rules that apply in determining how much of your expenses can actually be claimed. This bulletin outlines some of these rules and explains how to use the log to calculate your actual deductions.

Bear in mind that there may be special rules that apply to your particular situation. When in doubt, consult your BDO tax advisor for further information, or for assistance in preparing your personal tax return. We have indicated areas requiring specific advice with a ✓. As you read through this bulletin, be sure to note these areas and obtain the details from your BDO tax advisor. Your BDO Automobile Log should include most of the information your advisor will need to calculate your deductible automobile expenses. Also, when we refer to tax benefit amounts and deduction limits in this bulletin, the rate or amount for the year 2018 is listed unless otherwise noted. A complete history for prior years is included at the end of this bulletin.

We hope that you find this bulletin and the log useful. You can obtain the BDO log from your local BDO office.

Who should keep records?

Almost everyone who uses an automobile for work or business should be keeping records of some kind to substantiate their tax deductions.

February 2018

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If your circumstances match any of the following situations, you should be maintaining automobile tax records:

1. You own and operate a business, and use your own car for business purposes.

As a sole proprietor, you may claim car expenses related to your business. However, you must be able to show that the expenses were incurred for the purpose of earning business income and were reasonable in the circumstances. Because your car has both personal and business use, you must keep detailed records of all expenses incurred and the kilometres driven on business-related activities as well as total kilometres driven.

If your business is incorporated, you are likely an employee of your corporation. In that case, your situation falls under item 3 below. If the car is owned by your company, see item 4 for more information.

Note that if a car is clearly a business asset and is used 100% for business purposes, then there is no need to keep separate kilometre and expense records. The expenses would be treated like normal business costs, and would be fully deductible.

Example: A car or van owned by your business is used throughout the day by you or your employees to visit clients or run errands for the business, and is left on the premises at night.

2. You are a partner and use your own car in carrying on the partnership's business.

The same points noted under item 1 apply. You must maintain detailed records of the expenses incurred and the kilometres driven for business purposes.

3. You are an employee and must use your own car in performing your duties.

In order to deduct automobile expenses, you must meet the following conditions:

- you must be ordinarily required to work away from your employer's place of business, or in different places;
- you must be required, under your employment contract, to pay automobile expenses incurred in the course of performing your employment duties;
- you must not have received a tax-free car allowance; and
- you must have CRA Form T2200 signed by your employer and you should keep it on file in case the CRA requests it.

Note that in a Tax Court case, it was held that an owner-manager could not be required to travel by a corporation that he controlled. Although this was a lower level court decision, and therefore not a precedent, it does show that there may be risks for an owner-manager if they are claiming deductions from employment income in respect of a motor vehicle. For a more detailed discussion of this issue, refer to the tax bulletin titled [Deducting Expenses as an Employee](#).

You may be receiving an allowance from your employer to compensate you for the use of your car. If the allowance were a reasonable reimbursement of your actual expenses, you would treat it as a non-taxable amount, and not deduct any automobile expenses. However, if the allowance is unreasonably low, you can include it in your income and deduct your actual expenses, if you meet the conditions above. You would then have to keep detailed records of expenses and kilometres driven.

The CRA would normally consider an allowance reasonable if it does not exceed the following rates (for the year 2018):

- 55¢/km for the first 5,000 km of business travel;
- 49¢/km for business travel over 5,000 km.

For distance driven in the Yukon, Nunavut and the Northwest Territories, add 4¢/km.

If the allowance exceeds these amounts, or could otherwise be viewed as being unreasonably high, it may be wise to track actual expenses and kilometres driven, in order to substantiate this higher amount, should the CRA ever challenge it.

Also, note that any allowance not calculated wholly on a reasonable "per kilometre" basis, is in most cases automatically considered taxable by the CRA.

This would be the case, for instance, if you received a flat dollar amount per month.

