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## 2021 Automobile Deduction Limits and Expense Benefit Rates

The Department of Finance Canada has announced the automobile deduction limits and expense benefit rates for 2021. Most of the limits and rates are unchanged from 2020, with the exception of the personal portion of automobile expenses paid by the employer.

### Personal Portion of Automobile Expenses Paid by Employers

The general rate used to determine the taxable benefit for employees is as follows:

- \$0.27 per kilometre (a decrease of \$0.01)

The government is also proposing temporary adjustments to the automobile standby charge in light of modifications to how employees use employer-provided vehicles due to the COVID-19 public health measures. It is proposed that employees be allowed to use their 2019 automobile usage to determine eligibility for the reduced standby charge for the 2020 and 2021 taxation year.

### Mileage

The limit on the deduction of tax-exempt allowances paid by employers to employees who use their personal vehicle for business purposes will remain as follows:

- \$0.59 per kilometre for the first 5,000 kilometres driven; and
- \$0.53 per kilometre for each additional kilometre.

### Capital Cost Allowances (CCA)

The ceiling for CCA for passenger vehicles remains at \$30,000, before tax, for non zero-emission passenger vehicles, and at \$55,000, 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 remain at \$300 per month.

### Leasing Cost Deductible

The limit on deductible leasing costs remain at \$800 per month, before tax, for new leases. For automobiles valued over \$30,000, a separate restriction will continue to prorate deductible lease costs.

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

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