

Calculating Automobile Benefits

You can use this worksheet to calculate the employee's automobile benefit that you must report on a T4 or T4A slip.

You can also use the total automobile taxable benefit in Step 3 on page 2 of this worksheet to estimate the employee's taxable automobile benefit.

For information about automobile benefits, go to www.cra.gc.ca/payroll or see Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*. You can also use our online calculator at www.cra.gc.ca/autobenefits-calculator.

Last name	First name	Social insurance number
Address		

Step 1 – Standby charge

Complete this step if you provide your employee with an automobile for their personal use.

Simplified calculation

Use this calculation if **all** of the following conditions apply:

- the automobile you provide your employee is owned by you;
- the employee used the same automobile throughout the year;
- the employee's principal source of employment is not selling or leasing automobiles; and
- the employee is not eligible for the reduced standby charge rate (explained under "Detailed calculation.")

Cost of automobile you provided (generally equal to its fair market value at the time of acquisition, including GST/HST and PST)	\$		x 24%	=	\$	
Minus: Any reimbursement by the employee for the standby charge					\$	
Standby charge benefit (if negative, enter "0")					\$	
						A
						Go to Step 2

OR

Detailed calculation

Calculate the number of days the automobile was available to the employee for the entire calendar year (including weekends and holidays). When you divide the total days the automobile was available by 30, round off the result to the nearest whole number if it is more than one.

Examples 20 days ÷ 30 = 0.67 (do not round off) 135 days ÷ 30 = 4.50 (round to 4)
 130 days ÷ 30 = 4.33 (round to 4) 140 days ÷ 30 = 4.67 (round to 5)

Reduced standby charge – Calculate the standby charge at a reduced rate if **all** of the following conditions apply:

- you require your employee to use the automobile to perform his or her duties;
- the employee uses the automobile more than 50% of the time for business purposes; and
- the kilometres for personal use do not exceed 1,667 per 30-day period or a total of 20,004 kilometres a year.

Choose 1, 2, or 3 (For information, see Chapter 2 of Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*.)

1. Employer owns the automobile: cost of automobile (generally equal to its fair market value at the time of acquisition, including GST/HST and PST)	\$		x 2%	=	\$		1
2. Employer leases the automobile: enter the monthly leasing cost, which is the total lease cost (including any down payment made over the term of the lease, GST/HST, and PST, but excluding insurance) divided by the number of months in the term of the lease. The total leasing cost is generally equal to its fair market value at the time the automobile is leased.			x 2/3		\$		2
3. Employee sells or leases automobiles: enter the greater of either the average cost of all automobiles (new and used) or the average cost of all new automobiles acquired for sale or lease in the year. The cost of an automobile is generally equal to its fair market value at the time of acquisition, including GST/HST and PST.			x 1.5%		\$		3

Reducing the standby charge

Amount from 1, 2, or 3 above	\$		x	$\left(\frac{\text{Number of days auto available to employee}}{30} \right)$	x	$\left[\frac{\text{Personal kilometres}}{\left(\frac{\text{Number of days auto available to employee}}{30} \right) \times 1,667} \right]$	=	\$		4
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Minus: Any reimbursement by the employee for the standby charge					\$		5
Standby charge benefit (if negative, enter "0")					\$		B

Go to Step 2

Step 2 – Operating expense benefit

Complete this step if you provide an automobile to your employee and pay for the operating expenses related to personal use.

If your employee reimburses you for all operating expenses attributable to personal use **no later than 45 days after the end of the year**, do not calculate an operating expense benefit. Go to Step 3.

Fixed rate calculation

Use this calculation if both of the following conditions apply:

- the employee does not reimburse or only partially reimburses you for operating expenses attributable to personal use no later than 45 days after the end of the year; and
- the employee did not elect to use the optional calculation; and
 - the employee occupies any employment other than selling or leasing automobiles

Personal kilometres driven _____ × 27¢ = \$ _____ 6
(see Note below)

or

- the employee's principal source of employment is selling or leasing automobiles

Personal kilometres driven _____ × 24¢ = \$ _____ 7
(see Note below)

Note

Fixed-rate for 2015. For the current **automobile operating expense benefit** rates, go to www.cra.gc.ca/payroll, select "Topics for letter A," and under "Automobile," choose "Fixed rate or optional calculation."

Go to Operating expense benefit (net)

OR

Optional calculation (This calculation may not be beneficial in all cases.)

Use this calculation if both of the following conditions apply:

- the employee uses the automobile more than 50% in the course of their office or employment; and
- the employee requests (in writing before the end of the year) that you use this method.

Standby charge amount
A or B
(\$ _____) + Employee reimbursements
attributable to standby charge
(\$ _____) × 50% = \$ _____ 8

Go to Operating expense benefit (net)

Operating expense benefit (net)

Enter the amount from line 6, 7, or 8 above	\$ _____	9
Enter the employee reimbursements for the operating expense benefit made no later than 45 days after the end of the year	\$ _____	10
Enter the amount the employee paid directly to a third party in the year for all or part of the operating expenses (including GST/HST and PST)	\$ _____	11
Line 9 minus line 10 and/or line 11. Operating expense benefit (net) (If negative, enter "0")	\$ _____	C

Step 3 – Total automobile taxable benefit

Enter the total amount of **A + C** or **B + C**, whichever applies.

This amount is the taxable benefit you report in box 14 and in the "Other information" area under code 34 of the employee's T4 slip or, if applicable, use code 028 "Other income" at the bottom of the T4A slip.

\$

Information for employers who use this worksheet for withholding purposes

If your employee's personal use of your automobile will be similar to last year's, you can use the amount from Step 3 to estimate your employee's taxable automobile benefit. To do this, divide the total automobile taxable benefit from Step 3 by the number of pay periods the employee is expected to have. Add the resulting amount and any other taxable benefits or allowances to the employee's salary each pay to calculate the total income from which to deduct Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, and income tax.

For more information about calculating deductions, go to www.cra.gc.ca/payroll or see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

You may need to remit goods and services tax (GST) or harmonized sales tax (HST) on the calculated benefit. For more information, see Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*.