4. You are an employee and your employer makes a company car available to you.

In this case, your employer has incurred the cost of the car (either purchase or lease), and so you would not have these expenses to deduct. However, because the car is available to you for your personal use, you are considered to have received a taxable benefit from employment (the “standby charge”), which can be a significant amount. If you drive the employer’s car only during business hours and it is left at the employer’s place of business during non-business hours, the automobile is not considered available to you for personal use and there is no benefit.

As you can see, most people who use their cars for work or business must do at least some recordkeeping. In all cases, you should maintain separate records for each automobile used. Automobile deductions are usually calculated for each vehicle separately. However, in certain cases, the CRA will allow a calculation based on combined data.

Most of the commentary in the remainder of this bulletin deals primarily with the first three situations. For information on employees who use company cars, see the section titled “The standby charge”.

Expenses to track

Once you’ve determined that you should be keeping records, you’ll want to ensure that you’re tracking everything that’s deductible. When using your car for work or business, you normally incur two types of expenses – fixed costs and operating expenses.

Operating expenses

Operating expenses include gasoline, maintenance, oil changes and repairs, car washes, insurance, licence and registration fees.

Make sure you track all these amounts in your log. The Fuel Costs section includes several pages for recording your gasoline expenses and other information to calculate your car’s fuel efficiency

in either litres per 100 kilometres or miles per gallon measurement. Maintenance, repairs and car washes should be recorded in the section on Recurring Expenses. Insurance, licence and vehicle registration fees can be noted under Annual Expenses.

Fixed costs

Fixed costs are amounts that relate to the vehicle itself and do not vary with kilometres driven. They include capital cost allowance (tax depreciation), interest expense for purchased vehicles, and lease payments for leased vehicles. Each of these items is subject to special rules that limit the portion of the actual cost that can be included in your total expenses.

Capital Cost Allowance (CCA)

Most automobiles are “class 10” assets: your purchase price (including sales taxes) is added to a pool of costs with any other class 10 assets you own. Each year, you are entitled to claim up to 30% of the pool’s balance as CCA (only 15% in the year of purchase), and include it in your total car expenses for the year. Any amount claimed in one year reduces the pool balance for the next year’s calculation.

If you sell a car in the year, you may have a gain or loss, depending on whether the proceeds are greater or less than the pool’s remaining balance. The rules here are complicated, so we suggest you discuss the consequences with your BDO tax advisor. ✓

In addition, if you buy a more expensive car, there are rules that could restrict the amount you can deduct. Again, the specific rules are complex, and prevent you from claiming CCA on any purchase price greater than \$30,000 plus applicable GST/HST and provincial sales tax (PST).

Record the details of any purchases or sales in the year in your log, under the Capital Cost Information area.

Interest expense

If you borrow to buy your car, you can include the interest on the loan in your total car expenses. Record this on the Monthly Interest Payments page

of your log. The amount you may include is limited to \$300 per month.

Lease payments

If you lease the car you use for work or business, the lease payments also form part of your total expenses. However, there are limits here as well. The formula for determining the limits restricts you to deducting only the portion of the lease payments that relates to the first \$30,000 (plus GST/HST and PST) of the cost of the car.

Again, the calculation can be difficult. Record the terms of your lease in the Lease Information area of your log and the actual lease payments paid in the year in the Monthly Lease Payments area, and then discuss it with your BDO tax advisor. ✓

If you track all car expenses noted above throughout the year, you'll have the information you need to determine your tax deduction when the time comes to prepare your personal tax return. And remember to keep receipts and other documentation to back up your claims. Although you're not required to file receipts with your return, the CRA may ask you to produce them at a later date.

Deductible expenses

At the end of the year, you can summarize your information in the "Automobile Expense Worksheet" at the end of this bulletin. However, because your car is used for both business and personal purposes, your total expenses must be allocated between the two uses on some reasonable basis, with only the business portion being deductible. The allocation is usually done based on distance travelled. That is, the proportion of total expenses that is deductible is determined by dividing the number of kilometres driven for business purposes by the total kilometres driven:

$\frac{\text{Business Km}}{\text{Total Km}} \times \text{Total Expenses} = \text{Deductible Expenses}$
--

Therefore, it is essential that you keep records of all work or business trips you make. This is where the kilometre record of your automobile log comes in handy (see below). Note that driving from home

to your regular place of work is considered to be personal not business travel.

