

Executive Vehicle Allowance Procedure

1. Procedure

1.1. Payment

Executive employees will receive the allowance in their salary payment and reported on the employee's pay stub. Car allowance payments are taxable income. Tax will be deducted automatically at source. The taxable car allowances are accumulated and reported on the employee's T4 (Boxes 14 & 40).

1.2. Income Tax Treatment

The full amount of the monthly vehicle allowance will be treated as a taxable benefit and subject to income tax and other statutory deductions.

Employees who receive a taxable auto allowance may be able to deduct motor vehicle expenses as employment expenses from taxable income on their personal income tax return.

The general conditions for claiming expenses include:

- employee ordinarily required to carry on duties of employment away from the employer's place of business or in different places;
- employee did not receive a tax free allowance with respect to the motor vehicle expenses;
- employee was not reimbursed for the motor vehicle expenses;
- employee required under the employment contract to pay the motor vehicle expenses;
- employee has been provided with Form T2200 - Declaration of Conditions of Employment certified by the employer.

If an automobile is used for both employment and personal purposes, travel expenses are prorated based on what proportion of the total distance traveled occurs in the course of employment. A log for recording business and personal kilometers will be necessary to support a claim for expenses. Employees will be responsible for maintaining adequate documentation of mileage and expenses to support their claims. Personal mileage includes travel to and from the employee's residence to the place the employee normally reports to for work. Even if the employee reports to a work site other than the normal work place, CRA may require the employee to account for an equivalent mileage as personal use.

1.3. Provision of the T2200 Form

Payroll will issue the employee a T2200 form. The Board Chair or President & CEO, as applicable, is authorized to sign the form certifying conditions of employment.

2. Supporting Documents

T2200 Form

2.1. Related Policies

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