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TAX BULLETIN

AUTOMOBILE EXPENSES & RECORDKEEPING

January 2024

CONTENTS

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.

Whether you use an app on your phone, keep a log on your computer or use a notebook, it's important to track all of your automobile expenses and business driving. Regardless of your preferred method of record keeping, you will need details of expenses such as your gas, oil, car maintenance and insurance. You will also need to track details of business trips such as kilometres driven and the purpose of every trip you make. By keeping detailed records throughout the year, 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 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. Throughout this bulletin, we discuss the information you need to track so that you or your advisor can 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 2024 is listed unless otherwise noted. A complete history for prior years is included at the end of this bulletin.

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.

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.

Owner-Managers

The requirements needed to be able to deduct employment expenses are the same for an owner-manager employee as for any other employee. However, given that the owner-manager does not deal at arm's length with the company, the CRA is likely to look more closely at these expenses.

The CRA's website clarifies what is required for shareholder-employees in order to claim employment expenses. Specifically, an employee who is also a shareholder must satisfy two key conditions before deducting employment expenses:

i. The expenses must have been incurred as part of your employment duties, and not as a shareholder.
ii. You must have been required to pay for the expenses yourself as part of your employment duties.

To meet both of these conditions, you must be able to establish that the expenses were comparable to expenses incurred by employees (who are not shareholders or related to a shareholder) with similar duties at your company or at other businesses similar to your company in size, industry and services provided.

Where both requirements have been met, you may, as a shareholder, have the authority to certify Form T2200 for yourself (or a related employee) to support a deduction of these expenses on your personal income tax return. If you have questions, please ask your BDO tax advisor. ✓

Allowances

You may be receiving an allowance from your employer to compensate you for the use of your car. If the allowance is a reasonable reimbursement of your actual expenses, you can 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 2023 (2024)):

- 68¢/km (70¢/km) for the first 5,000 km of business travel; and
- 62¢/km (64¢/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, 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 "Taxable benefit".

Zero-emission vehicles

A zero-emission vehicle is a vehicle that is fully electric, fully powered by hydrogen, or a plug-in hybrid with a battery capacity of at least 7 kWh. There are two distinct federal incentives for zero-emission vehicles — a cash-back incentive applicable at the time of purchase, or qualification for fast-write-off capital cost allowance (CCA). If you take advantage of the cash incentive, then the fast-write-off CCA incentive will not apply.

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, registration fees and expenses related to operating a zero-emission vehicle, such as charging fees. Make sure you track all these amounts. You may find it helpful to organize the information by type of expense so totals can be easily calculated at the end of the year.

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.

CCA

Most automobiles are included in CCA class 10 or class 10.1. It is also possible to have a vehicle in class 54, if it is a zero-emission passenger vehicle purchased after March 18, 2019.

If you purchased a passenger vehicle in 2024 that cost up to $37,000 (before sales tax) ($36,000 in 2023), the CCA class will be class 10. CCA for class 10 is generally calculated as noted in the following paragraphs.

The purchase price (including sales taxes) of the vehicle is added to a pool of costs with any other class 10 depreciable 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.

For vehicles acquired by an unincorporated business carried on by individuals or certain partnerships on or after January 1, 2022 and available for use before 2025 (or 2024 for partnerships with partners who are not individuals), the immediate expensing rules may allow for full deduction in the year of acquisition. There is a $1.5 million annual limit that must be shared among associated members of a group of eligible persons or partnerships. Alternatively, for vehicles acquired after November 20, 2018 and available for use before 2028, an accelerated rate of depreciation is available under a federal government program called the Accelerated Investment Incentive (AccII). The AccII accelerates the amount of CCA that can be deducted for the year in which qualifying depreciable property is acquired.

As discussed below under "Deductible expenses", the amount of CCA deductible in any given taxation year is dependent on how much your automobile is used for business purposes.

Any passenger vehicle costing $37,000 or more will go into class 10.1. This class limits the CCA that can be claimed over the life of the vehicle to $37,000, plus applicable sales tax, no matter how much the vehicle cost. There are other differences between class 10.1 and other CCA classes, in particular regarding the tax result when such vehicles are disposed of. These complexities are beyond the scope of this bulletin. The CCA rate on class 10.1 is also 30%. However, new assets may qualify for immediate expensing or accelerated CCA under the AccII program.

If the vehicle is a zero-emission passenger vehicle, purchased after March 18, 2019, then it will go into class 54. This class allows for a standard CCA rate of 30%. However, under incentives similar to the AccII program, a first-year CCA rate of 100% will be allowed for vehicles that become available for use before 2024. In 2024, the limit for Class 54 will remain at $61,000 (plus sales tax) ($61,000 in 2023) per eligible zero-emission passenger vehicle. If you received the up-front incentive to purchase a zero-emission vehicle, then the vehicle will not go into class 54, but will default to either class 10 or class 10.1 depending on its cost.

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, and the relevant CCA class of the vehicle. Keep a record of the details of any purchases or sales in the year. The rules here are complicated, so we suggest you discuss the consequences with your BDO tax advisor. ✓

Interest expense

If you borrow to buy your car, you can include the interest on the loan in your total car expenses. Record this amount but keep in mind that the deductible interest is limited to $350 per month for new automobile loans entered into on or after January 1, 2024 (increased from $300 per month). This restriction applies to both passenger vehicles, and zero-emission passenger vehicles.