Note that there are some expenses that do not have to be pro-rated. Parking charges incurred while on business trips are fully deductible, as are car repairs resulting from accidents that occurred while the car was being used for business. Using the same rationale, parking expenses and accident repairs resulting from personal travel are not deductible.

These business expenses can be recorded in the expense column of the kilometre section of the log, and added to your deductible expenses after pro-rating on the attached "Automobile Expense Worksheet" as "other direct costs".

Keeping a kilometre log

Under CRA policy, it is acceptable to use a simplified method of logging business and personal use of vehicles, rather than maintaining a complete logbook each year. To be able to take advantage of this policy, businesses must maintain a logbook covering a full 12-month base period that is typical for the business. In this regard, the 12-month period is not required to be a calendar year. After one complete 12-month period of keeping a log and establishing a base year, a three month sample logbook can be used to extrapolate business use for the entire year, providing the usage in the sample period is within the same range (within 10%) of the results of the base year. The business use of the vehicle in the subsequent year will be calculated by multiplying the business use as determined in the base year by the ratio of the sample period and base year period. The following formula is to be used:

$\frac{\text{Sample year period \%}}{\text{Base year period \%}} \times \frac{\text{base year}}{\text{annual \%}} = \frac{\text{calculated}}{\text{annual business use \%}}$
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It should be further noted that this policy will only provide relief from the documentation requirements where there is no significant change in the business use of vehicles from year to year. For more information on the CRA's policy, visit the CRA's [website](#) on this topic. ✓

You should note that keeping a kilometre log is an important part of tracking your automobile expenses, since the percentage of business use will determine how much of your total expenses you can deduct. The BDO Automobile Log includes several pages for recording kilometres driven.

Generally, the CRA requires that you record your automobile's odometer reading at the beginning and end of each year or period, in order to determine total kilometres driven. As well, your log should include the details of each trip taken for work or business by date, destination, purpose and number of kilometres. Although the log also has columns for personal kilometres and expenses, this information is not necessary for tax purposes. Use these areas only if you want to track this information for your own purposes.

Although CCA and lease payments are usually allocated between business and personal use based on distance travelled, there is no provision in the Income Tax Act that requires this. The CRA has stated that, in certain circumstances, they will accept calculations based on a combination of distance travelled and the time the vehicle is used for business purposes.

If you believe that using only distance to determine your deductible percentage does not provide a true measure of the business use of your car, you may want to consider keeping track of the proportion of time the vehicle is used on business, as well. ✓

For Quebec tax purposes, employees in Québec (with an exception for certain members of a police force or fire safety service) are required to maintain a logbook and must remit a copy of the logbook to their employer on or before the tenth day following the last day of the year during which they (or a related person) had the automobile available to them for their use. If this is not done, a penalty of \$200 may apply. The following information must be contained in the logbook:

- the total number of days in the year the automobile was available for their use,
- on a daily, weekly or monthly basis, the total number of kilometres traveled in the year, and
- the total number of kilometres traveled each day for work including details identifying place of departure and place of destination, the number of kilometres traveled between the two places and the purpose of the trip.

Note that for employees or related persons using the automobile for personal purposes only, the employee will only be required to record the number of days in the year the automobile is available and the kilometre reading on the odometer at the beginning and end of each period the automobile is available.

Business vs. personal

At times it can be difficult to determine whether a particular trip is business or personal. The CRA's long-held position is that driving from your home to your place of work is personal travel. On the other hand, the CRA has stated that the following trips will be considered to be business travel:

- a trip from your home to a client's place of business and back home,
- a trip from your home to a client's place of business and then to your regular place of work, and
- a trip from your regular place of work to a client's place of business and then home.

