

Automobile Benefits Calculator Available Online

Having the use of an employer-owned or leased automobile is a very popular and very common employee "perk". However, the enjoyment of such an automobile means that a taxable benefit must be included on the employee's T4 come tax time, and the rules for calculating the amount of that benefit have a well-deserved reputation for being both complicated and subject to frequent revision.

The Canada Revenue Agency has made at least part of that process easier with the Automobile Benefits On-Line Calculator, which can be found at <http://www.cra-arc.gc.ca/ebci/rhac/welcome.do>.

The calculator is available for the 2003 and later taxation years. To use the calculator, the user inputs the cost of the vehicle (purchase or monthly leasing cost), states whether the employee has reimbursed the employer for the portion of operating costs related to personal use and indicates whether the employee has filed written notice electing to use the alternative method of calculating the operating cost benefit (one-half of standby charge), in a series of yes/no boxes. The user must then provide the total number of kilometers driven during the year, and a breakdown of those kilometers between business and personal use. The number of days during the year during which the vehicle was available must be shown and, finally, the user must enter the amounts of any reimbursements received by the employer from the employee with respect to operating costs or standby charges. Once the information is entered, clicking on "calculate" will produce the following summary of the taxable benefit to be assessed.

Submitted data:

Employer's name (optional)	
Employee's name (optional)	
Year	2005
Cost of employer-owned automobile	25,000.00
Monthly leasing cost	0.00
Average cost of selling or leasing automobiles in the year	0.00
Total kilometers driven	7500
Business use kilometers	4500

Calculated results:

Number of 30 day periods automobile available	12
Percent of business use	60
Standby charge	899.82
Operating costs benefit	600.00
Deemed operating cost benefit	0.00
Total automobile benefits	1,499.82
Less: Employee reimbursements	0.00
Automobile benefits to employee or shareholder (report this amount on the individual's T4 or T4A supplementary)	1,499.82

You may need to remit Goods and Services Tax (GST) / Harmonized Sales Tax (HST) on the calculated benefit. For information, see Chapter 4 of the *Employer's Guide Taxable Benefits*.

Note that while there are fields on the Calculator in which the employer and employee names can be entered, those fields are not mandatory.

While the on-line Automobile benefits calculator will undoubtedly be of assistance to employers in quantifying taxable benefits amounts which must then be entered on a T4 slip, it also has potential as a tax-planning tool. Employees (or prospective employees) of an employer who offers "cafeteria-style" benefits can use the calculator to determine just what the tax "cost" of driving the company car will be.