

AUTOMOBILE 2014

AUTOMOBILE TAXABLE BENEFIT (AUTOMOBILE OF THE EMPLOYER)

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

| DESCRIPTION | ACQUIRED AUTOMOBILE | LEASED AUTOMOBILE |
|-----------------|--|--|
| Standby charge | 2% x cost x number of months | 2/3 monthly cost x number of months |
| Operating-costs | \$0.27 x number of km travelled for personal purposes or 50% x standby charge ¹ | \$0.27 x number of km travelled for personal purposes or 50% x standby charge ¹ |

- ¹ If the employee use the automobile for more than 50% in the performance of his or her duties.
- 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 |
| Leasing costs | \$800 ¹ |
| Maximum allowable interest | \$300 |

- ¹ 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"> ▪ \$0.54/km for the firsts 5,000 km ▪ \$0.48/km for each additional km |

LIMITATION

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