

FROM

CLEARINGSTATION

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Dear Valued Physicians,

This brief summarizes key Canada Revenue Agency (CRA) guidelines on claiming vehicle expenses and home office deductions through your medical corporation. It is tailored to the common working patterns of incorporated physicians, including mixed clinical work, telemedicine, and off-site consultations.

What trips are eligible as business travel?

Under CRA rules:

Travel Type	Deductible?	Notes
Home → Regular hospital/clinic	No	Considered personal commuting
Home → Business errands	Yes	Travel for business purpose errands
Home → Off-site patient visits/meetings	Yes	Considered not regular work commute
Work site → Work site	Yes	Must be business-related
Home Office → Hospital	Yes*	*Home office must be considered principal place of work (see below)

CONTACT

Note: Kilometres are only deductible when the travel is clearly for business purposes. Personal commuting—even for physicians travelling to the hospital—is not deductible per se, unless tied to a qualifying home office considered primary place of business.

When your home qualifies as your principal place of business

To treat your home as a **business origin** for travel and expense purposes, it must meet one of the following:

- **More than 50% of your professional work** (e.g., telemedicine, charting, admin) is performed at home **throughout the year and/or**
- You **regularly and exclusively** meet patients or colleagues at your home office.

If *either* test is met, your home qualifies as a “principal place of business” under CRA rules. You can only have one principal place of work. If your home office is your principal place of employment (under ITA 8(13)(a)(i)), and the hospital becomes the **secondary work site** — travel from the home office to the hospital becomes travel between two work locations and is **deductible business travel**, not commuting.

How to maintain compliant documentation

To substantiate your home office claims, you should log the time spent working at home and/or show how you regularly meet patients or colleagues to support “principal place” status.

To substantiate your vehicle expense claims, CRA requires that a detailed logbook be maintained. The logbook should include:

- Date of each trip
- Starting location and destination

- Purpose of the trip (e.g., hospital rounds, patient visit, meeting)
- Odometer reading at the start and end of each trip
- Total kilometres driven per trip

Additionally, record the total kilometres driven (business and personal) for the entire year. A representative three-month sample log may suffice in subsequent years, provided it clearly reflects typical travel patterns and is supported by odometer readings.

Note: Manual logging is time-consuming and prone to CRA rejection. For seamless compliance, tools like **OdoAlibi** (Odometer Alibi) offer an automated alternative to manual logs. This plug-and-play OBD-II device captures every business trip directly from your vehicle's computer—no apps, batteries, or phone required—creating CRA-compliant tamper proof records that stand up in audits without the documentation hassle.

Business vs. Personal Use of Vehicle — Key Distinctions

The CRA distinguishes between:

- **Personal Vehicle** (vehicle owned by you, used for your business):
 - Only the business-use portion of private vehicle expenses—such as fuel, maintenance, insurance, and depreciation—can be deducted, either through the detailed method (actual expenses pro-rated by business use) or the simplified method (a fixed per-kilometre rate).
 - A kilometre log is essential to apportion business use accurately.
- **Business-Owned Vehicle** (vehicle 100% owned by your corporation):
 - If a vehicle is used exclusively for business, 100% of the related expenses may be deductible. If the vehicle is used for both business and personal purposes, only the business-use portion is deductible (note: the personal-use portion is considered a taxable benefit for the shareholder).

Common audit triggers for incorporated medical professionals

- **Claiming 100% vehicle business use without supporting evidence**

This is a red flag for auditors. Without credible documentation, such as detailed mileage records, the CRA may disallow the entire claim.

- **Inconsistent or incomplete vehicle logs**

Manual logbooks are frequently challenged and often rejected by auditors. A passive, tamper-proof system like OdoAlibi (Odometer Alibi) ensures your mileage records are consistent, accurate, and CRA-compliant—without the burden of manual logging.

- **Deducting travel from home without meeting home office criteria**

Commuting from home to another workplace is not deductible unless your home office qualifies as your principal place of work or a regular site for client meetings.

We strongly recommend consulting with your tax advisor to assess your specific circumstances and ensure compliance with CRA guidelines.

If you have any questions or require assistance with documentation practices, please contact us at info@clearingstation.ca or call (204) 381-9308.

Sincerely yours,

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Premier Financial Services & Tax Solutions