

## This Month:

- Claiming Automobile Expenses
- 2022 Minimum Wage Changes

## Claiming Automobile Expenses

One of the more common expenses claimed by taxpayers are automobile expenses (applies to any motor vehicle such as a van, bus, pickup truck, station wagon, SUV, or other truck). Many individuals use their automobile for work or business and incur personal expenses in doing so. It is important to note that only expenses of a business nature are eligible as a deduction against their related income. As such, the Canada Revenue Agency (CRA) has strict requirements in ensuring that only business-related expenses are claimed. As a result, the retention of automobile tax records becomes imperative for every taxpayer that uses an automobile for work or business.

### Maintaining Automobile Expenses

Several software applications now exist to easily keep track of total mileage, business mileage and reasons for the trip, and expenses. The type of expenses to keep track of can be broken down into two categories. They are operating and fixed expenses.

### Operating Expenses

The types of operating expenses related to an automobile include gasoline, maintenance and repairs (such as oil changes and car washes), insurance, license and registration fees. Such expenses may vary in relation to the amount of kilometers driven.

### Fixed Expenses

Fixed expenses differ from operating expenses in that they relate to the automobile itself as opposed to the amount of kilometers driven. When an automobile is purchased, they would relate to the capital cost allowance and interest expense when financed. In the case of a leased automobile, such expenses would include the lease payments. It is important to note that there are special rules and restrictions which limit the portion of actual costs that can be included in your total expenses. You can consult with your Padgett Business Services representative to obtain more information on what these special rules and limitations are.

### Deductible Expenses

Because your automobile will most likely be utilized for both business and personal reasons, it is essential that the total automobile expenses be allocated between these two uses on a reasonable basis in order to arrive at only the deductible portion for income tax purposes. The best method to achieve this will involve the distance traveled calculated by taking total kilometers driven for business purposes divided by total kilometers driven for both business and personal purposes. Certain expenses such as parking expenses incurred while on a business trip and car repairs made as a result of an accident while on a business trip do not have to be prorated. However, such expenses incurred resulting from a personal trip made are not deductible.

## 2022 Minimum Wage Changes

Most provinces increase their minimum wage rates on an annual basis. This list details the current wage rate and its effective date as well as any upcoming changes announced for 2022 as at the time of this writing.



Jurisdiction	Previous Rate	Current Rate	Effective Date/Upcoming changes
Alberta (general)	\$15.00	\$15.00	Oct 1, 2018
Alberta (students < 18yrs; < 29 hrs per week)	-	\$13.00	June 26, 2019
B.C. (general)	\$14.60	\$15.20	June 1, 2021
B.C. (liquor servers)	\$13.95	\$15.20	June 1, 2021
Manitoba	\$11.90	\$11.95	October 1, 2021
New Brunswick	\$11.75	\$12.75	October 1, 2022: \$13.75
Newfoundland and Labrador	\$12.75	\$13.20	April 1, 2022
Northwest Territories	\$13.46	\$15.20	Sept 1, 2021
Nova Scotia	\$12.95	\$13.35	April 1, 2022
Nunavut	\$13.00	\$16.00	April 1, 2020
Ontario (general)	\$14.35	\$15.00	January 1, 2022
Ontario (students < 18 yrs; < 29 hrs per week)	\$13.50	\$14.10	January 1, 2022
Ontario (liquor servers)	\$12.45	N/A	Eliminated Jan 1, 2022
Ontario (homeworkers)	\$15.80	\$16.50	January 1, 2022
P.E.I.	\$13.00	\$13.70	April 1, 2022
Quebec (general)	\$13.10	\$13.50	May 1, 2022: \$14.25
Quebec (receiving tips)	\$10.45	\$10.80	May 1, 2022: \$11.40
Saskatchewan	\$11.45	\$11.81	October 1, 2021
Yukon	\$13.85	\$15.20	August 1, 2021

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Padgett Business Services is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.