

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-imbusement 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	18,000
TOTAL KILOMETRES	30,000
% BUSINESS USE	60%
GAS	\$4,600
REPAIRS	\$2,000
INSURANCE	\$1,800
CCA PURCHASE PRICE OF AUTO (30% DECLINING BALANCE)	\$8,000
PARKING/407 ETR/AUTO CLUB	\$600
TOTAL	\$28,800
% BUSINESS USE	60%
TOTAL DEDUCTIBLE AUTOMOBILE EXPENSES	\$17,280

FORMULA: \$28,800 X 60%= \$17,280

PLEASE USE WORKSHEET FOR EMPLOYMENT EXPENSES



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