Note that a court case confirmed that this policy is applicable to long-term client engagements.

Based on the above, it would appear that you could maximize your business travel by scheduling business appointments on the way to and from work.

Other motor vehicles

Up to this point, we have referred to the rules for deducting "car" and "automobile" expenses. It's important to note that the same rules apply with respect to any motor vehicle, such as a station wagon, van, pickup or other truck. Employees, partners and businesspersons in general can deduct expenses relating to these vehicles, as long as they meet the conditions noted above.

The restrictions on CCA, lease costs and interest expense for expensive vehicles discussed above,

only apply to “passenger vehicles.” These are motor vehicles acquired or leased after June 17, 1987 that are designed to carry at most a driver and eight passengers. Certain types of vehicles are excluded from the passenger vehicle category and are therefore not subject to the restrictions above. These include taxis, ambulances, hearses and buses used for transporting passengers. The exclusion also applies to vans or pickup trucks if they seat no more than the driver and two passengers and are used primarily for transporting goods or equipment, or are used more than 90% for transporting goods, equipment or passengers.

The exclusion also applies to clearly marked police and fire emergency-response vehicles and clearly marked emergency medical response vehicles used to provide emergency paramedic services. As well, the exclusion applies to pick-up trucks that are used primarily for the transportation of goods, equipment or passengers in the course of earning or producing income at one or more worksites that are at least 30 kilometres from the nearest population centre having a population of at least 40,000 persons. In addition to the 30 kilometre / 40,000 person tests, any of the regular vehicle occupants must meet the remote or special worksite conditions. These rules are complicated, and you should consult with your BDO advisor. ✓

As mentioned, the \$30,000 limit and the other limits do not apply to the excluded vehicles noted above.

The standby charge

Most of the recordkeeping requirements discussed above apply to people who use their own vehicle for work or business. However, even if your employer provides you with a car for carrying out your duties, you may still be required to track kilometres driven to calculate your automobile benefit. The benefit will be based on the purchase price or lease cost of the car (which will be tracked by your employer), as well as the business and personal kilometres driven (which should be tracked by you, in the BDO Automobile Log).

The availability of the car is considered a taxable benefit to you, and a standby charge will be

included in your income. If your employer owns the car, the standby charge is 2% per month of the car’s original cost (1.5% for automobile salespersons). If the car is leased, it is 2/3rds of your employer’s monthly lease costs (excluding insurance). In either case, the taxable benefit is calculated on a daily basis for each day that the car is made available to you, regardless of whether or not you use it for personal purposes. As noted earlier, a car driven only during business hours and left at the employer’s place of business during non-business hours is not available for your personal use and consequently, there is no benefit.

Your employer must report this automobile benefit on your T4 at year-end and withhold taxes against the benefit throughout the year, just as if it was part of your salary.

If your total personal driving is less than 20,004 kilometres per year and represents less than 50% of total use, you may qualify for a reduction of the standby charge. If the reduction applies, you would include in income only the fraction of the normal standby charge that your personal distance travelled is of 20,004 kilometres (assuming annual basis, will vary if automobile is available for less than a full year). However, you will have to track kilometres driven to support the reduction.

If you are just over 50% in personal kilometres, then it is likely worthwhile for you to try to reduce personal driving below this limit before year-end. In addition, you can reduce the overall standby charge by surrendering control over the automobile to your employer during periods when you will not be using it, such as vacations. However, this may not always be practical.

If you are well over the 50% limit, then you will be subject to the full standby charge and there will be no need to track kilometres driven to support a reduction. However, you will still have to do so if your employer pays operating expenses (both business and personal) or reimburses you for these expenses.

