

TAX TIP

AUTOMOBILE EXPENSES FOR EMPLOYEES

AUTOMOBILE EXPENSES & T4

Automobile expenses are a very high priority for CRA to audit. Therefore, it is critical that you have the following documentation in place at tax time. **A MILEAGE LOG IS REQUIRED.**

CRA requires that you keep a mileage log which tracks all personal and business kilometers driven in the year. It is EXTREMELY important that you get into the habit of tracking your business and personal kilometers on a DAILY basis and total it up for the year.

CHECK YOUR T4 FOR THIS DEDUCTION.

If you received a mileage re-imbursement from your employer, you must include this in the calculation:

- A) If the auto/mileage payment has been added to your T4, you do not have to deduct it from the auto calculation.
- b) If the auto/mileage payment has NOT been added to your T4 then you must deduct your auto/mileage payment from the amount above.

AUTOMOBILE EXPENSES

TIP: Mileage from your home to your employer's office is NOT deductible, do not include that mileage in Business Kilometres.

	Amount
BUSINESS KILOMETRES	15,000
TOTAL KILOMETRES	20,000
% BUSINESS USE	75%
GAS	\$3,600
REPAIRS	\$1,000
INSURANCE	\$1,200
CAR LOAN OR LEASE PAYMENT	\$6,000
PARKING/407 ETR/AUTO CLUB	
TOTAL	\$11,800
% BUSINESS USE	75%
TOTAL DEDUCTIBLE AUTOMOBILE EXPENSES	\$8,850

FORMULA: \$11,800X75%= \$8,850

PLEASE USE WORKSHEET FOR EMPLOYMENT EXPENSES

 <p>BRIAN PETERSEN MBA, CPA, CMA, CFP TAX SERVICES YOU CAN TRUST</p> <p>282 Wilson Street East, Ancaster, ON, L9G 2B9 FREE PARKING</p>	<p>TAXES DONE RIGHT THE FIRST TIME.</p> <p>Serving Our Community for 25 Years. Personal, Business and Estate Tax Returns</p> <p>905.648.8656 www.bptax.ca</p>
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