

Employees' allowable employment expenses

You can deduct your motor vehicle expenses if you meet all of the following conditions:

You were normally required to work away from your employer's place of business or in different places.

Under your contract of employment, you had to pay your own motor vehicle expenses. You are not considered to have paid your own motor vehicle expenses if your employer reimburses you or you refuse a reimbursement or reasonable allowance from your employer.

You did not receive a non-taxable allowance for motor vehicle expenses. Generally, an allowance is non-taxable when it is based solely on a reasonable per-kilometre rate.

You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

Keeping records

Since you can deduct motor vehicle expenses only when they are reasonable and you have receipts to support them, keep a record for each vehicle you used. The record should include the total kilometers you drove as well as the kilometers you drove to earn employment income. The record for each trip you took to earn employment income should list the date, destination, purpose, and number of kilometers. Record the odometer reading of each vehicle at the beginning and again at the end of the year.

If you change motor vehicles during the year, record the odometer reading of each vehicle when you buy, sell, or trade it. Write down the dates as well.

Deductible expenses

The types of expenses you can deduct include:

- fuel (gasoline, propane, oil);
- maintenance and repairs;
- insurance;
- licence and registration fees;
- capital cost allowance;
- eligible interest you paid on a loan used to buy the motor vehicle
- eligible leasing costs.
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What kind of vehicle do you own?

For tax purposes, there are two types of vehicles you should know about. They are **motor vehicles** and **passenger vehicles**.

The kind of vehicle you use may affect the expenses you can deduct. If you own or lease a passenger vehicle, there may be a limit on the amounts you can deduct for [capital cost allowance \(CCA\)](#), [interest](#), and [leasing costs](#).

Motor vehicle

A motor vehicle is an automotive vehicle designed or adapted for use on highways and streets. It is not a trolley bus, or a vehicle designed or adapted to be operated exclusively on rails.

Passenger vehicle

A passenger vehicle is a **motor vehicle** (defined above) designed or adapted primarily to carry people on highways and streets. It seats a driver and no more than eight passengers. Most cars, station wagons, vans, and some pick-up trucks are passenger vehicles. They are subject to the limits for CCA, interest, and leasing costs.

A passenger vehicle does **not** include:

- an ambulance;

- clearly marked police and fire emergency-response vehicles;
- clearly marked emergency medical services vehicles used to carry paramedics and their emergency medical equipment;
- a motor vehicle you bought to use mainly (more than 50%) as a taxi, a bus to transport passengers, or a hearse in a funeral business;
- a motor vehicle you bought to sell, rent, or lease in a motor vehicle sales, rental, or leasing business;
- a motor vehicle (except a hearse) you bought to use in a funeral business to transport passengers; or
- certain vans, pick-up trucks, or similar vehicles.

Employment use of a motor vehicle

If you use a motor vehicle for both employment and personal use, you can deduct only the percentage of expenses related to earning income. To support the amount you can deduct, keep a record of both the total kilometers you drove and the kilometers you drove to earn employment income. We consider driving back and forth between home and work as personal use.

A log book is required that includes the total kilometers you drove as well as the kilometers you drive to earn employment income. The record for each trip you took to each employment income should list the date, destination, purpose, and number of kilometers.

Employer's place of business means a permanent establishment of the employer, such as an office, factory, warehouse, a field office at a large construction site, branch or store in relation to which the employee was hired, to which he or she was assigned and to which the employee ordinarily reports for work.

If you use more than one motor vehicle to earn employment income, calculate the expenses for each vehicle separately.

Interest expense

You can deduct interest you paid on money you borrowed to buy a motor vehicle or passenger vehicle that you use to earn employment income.

If you use a [passenger vehicle](#) to earn employment income, there is a **limit** on the amount of interest you can deduct.

Leasing costs

You can deduct amounts you paid to lease a motor vehicle you used to earn employment income.

If you use a passenger vehicle to earn employment income, there is a limit on the amount of leasing costs you can deduct

Capital cost allowance (depreciation)

You cannot deduct the cost of a vehicle that you use to earn your income. However, you can deduct a percentage of the property's cost. The part of the cost you can deduct or claim is called **depreciation** or, for income tax purposes, **capital cost allowance (CCA)**.

Can you claim CCA?

If you are an employee earning **commission income**, you can claim CCA on your vehicle if you meet certain conditions.

If you are an employee earning a **salary**, you can claim CCA on your vehicle.

Classes of depreciable properties

Depreciable properties are usually grouped into classes. To claim CCA, you should know about the following classes.

Class 10

The maximum CCA rate for this class is 30%.

You include motor vehicles and some passenger vehicles in Class 10. We define motor vehicles and passenger vehicles in the section called [What kind of vehicle do you own?](#)

Your passenger vehicle can belong to either Class 10 or Class 10.1. You only include a passenger vehicle in Class 10.1 if it meets certain conditions. We explain these conditions in the following section.

Class 10.1

The maximum CCA rate for this class is 30%.

The maximum capital cost of each vehicle that may be included in Class 10.1 is \$30,000 plus GST and provincial sales tax (PST), or HST.

Include your passenger vehicle in Class 10.1 if it meets **one** of the following conditions:

- You acquired it after August 31, 1989, and before January 1, 1997, and it cost you more than \$24,000.
- You acquired it after December 31, 1996, and before January 1, 1998, and it cost you more than \$25,000.
- You acquired it after December 31, 1997, and before January 1, 2000, and it cost you more than \$26,000.
- You acquired it after December 31, 1999, and before January 1, 2001, and it cost you more than \$27,000.
- You acquired it after December 31, 2000, and it cost you more than \$30,000.
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If your passenger vehicle does not meet **any** of these conditions, then it belongs in Class 10.

To determine what class your passenger vehicle belongs to, do **not** include the GST and PST, or HST, when calculating the cost of the vehicle.