The payment of personal operating expenses by your employer is also a taxable benefit. The amount of this benefit is calculated as (for travel in 2018):

Number of personal kilometres x 26¢ Subtract Amounts reimbursed by employee

Note that this amount may bear no relationship to actual operating expenses paid by the employer. The 26¢ per kilometre rate is reduced to 23¢ for automobile salespersons. Any reimbursements must be made within 45 days of the year-end in order to reduce the benefit. If all personal operating expenses are reimbursed to the employer within the period, then no 26¢ per kilometre amount will apply. Note that the CRA will administratively allow payments for operating expenses made by employees directly to third-party providers within 45 days of the year-end to also reduce the operating expense benefit.

If business driving is more than 50% of the total, you have the option of basing your operating cost benefit on 1/2 of the standby charge described above. You must notify your employer before the end of the taxation year, if you wish to use this method.

A worksheet is attached which can be used to estimate the amount of the taxable benefit from an employer-provided automobile. Alternatively, you can use the automobile benefits online calculator provided by the CRA under the electronic services area for businesses at this [link](#).

GST/HST and QST considerations for employers and employees

Employer remittances of GST/HST/QST on taxable benefits

For simplicity, GST/HST and QST collectively may be referred to as sales taxes in this bulletin. Registrant employers need to be aware that taxable benefits related to the use of an automobile are deemed to have a sales tax component. A registered employer is considered to have collected sales taxes applicable on these taxable benefits at the end of February in the year following the year in which they provided the benefit to the employee. This corresponds with the deadline for calculating employee taxable benefits for income tax purposes and for issuing T4 and relevé 1 slips. As such, the sales tax components on

the 2017 taxable benefits are required to be reported in the GST/HST and QST (if applicable) returns filed that include February 2018, and the sales tax components on the 2018 taxable benefits are required to be reported in the GST/HST and QST (if applicable) returns filed that include February 2019. Although there are some differences, the Québec Sales Tax (QST) essentially functions in a manner similar to the GST/HST and applies on most automobile expenses incurred in Québec.

GST/HST and QST rates for 2017

- Nova Scotia, PEI, New Brunswick, Newfoundland and Labrador – 15%
- Ontario – 13%
- Québec – 9.975%; combined rate – 14.975%
- Other provinces and territories – 5%

Calculating the sales tax on the standby charge

If you are an employer who is a GST/HST registrant and/or a QST registrant, the sales taxes that you must remit back to the government authorities relating to the standby charge for the 2017 taxation years are calculated as follows:

Standby charge benefit before reimbursements X Applicable GST/HST or QST rate See below
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As an employer, you are considered to have collected sales taxes depending on the rate applicable to the province where your employees ordinarily report for work. The rates applicable for 2017 are as follows:

- 14/114 for Nova Scotia, PEI, New Brunswick and Newfoundland and Labrador;
- 12/112 for Ontario;
- 4/104 for remaining provinces other than Québec;
- 9.975/109.975 QST and 4/104 GST for Québec.

Special rule for large businesses

A large business is generally defined for certain sales tax purposes as an entity whose annual taxable revenues, including associated businesses, exceed \$10 million in the immediately preceding year. These large businesses are subject to the

recapture of the input tax credits (RITC) for the provincial part of the HST in Ontario and Prince Edward Island only. The rates applicable for 2017 in these circumstances are as follows:

- 4/104, if the recapture rate was 100% on the last day of the reporting period in which the RITC was reported for the provincial part of the HST paid or payable in P.E.I. on that automobile, or
- 6/106, if the recapture rate was 75% on the last day of the reporting period in which the RITC was reported for the provincial part of the HST paid or payable in Ontario on that automobile, or
- 8/108, if the recapture rate was 50% on the last day of the reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Ontario on that motor vehicle, or
- 10/110, if the recapture rate was 25% on the last day of the reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Ontario on that motor vehicle.

The QST on automobiles as well is not recoverable for large businesses in 2017. As such, no QST remittance is required by employers who are considered to be a large business. As the QST restrictions for large businesses will start to be eliminated in 2018, the calculation will be different for 2018.

Calculating the sales tax on the operating cost benefit

If you are a registered employer, the sales taxes that you must remit back to the government authorities relating to the operating cost benefit for the year is based on the province where your employees ordinarily report for work and is calculated as follows (2017 rates shown).

