

January 3, 2023

2023 Automobile Deduction Limits and Expense Benefit Rates

The Department of Finance Canada has announced the automobile deduction limits and expense benefit rates for 2023. Most of the limits and rates have changed from 2022.

Mileage

The tax-exempt allowances paid by employers to employees who use their personal vehicle for business purposes has increased as follows:

- \$0.68 per kilometre for the first 5,000 kilometres driven; and
- \$0.62 per kilometre for each additional kilometre.

Personal Portion of Automobile Expenses Paid by Employers

The general rate used to determine the taxable benefit relating to the personal portion of automobile operating expenses paid by employers is as follows:

- \$0.33 per kilometre (an increase of \$0.04)

Capital Cost Allowances (CCA)

The ceiling for CCA for passenger vehicles has increased to \$36,000, before tax for non-zero emission passenger vehicles; and increased to \$61,000, before tax, for eligible zero-emission passenger vehicles. These ceilings restrict the cost of a vehicle on which CCA may be claimed for business purposes.

New Automobile Loan Interest Deduction

- The maximum allowable interest deduction for new automobile loans remains at \$300 per month.

Leasing Cost Deductible

The limit on deductible leasing costs has increased to \$950 per month, before tax, for new leases.

Please ensure your payroll administrators are made aware of these important changes.

A full copy of the announcement can be viewed [here](#).