

Automobile Deductions

written by Rory Lodge | January 5, 2012



CRA announced the new automobile deduction limits and expense benefit rates for 2012:

DEDUCTION RATE OR LIMIT	2012 AMOUNT	2011 AMOUNT
Ceiling on capital cost (of acquiring vehicle) of passenger vehicles for capital cost allowance purposes	\$30,000 + federal taxes + provincial taxes	\$30,000 + federal taxes + provincial taxes
Limit on deductible leasing costs (lease cost must be prorated if value of vehicle > capital cost ceiling)	\$800 per month + federal taxes + provincial taxes	\$800 per month + federal taxes + provincial taxes
Limit on tax-exempt allowance paid by employer, i.e., costs of owning and operating vehicle (other than Territories)	<ul style="list-style-type: none">• 53¢ per kilometer for first 5,000 km• 47¢ for each km thereafter	<ul style="list-style-type: none">• 52¢ per kilometer for first 5,000 km• 46¢ for each km thereafter
Limit on tax-exempt allowances paid by employer in YK, NT and NU	<ul style="list-style-type: none">• 57¢ per km for first 5,000 km• 51¢ for each km thereafter	<ul style="list-style-type: none">• 56¢ per km for first 5,000 km• 50¢ for each km thereafter
Maximum interest deduction allowed on loans to purchase vehicle	\$300 per month	\$300 per month
General prescribed rate used to determine taxable benefit paid by employer re: personal use of vehicle	26¢ per km (23¢ per km for individuals whose principal occupation is selling or leasing automobiles)	24¢ per km (21¢ per km for individuals whose principal occupation is selling or leasing automobiles)