The applicable rates by province are as follows:

- 11% for Nova Scotia, New Brunswick and Newfoundland and Labrador;;
- 9% for Ontario (or 7.8% if you are a large business on December 31, 2017 for the purpose

of the recapture of input tax credits for the provincial part of the HST);

- 11% for Prince Edward Island (or 7% if you are a large business for the purposes of the recapture of input tax credits for the provincial part of the HST);
- 3% for the remaining provinces other than Québec; and
- 6.0% QST and 3% GST for Québec. (The QST remittance portion is not required for those employers that are considered a large business for QST purposes in 2017.)

Calculating the input tax credits (ITCs) or input tax refunds (ITRs) of eligible automobile allowances

If you are an employer or a partnership and you pay your employees or partners a reasonable allowance to reimburse them for the automobile expenses incurred, and where such allowance or reimbursement is not a taxable benefit, you may be eligible to claim an ITC or ITR. The rate depends on the province in which 90% or more of the use of the automobile is made. If an allowance is paid and the use of the automobile is not 90% or more in a single province, then the rate to be used for the ITC or the ITR calculation is the lowest rate of the two or more provinces in which the use occurred. (2017 rates shown):

- 15/115 for Nova Scotia, PEI, New Brunswick or Newfoundland and Labrador;
- 13/113 for Ontario;
- 5/105 for the remaining provinces; and
- 9.975/109.975 QST and 5/105 GST for Québec. (The Québec ITR is not permitted to be claimed in 2017 if the employer is considered a large business for QST purposes. In these cases, only the GST at 5/105 would apply).

Special rules and rates apply to allowances if you are a large business for Ontario and Prince Edward Island — if so, please consult with your BDO advisor. ✓

If you need to know more on how to calculate and remit GST/HST and/or QST on these benefits or expenses, contact your BDO advisor. ✓

Employee rebate on automobile expenses

If you do not receive an allowance for business travel or the allowance is unreasonable and is included in income (in other words, you are allowed to claim travel expenses as a deduction against employment income), you may be entitled to claim a special employee/partner rebate of 5/105 of your deductible expenses that were subject to the GST. Your employer would generally have to be a GST/HST or QST registrant. If the expense was subject to HST, the rebate would be equal to the following:

- 15/115 for an expense incurred in Nova Scotia, PEI, New Brunswick or Newfoundland and Labrador ;
- 13/113 for an expense incurred in Ontario;
- 9.975/109.975 (QST) and 5/105 (GST) in Québec.

Most automobile related expenses such as gas, oil, repairs and maintenance and CCA claimed on automobiles on which GST/HST and/or QST was paid will qualify for the rebate, so it is not necessary to track the actual GST/HST paid in relation to those expenses.

The rebate is claimed by filing CRA form GST370 and/or Revenu Québec form VD358 (for Québec residents) with your personal tax returns. The rebate in respect of CCA must be reported in the year received as a reduction in the balance of the CCA pool to which it relates. The rest of the GST/HST and QST rebate claimed in respect of operating costs is taxable as income in the year it is received.

Self-employed rebate on automobile expenses

If you are a proprietor of a business and carrying on taxable activities for GST/HST and/or QST purposes, the sales taxes paid on expenses, including automobile expenses is only recoverable if you become a GST/HST and/or QST registrant and claim ITCs on a GST/HST return and ITRs on your QST return as applicable. Therefore, you will

have to keep track of the actual GST/HST and/or QST paid and follow the rules for registrants.

If you need to know more on how to calculate and remit GST/HST and/or QST on these benefits, or expenses, contact your BDO advisor. ✓

Summary

This bulletin has outlined some of the rules you should be aware of if you intend to deduct automobile expenses. As we noted at the start, they're not simple. If you need any assistance, see your BDO tax advisor. The records and documentation you keep through your automobile log and the attached worksheets should be all you need to calculate your automobile deductions.

And remember, drive carefully!

