



How to Claim Motor Vehicle Expenses on Your Tax Return

If you are paid a per kilometer allowance and the flat rate (under 37.03 f) of the CBA) both your per kilometer allowance and your flat rate will appear as a taxable benefit in Box 14 of your T4 slip.

If your vehicle allowance is reported in Box 14 of your T4 slip, your employer is required to fill out form T2200 (Declaration of Conditions of Employment) and you are entitled to fill out form T777 (Statement of Employment Expenses) when you file your income taxes to claim employment expenses related to your vehicle. Vehicle related expenses go on line 22900 (other employment expenses).

What your allowable motor vehicle expense will be

They will be the total cost of operating your vehicle (all fuel, maintenance costs, insurance, licence and registration, capital cost allowance, interest expenses, and leasing costs) times the percentage of kilometers you drove for work.

When filling out form T777 Statement of Employment Expenses you will need to:

- Keep all gas receipts for each vehicle you used for the entire year
- Keep all maintenance receipts for each vehicle you used for the entire year
- Keep your insurance, vehicle registration and licencing receipts
- Keep track of how many work kilometers you used for each vehicle and the total kilometers for each vehicle. You may be required to show kilometres for work on a daily basis at some point after you file your income taxes.

Interest from a car loan

You are allowed to claim the lesser of the total interest paid in the year or \$10 (\$8.33 for vehicles bought between December 31, 1996 and January 1, 2001) times the number of days for which interest was paid during the year.



DID YOU KNOW?

Leasing costs

If you lease a vehicle, you are able to claim leasing costs. Leasing costs are determined based on the below chart. Because this chart may change from year to year it is recommended you review T4044 Employment Expenses Guide by the Canada Revenue Agency.

Eligible leasing costs for passenger vehicles leased after December 31, 2000

1.	Enter the total lease charges paid for the vehicle in 2021.....	\$	_____	1
2.	Enter the total lease payments deducted for the vehicle before 2021.	\$	_____	2
3.	Enter the total number of days the vehicle was leased in 2021 and previous years.		_____	3
4.	Enter the manufacturer's list price.	\$	_____	4
5.	\$35,294 + GST and PST, or HST, on \$35,294.....	\$	_____	5
6.	Enter the amount from line 4 or line 5, whichever is more. ...	\$	_____ × 85%	▶ \$ _____ 6
7.	(\$800 + GST and PST, or HST, on \$800) × line 3 =	\$	_____ ÷ 30 = \$ _____ – line 2	▶ \$ _____ 7
8.	(\$30,000 + GST and PST, or HST, on \$30,000) × line 1 =	\$	_____ ÷ line 6	▶ \$ _____ 8
Your eligible leasing cost is the lower of the amounts on line 7 and line 8.				

Capital Cost Allowance

If you own your vehicle, you will need to fill out either Part A or Part B on the back of form T777 Statement of Employment Expenses. To determine which Part to fill out, you will need to reference the T4044 Employment Expenses Guide by the Canada Revenue Agency as it lists the criteria for vehicles which is used to determine which Part you fill out on the back of form T777 Statement of Employment Expenses.

For those filling out Part A

If you claimed Capital Cost Allowance the year before for the same vehicle:

Enter the undepreciated capital cost from last year in column 2. If you ceased having the vehicle during the year enter the lesser of the capital cost of the vehicle (amount you originally paid for the vehicle or its value when you received the vehicle) or the amount you sold the vehicle for minus any costs of selling the vehicle in column 5. Complete column 6 by subtracting column 5 from column 2. Column 10 will be the same as column 6. Complete column 12 by multiplying



column 10 by column 11 (you are allowed to use a smaller percentage). That will be the amount you add to line 23 of T777 Statement of Employment Expenses. Complete column 13 by subtracting column 13 by column 12. That will be the amount you will need to keep for next year if you still have your vehicle at the end of the year.

If you did not claim Capital Cost Allowance the year before for the same vehicle

Enter the cost you paid for the vehicle if it became new to you in that tax year or enter the value of the vehicle when you started using it for work in that tax year in column 3. If the vehicle was a zero-emission vehicle also enter the amount in column 4. If not, enter 0 for columns 4, 7 and 8. If you ceased having the vehicle during the year, enter the lesser of the capital cost of the vehicle (amount you originally paid for the vehicle or its value when you received the vehicle) or the amount you sold the vehicle for minus any costs of selling the vehicle in column 5. Complete column 6 by subtracting column 5 from column 3. Complete column 7 by subtracting column 5 from column 3 and then adding column 4. Complete column 8 by subtracting column 7 from column 4 and multiplying that number by the factor from note 4. Complete column 9 by taking the amount in column 3 and subtracting the amount from column 4, then subtracting the amount from column 5, then dividing the amount by 2. Complete column 10 by adding column 6 and 8 together then minus column 9. Complete column 12 by multiplying column 10 by column 11 (you are allowed to use a smaller percentage). That will be the amount you add to line 23 of T777 Statement of Employment Expenses. Complete column 13 by subtracting column 13 by column 12. That will be the amount you will need to keep for next year if you still have your vehicle at the end of the year.

For those filling out Part B

Column 3 – Is the cost you paid if you acquired a new vehicle in the year or the value of the vehicle if you never claimed capital cost allowance on that vehicle before. If you filled in column 2, the amount in column 3 should likely be blank.

Column 4 – Complete column 4 if you ceased having the vehicle during the year. Enter the lesser of the capital cost of the vehicle (amount you originally paid for the vehicle or its value when you received the vehicle) or the amount you sold the vehicle for minus any costs of selling the vehicle.



The number in column 7 will be the amount you add to line 23 of T777 Statement of Employment Expenses. The amount in column 8 will be the amount you will need to keep for next year if you still have your vehicle at the end of the year.

Tips

- If you have not done this in the past, you can call the CRA about amending your past tax returns.
- You will need to fill out a T777 form for each vehicle you used during the year.
- If claiming capital cost allowance, keep a record of the undepreciated capital cost at the end of the year (last column of Part A or Part B) as the Canada Revenue Agency does not keep this information on file.
- The T4044 Employment Expenses tax guide can be found at <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4044.html>.
- For T777 Statement of Employment Expenses can be found at <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t777.html>.
- Your vehicle is considered a passenger vehicle and not a motor vehicle.

Please visit www.cupe5430.ca

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