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bulletin

Automobile Deduction Limits / Expense Rates Increase for 2015

The Federal government has announced that automobile expense deduction limits and the prescribed rates for the automobile operating expense benefit will increase for 2015.

The limit on the deduction of tax-exempt allowances paid by employers to employees using their personal vehicle for business purposes for 2015 will be **increased by \$0.01 cent to \$0.55 cents per kilometer for the first 5,000 kilometers driven and to \$0.49 cents for each additional kilometer.**

Limits are higher for operations in the Yukon, the Northwest Territories and Nunavut.

All other automobile deduction / allowance limits remain the same as 2014:

- The ceiling on the capital cost of passenger vehicles for capital cost allowance (CCA) purposes will remain at \$30,000 (plus applicable federal and provincial sales taxes) for purchases after 2014.
- The maximum allowable interest deduction for amounts borrowed to purchase an automobile will remain at \$300 per month for loans related to vehicles acquired after 2014.
- The limit on deductible leasing costs will remain at \$800 per month (plus applicable federal and provincial sales taxes) for leases entered into after 2014.
- The general prescribed rate used to determine the taxable benefit relating to the personal portion of automobile operating expenses paid by employers will remain at 27 cents per kilometer for 2015. For taxpayers employed principally in selling or leasing automobiles, the prescribed rate will remain at 24 cents per kilometer.

Please ensure your payroll staff are made aware of these important changes as soon as possible.

For a full copy of the announcement and links to the complete amended policy, see:

<http://www.fin.gc.ca/n14/14-183-eng.asp>