Automobile Expense Worksheet

This worksheet is provided to assist you in estimating your annual automobile deductions.

Use the totals accumulated in your **BDO Automobile Log**.

Expense totals from Automobile Log

Gas	\$ _____
Oil	_____
Repairs and maintenance	_____
Car washes	_____
Insurance	_____
Licence or registration	_____
Interest charges	_____
Lease payments	_____
Capital cost allowance	_____
Other	_____
Total:	\$ _____

Allowable Expenses

_____ ÷ _____ x _____ =	\$ _____
Business Kms ÷ Total Kms x Total Expenses	
GST/HST/QST (if applicable) rebate received on expenses (prior year)	(_____)
Parking	_____
Other direct costs	_____
Total:	\$ _____

Automobile Benefit Worksheet

This worksheet is provided to assist you in estimating the amount of the annual taxable benefit from an employer-provided vehicle.

Information

Cost of vehicle to employer ^a	\$ _____	A
Lease cost (less insurance portion of lease) for days available ^a	\$ _____	B
Number of days vehicle available to employee	_____	C
Personal kilometres	_____	D
Total kilometres	_____	E
Operating costs reimbursed by employee to employer or third party	\$ _____	F
Other amounts paid by employee to employer for use of automobile	\$ _____	G

Reduction Factor (RF)

- ♦ if personal use is equal to or greater than 50% then RF = 1.0
- ♦ otherwise, RF is the lesser of
 - (i) 1.0, or
 - (ii) $\frac{D}{[\text{_____} C \div 30]^b \times 1,667}$ _____ RF

Standby Charge Benefit

Owned vehicle		
2% x _____ A x (_____ C ÷ 30) ^b x _____ RF =	\$ _____	H
OR		
Leased vehicle		
2/3 x _____ B x _____ RF =	\$ _____	H
LESS payments to employer	(_____)	G
	\$ _____	I

Operating Cost Benefit ^c

_____ D x 26¢ =	\$ _____	J
OR		
^d _____ H x 1/2 =	\$ _____	J
LESS payments to employer or third party	(_____)	F
	\$ _____	K

Notes:

- ^a Cost includes PST/GST/HST/QST as applicable
- ^b Round to the nearest whole number
- ^c Amount includes both income tax and GST benefit
- ^d Can be used only if business use is more than 50%

Summary of Automobile Benefit Amounts and Deduction Limits

	2018	2017	2016	2015	2013-14	2012	2008-11	2006-07	2005
Automobile Benefits									
Benefit from employer-paid automobile operating expenses, based on personal kilometres driven.									
General rate	26¢ / km	25¢ / km	26¢ / km	27¢ / km	27¢ / km	26¢ / km	24¢ / km	22¢ / km	20¢ / km
Rate for automobile salespersons	23¢ / km	22¢ / km	23¢ / km	24¢ / km	24¢ / km	23¢ / km	21¢ / km	19¢ / km	17¢ / km
Automobile Allowances									
Deduction limit for allowances paid by employers to employees.									
General rate - For first 5,000 km	55¢ / km	54¢ / km	54¢ / km	55¢ / km	54¢ / km	53¢ / km	52¢ / km	50¢ / km	45¢ / km
- For each additional km	49¢ / km	48¢ / km	48¢ / km	49¢ / km	48¢ / km	47¢ / km	46¢ / km	44¢ / km	39¢ / km
Add 4¢ for kilometres driven in Yukon, Nunavut and NWT.									
Automobile Expenses									
Limit on capital cost of passenger vehicles for CCA purposes.*	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
<ul style="list-style-type: none"> - this limit is also used in lease deduction calculations - the applicable limit is the one for the year of purchase of the automobile. 									
Limit on deductible monthly lease expense, based on year lease entered into.*	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Maximum allowable monthly interest deduction in respect of amounts borrowed to purchase an automobile - based on year of purchase.	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
* This limit applies to the expenditure before GST/HST and PST.									

The information in this publication is current as of February 1, 2018.

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