

The Canada Revenue Agency's Automobile Taxable Benefit

Personal Use

Your organization may allow drivers to use their VEMA vehicle for personal use. According to the Canada Revenue Agency, personal use of an employer-leased or owned vehicle constitutes a taxable benefit to the employee. It's the employer's responsibility to supply the driver with an automobile T4 slip for this benefit.

"Personal use" is defined as the use of any employer-owned or leased vehicle (including a VEMA vehicle) for purposes other than conducting the business of your employer. The Canada Revenue Agency considers taking a VEMA vehicle home as personal use.

For the driver, personal use is considered to be a taxable benefit. It is your organization's decision to authorize employees to use vehicles for personal matters.

Taxable benefit: a benefit that you receive or enjoy as a consequence of your employment. According to Canada Revenue Agency, it must be included as income.

The Canada Revenue Agency requires the following information:

- the number of days the vehicle was available to the driver for personal use
- the number of kilometres driven personally
- the number of kilometres driven

Cost of Personal Use to Drivers

The *Income Tax Act* outlines the Automobile Taxable Benefit guidelines and calculation for an employee driving an employer-owned or leased vehicle. Every organization may have its own interpretation of these guidelines. Talk to your vehicle coordinator about your organization's interpretation and policies.

Some employers may deduct an amount for personal use of an employer-owned or leased vehicle. This charge is determined by the driver's organization, not VEMA.

Payment may be arranged as a payroll deduction or a monthly payment. The amount deducted may offset the dollar amount of the taxable benefit, but often it does not.

If your organization has a deduction program in place, please note that any cheques must be made out to your organization, not VEMA.

If you are an employee of the Province of Manitoba, the provincial government's current ruling (1997) states that an employee who drives in excess of 500 personal kms per month, or 22 personal kms per day, must pay a surcharge to their department, not VEMA. VEMA deducts the surcharge from your gross taxable benefit before your T4 calculation is submitted to Finance.

The VEMA Taxable Benefit Service

As part of Fleet Management Services, VEMA provides a Taxable Benefit Service. VEMA will collect the above information from its monthly distance reporting system for you and your organization.

For **Government of Manitoba employees**, VEMA performs the taxable benefit calculation, then provides the T4 calculated amounts for drivers with personal use of VEMA vehicles to Finance in January to be included on your regular work T4.

For **customers outside the provincial government**, VEMA can provide you with the calculation or the printed T4 slips.

Our Taxable Benefit Service relies heavily on the monthly distance reports. For this reason, it is very important to ensure the information on the monthly reports is complete and accurate when submitted to VEMA to ensure the integrity of the final T4 slip.

VEMA Guide: Light Duty Division, pg 45-46;
<http://www.vema.gov.mb.ca/assets/VEMAGuideWeb.pdf>