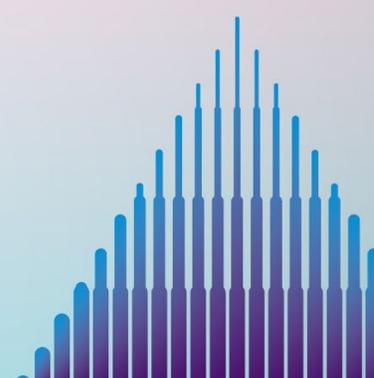




TaxNewsNow

Canada



January 11, 2022

2022 Automobile Allowance Limits — Two Cent Bump for Personal Use Benefit

Most other limits and rates that applied in 2021 have increased for 2022

Finance announced a two cent increase to the prescribed rates used to compute certain employee taxable benefits for 2022. The rate used to determine the taxable benefit relating to the personal portion of automobile operating expenses paid by employers increased to 29 cents per kilometre (from 27 cents), as of January 1, 2022. The rate used to determine the taxable benefit of an employee who is employed principally in selling or leasing automobiles has also increased to 26 cents per kilometre (from 24 cents) for 2022.

Finance says it is increasing the income tax deduction limits on tax-exempt allowances paid by employers to employees who use their personal vehicles for business purposes in 2022 to 61 cents per kilometre for the first 5,000 kilometres (up from 59 cents). For each additional kilometre, the rate is now increased to 55 cents (up from 53 cents). For the Northwest Territories, Nunavut and Yukon, the tax-exempt allowance is set four cents higher.

Other limits have also been changed from 2021:

- The ceiling on the capital cost of non zero-emission passenger vehicles for capital cost allowance (CCA) purposes has increased to \$34,000 (from \$30,000) for (new and used) vehicles purchased on or after January 1, 2022
- The ceiling on the capital cost of eligible zero-emission passenger vehicles, for CCA purposes has increased to \$59,000 (from \$55,000) for (new and used) vehicles purchased on or after January 1, 2022
- The limit on the deductible leasing costs for leases entered into in 2022 has increased to \$900 (from \$800).

KPMG Publications

For the latest tax news, see KPMG's full line of tax publications available at www.kpmg.ca/taxnews.

There has been no change to the maximum allowable interest deduction for new automobile loans, which will remain at \$300 per month for 2022.

As a result, the limits and rates for 2021 and 2022 are as follows:

	2021	2022
Deduction limits		
Maximum cost for capital cost allowance purposes ¹	\$30,000	\$34,000
Maximum deductible monthly lease payment ²	\$800	\$900
Maximum deductible monthly interest cost on automobile loans	\$300	\$300
Maximum deductible allowances paid to employees ³		
First 5,000 employment-related kilometres	59¢	61¢
Each additional employment-related kilometre	53¢	55¢
Taxable benefits		
Standby charge benefit		
Employer-owned automobile	2% per month of original cost	
Employer-leased automobile	2/3 of monthly lease cost	
Operating cost benefit per kilometre of personal use	27¢	29¢
Taxpayers employed principally in selling or leasing automobiles	24¢	26¢
Allowances	Taxable with certain exceptions	

¹The maximums shown in the tables are determined before all applicable federal and provincial sales taxes and are based on the automobile's year of purchase.

The maximum cost for eligible zero-emission passenger vehicles purchased on or after January 1, 2022 is \$59,000 (increased from \$55,000). Eligible zero-emission passenger vehicles include plug-in hybrids with a battery capacity of at least 7kWh and vehicles that are fully electric or fully powered by hydrogen.

²The maximums shown in the tables are determined before all applicable federal and provincial sales taxes and are based on the year the lease is entered into.

³These rates are set 4 cents higher for the Northwest Territories, Nunavut and Yukon.

For more information, contact your KPMG adviser.

kpmg.ca



[Contact Us](#) | [Manage my Subscriptions](#) | [Unsubscribe](#) | [KPMG in Canada Privacy Policy](#) | [KPMG On-Line Privacy Policy](#)
| [Legal](#)

Information is current to January 10, 2022. The information contained in this publication is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. For more information, contact KPMG's National Tax Centre at 416.777.8500.

This email was sent to you by [KPMG](#). To sign up to receive other communications from us (we have some informative publications that may be of interest to you), or to stop receiving electronic messages sent by KPMG, visit the [KPMG Online Subscription Centre](#).

At KPMG we are passionate about earning your trust and building a long-term relationship through service excellence. This extends to our communications with you.

Our lawyers have recommended that we provide certain disclaimer language with our messages. Rather than including them here, we're drawing your attention to the following links where the full legal wording appears.

[Disclaimer concerning confidential and privileged information/unintended recipient](#)
[Disclaimer concerning tax advice](#)

© 2022 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.