

# 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.

### 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%             |
| <b>TOTAL DEDUCTIBLE AUTOMOBILE EXPENSES</b>        | <b>\$17,280</b> |

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

**PLEASE USE WORKSHEET FOR SMALL BUSINESS**



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