

AUTOMOBILES

	<u>Jan. 1/06</u>	<u>Jan.1/05</u>	<u>Jan.1/03</u>	<u>Jan.1/01</u>
a) Deductible limits ⁽¹⁾				
Purchased: (Class 10.1) ⁽²⁾	\$ 30,000	\$ 30,000	\$30,000	\$ 30,000
Deductible Interest	\$300/month	\$300/month	\$300/month	\$300/month
Lease payment ⁽³⁾	\$800/month	\$800/month	\$800/month	\$800/month
Tax deductible allowance:				
– first 5,000 km	50¢	45¢	42¢	41¢
– over 5,000 km	44¢	39¢	36¢	35¢
b) Operating costs - taxable benefit to employee ⁽⁴⁾	22¢	20¢	17¢	16¢
c) Standby charge - taxable benefit to employee ⁽⁵⁾				
Purchased automobile	2% per month			
Leased automobile	2/3 x lease cost per month			

1. These limits also represent the maximum expenditure on which GST input tax credits can be claimed
2. This amount is *exclusive* of GST and PST. Therefore, GST and PST on this amount may be included as part of the cost for CCA purposes (unless the GST has been claimed as an input tax credit).
3. New leases entered into after the effective dates noted. This amount is exclusive of GST and PST. Therefore GST and PST on this amount may also be deducted (unless the GST has been claimed as an input tax credit). The monthly maximum deduction may be reduced by a formula for luxury cars with a manufacturers list price greater than the purchase limit.
4. Can be reduced by any reimbursements paid within first 45 days of subsequent year.
5. Can be reduced by any reimbursements paid during the year. Note that the 2003 budget (see March 2003 Newsletter) substantially reduced the stand by charge where the vehicle is used more than 50% of the time for business purposes, and personal driving did not exceed 20,000 kilometres.