

TAX TARGET™

March 2018

2018 LIMITS AND RATES RELATED TO AUTOMOBILE EXPENSES AND PERSONAL TAX CREDITS



AUTOMOBILE EXPENSES

The rates for automobile expenses, deduction limits and the prescribed rates for determining taxable benefits on automobile operating expenses are as follows for 2018.

	2018	2017
Maximum capital cost of a passenger vehicle for the purposes of capital cost allowance	\$30,000 ⁽¹⁾	\$30,000 ⁽¹⁾
Allowable interest expenses	\$300 per month	\$300 per month
Allowable leasing expenses ^{(2) and (3)}	\$800 per month ⁽¹⁾	\$800 per month ⁽¹⁾
Tax-exempt allowances paid by the employer to the employee – based on the distance the employee travels in his or her automobile:		
First 5,000 kilometres	\$0.55 per km	\$0.54 per km
Any additional kilometres	\$0.49 per km	\$0.48 per km

¹ Does not include the GST and/or the QST.

² Please note that the lease limit remains the same during the entire period of the lease.

³ This limit is one of the two restrictions on the deduction of automobile lease payments. A separate restriction prorates deductible lease costs where the value of the automobile exceeds the maximum capital cost.

PERSONAL TAX BRACKET AND CREDIT INDEXATION

The 2018 indexation adjustment for personal income tax brackets, non-refundable credits and benefits has been set at 1.5% federally and 0.82% in Quebec. Please click the following links for the detailed increases:

Federal: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/adjustment-personal-income-tax-benefit-amounts.html>

Quebec: <http://www.revenuquebec.ca/en/salle-de-presse/nouvelles-fiscales/2017/2017-12-04.aspx>

The matters highlighted in this tax memo are presented in broad general terms and, of course, cannot be applied without consideration of all circumstances. The firm will be pleased to discuss with recipients the possible effects of these matters in specific situations.