

## AUTOMOBILE 2016

### AUTOMOBILE TAXABLE BENEFIT (AUTOMOBILE OF THE EMPLOYER)

When an employee has the possibility to use for personal purposes the employer's automobile, a taxable benefit shall be determined, which is calculated as follows:

DESCRIPTION	ACQUIRED AUTOMOBILE	LEASED AUTOMOBILE
Standby charge	2% x original cost x nb of months	2/3 monthly cost x nb of months
Operating-costs	\$0.26 x number of km travelled for personal purposes <b>or</b> 50% x standby charge <sup>2</sup>	\$0.26 x number of km travelled for personal purposes <b>or</b> 50% x standby charge <sup>2</sup>

- <sup>1</sup> For the employees whose principal employment consist of selling or renting cars, the rate is \$0.23 instead.
- <sup>2</sup> If used over 50% for business and a written notice has been provided by the employee to their employer.
- Reduction of the value of the standby charge if the employee use the automobile more than 50% in the performance of his or her duties and if the number of kilometers travelled for personal purposes is not more than 1,667 kilometers per 30-day period.
- The taxable benefit must also consider GST, QST and source deductions.

### DEDUCTION LIMITS

DESCRIPTION	DEDUCTION LIMITS
For purposes of capital cost allowance (CCA)	\$30,000
Monthly rental	\$800 <sup>1</sup>
Maximum allowable interest	\$300

- <sup>1</sup> Under a separate restriction, deductible leasing costs are prorated where the value of the passenger vehicle exceeds the capital cost ceiling. This restriction can result in a deduction limit below \$800.

### REASONABLE PER-KILOMETRE ALLOWANCE (EMPLOYEE AUTOMOBILE)

If the employer pays an allowance to compensate an employee for using is own vehicle with or in the course of their employment, this allowance must be based on a reasonable per-kilometer rate. The employer must meets the following conditions to deduct this expense:

DESCRIPTION	LIMIT
Limit on the deduction of tax-exempt allowances paid by an employer to an employee	<ul style="list-style-type: none"> <li>▪ \$0.54/km for the firsts 5,000 km</li> <li>▪ \$0.48/km for each additional km</li> </ul>

### LIMITATION

The materials posted on the FBL website are for information purposes only. They are not intended to be legal advice or opinions about the matters discussed. This information shall not create any relationship between FBL and the user. FBL makes no representation or warranty regarding the accuracy, completeness or currency of the information on this website. Please talk to your professional advisor before using materials posted on this site or to obtain further information.