

January 28, 2014

Deduction Limits and Rates for 2014 Applicable to the Use of an Automobile

In calculating the taxable benefits related to the use of an automobile or the automobile expenses that can be deducted for income tax purposes, you must take into account certain limits and prescribed rates. The limits and rates for 2014, which are the same as those for 2013, are listed below:

- For purposes of capital cost allowance (CCA), the ceiling on the capital cost of passenger vehicles is \$30,000 (plus GST and QST) for vehicles purchased after 2013.
- The limit on deductible leasing costs is \$800 per month (plus GST and QST) for leases entered into after 2013. Under a separate restriction, deductible leasing costs are prorated where the value of the passenger vehicle exceeds the capital cost ceiling.
- The limit on the deduction of tax-exempt allowances paid by employers to employees using their personal vehicle for business purposes remains 54 cents per kilometre for the first 5,000 kilometres and 48 cents for each additional kilometre.
- The maximum allowable interest deduction for amounts borrowed to purchase a passenger vehicle is \$300 per month for loans related to vehicles acquired after 2013.
- The prescribed rate used to determine the taxable benefit respecting the portion of operating expenses which relates to an employee's personal use of an automobile provided by the employer remains 27 cents per kilometre. For taxpayers employed principally in selling or leasing automobiles, the prescribed rate remains 24 cents per kilometre.