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 $37,000 (plus GST/HST and PST) ($36,000 in 2023) of the cost of the car. Note that this restriction applies to passenger vehicles, including zero-emission passenger vehicles.

Again, the calculation can be difficult. Keep a record of the terms of your lease and the actual lease payments paid in the year to discuss 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 (see keeping a kilometre log below). Note that driving from home to your regular place of work is considered to be personal not business travel.

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 need to be recorded 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, provided 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:

$$\frac{\text{Sample year period \%}}{\text{Base year period \%}} \times \text{base year annual \%} = \text{calculated annual business use \%}$$

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.

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 records should include the details of each trip taken for work or business by date, destination, purpose and number of kilometres. Tracking personal kilometres and expenses is not necessary for tax purposes but you may wish 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 Québec tax purposes, employees in Québec (with an exception for certain members of a police force or fire department) are required to maintain a logbook. They must remit a copy of the logbook to their employer no later than January 10 of the year that follows the year during which they (or a related person) had the automobile available to them for their use or the tenth day following the day on which the automobile is returned to their employer. 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 any information necessary to establish that the trip is made by the employee to perform his or her duties.

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. For more information, visit the Revenu Québec website on this topic.✓

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 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 vehicles costing more than $37,000 discussed above, only apply to "passenger vehicles" (or to zero-emission passenger vehicles costing more than $61,000 where noted). By definition, this means automobiles that are designed to carry at most a driver and eight passengers. However, certain types of vehicles are excluded from the automobile 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. ✓

Taxable benefit

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).

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 the automobile is available for 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.

Operating expense benefit

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 2024):

Number of personal kilometres x 33¢ Subtract Amounts reimbursed by employee

Note that this amount may bear no relationship to actual operating expenses paid by the employer. The 33¢ per kilometre rate is reduced to 30¢ 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 33¢ 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.

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 2023 taxable benefits are required to be reported in the GST/HST and QST (if applicable) returns filed that include February 2024, and the sales tax components on the 2024 taxable benefits are required to be reported in the GST/HST and QST (if applicable) returns filed that include February 2025. 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 2023

- Nova Scotia, PEI, New Brunswick, Newfoundland and Labrador — 15%
- Ontario — 13%
- Québec — 9.975%; combined GST/QST 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 2023 taxation years are calculated as follows:

Standby charge benefit before reimbursements X Applicable GST/HST or QST rate See below

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 GST/HST rates applicable for 2023 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; and
- 9.975/109.975 QST and 4/104 GST for Québec.

Calculating the sales tax on the automobile 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 (2023 GST/HST rates shown).

The applicable rates by province are as follows:

- 11% for Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island;

- 9% for Ontario;
- 3% for the remaining provinces other than Québec; and
- 6% QST and 3% GST for Québec.

Calculating the input tax credits (ITCs) or 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. (2023 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.

Special rules and rates apply to allowances if you are a large business in 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 were 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; and
- 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 throughout the year 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.

Expense totals from your records

Gas	$ ____________
Oil	____________
Repairs and maintenance	____________
Car washes	____________
Insurance	____________
Licence or registration	____________
Interest charges	____________
Lease payments	____________
Capital cost allowance	____________
Other, including charging expenses for zero-emission vehicles	____________
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) $\dfrac{\text{\_\_\_\_\_\_\_\_\_\_ D}}{[\text{\_\_\_\_\_\_\_\_\_\_ C} \div 30]^{b} \times 1{,}667}$ ___________ **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 33¢ = $ ___________ **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 for 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Automobile Benefits									
Benefit from employer-paid automobile operating expenses, based on personal kilometres driven.									
General rate	33¢ / km	33¢ / km	29¢ / km	27¢ / km	28¢ / km	28¢ / km	26¢ / km	25¢ / km	26¢ / km
Rate for automobile salespersons	30¢ / km	30¢ / km	26¢ / km	24¢ / km	25¢ / km	25¢ / km	23¢ / km	22¢ / km	23¢ / km
Automobile Allowances									
Deduction limit for allowances paid by employers to employees.									
General rate - For first 5,000 km	70¢ / km	68¢ / km	61¢ / km	59¢ / km	59¢ / km	58¢ / km	55¢ / km	54¢ / km	54¢ / km
- For each additional km	64¢ / km	62¢ / km	55¢ / km	53¢ / km	53¢ / km	52¢ / km	49¢ / km	48¢ / km	48¢ / km
Add 4¢ for kilometres driven in Yukon, Nunavut and NWT.									
Automobile Expenses									
Limit on capital cost of passenger vehicles for CCA purposes.*	$37,000	$36,000	$34,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
Limit on capital cost of zero-emission passenger vehicles for CCA purposes.**	$61,000	$61,000	$59,000	$55,000	$55,000	$55,000			
Limit on deductible monthly lease expense of a passenger vehicle, based on year lease entered into.*	$1,050	$950	$900	$800	$800	$800	$800	$800	$800
Maximum allowable monthly interest deduction in respect of amounts borrowed to purchase a passenger vehicle or a zero-emission passenger vehicle - based on year of purchase.	$350	$300	$300	$300	$300	$300	$300	$300	$300
* This limit applies to the expenditure before GST/HST/QST and PST.									