

# JE'S TAX BULLETIN

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## Automobile Expense Limits and Rates To Remain Unchanged for 2010

THE DEPARTMENT OF FINANCE HAS ANNOUNCED THAT the monetary limits and rates that applied to automobile expenses during 2009 will continue to apply in 2010. Specifically:

- The ceiling on the capital cost of passenger vehicles for capital cost allowance (CCA) purposes will remain at \$30,000 (plus applicable federal and provincial sales taxes) for purchases after 2009. This ceiling restricts the cost of a vehicle on which CCA may be claimed for business purposes.
- The maximum allowable interest deduction for amounts borrowed to purchase an automobile will remain at \$300 per month for loans related to vehicles acquired after 2009.
- The limit on deductible leasing costs will remain at \$800 per month (plus applicable federal and provincial sales taxes) for leases entered into after 2009. This limit is one of two restrictions on the deduction of automobile lease payments. A separate restriction prorates deductible lease costs where the value of the vehicle exceeds the capital cost ceiling.
- The limit on the deduction of tax-exempt allowances paid by employers to employees using their personal vehicle for business purposes for 2010 will remain at 52 cents per kilometre for the first 5,000 kilometres driven and 46 cents for each additional kilometre. For Yukon, the Northwest Territories, and Nunavut, the tax-exempt allowance will remain at 56 cents for the first 5,000 kilometres driven and 50 cents for each additional kilometre.
- The general prescribed rate used to determine the taxable benefit relating to the personal portion of automobile operating expenses paid by employers for 2010 will remain at 24 cents per kilometre. For taxpayers employed principally in selling or leasing automobiles, the prescribed rate will remain at 21 cents per kilometre. The additional benefit of having an employer-provided vehicle available for personal use (i.e., the automobile standby charge) is calculated separately and is also included in the employee's income.

*The information presented is only of a general nature, may omit many details and special rules, is current only as of its published date, and accordingly cannot be regarded as legal or tax advice. Please contact our office for more information on this subject and how it pertains to your specific tax or financial situation.*