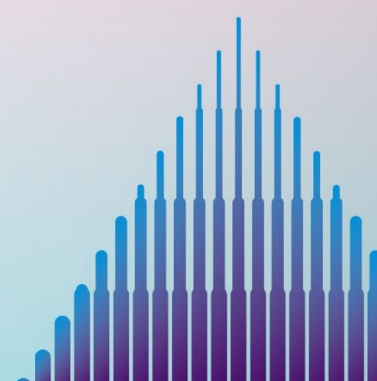




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## 2023 Automobile Allowance Limits — Four Cent Increase for Personal Use Benefit

*Most limits and rates that applied in 2022 have increased for 2023*

Finance announced a four-cent increase to the prescribed rates used to compute certain employee taxable benefits for 2023. The rate used to determine the taxable benefit relating to the personal portion of automobile operating expenses paid by employers increased to 33 cents per kilometre (from 29 cents), as of January 1, 2023. The rate used to determine the taxable benefit of an employee who is employed principally in selling or leasing automobiles has also increased to 30 cents per kilometre (from 26 cents) for 2023.

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 2023 to 68 cents per kilometre for the first 5,000 kilometres (up from 61 cents). For each additional kilometre, the rate is now increased to 62 cents (up from 55 cents). For the Northwest Territories, Nunavut and Yukon, the tax-exempt allowance is set four cents higher.

Other limits have also been changed for 2023:

- The ceiling on the capital cost of non zero-emission passenger vehicles for capital cost allowance (CCA) purposes has increased to \$36,000 (from \$34,000) for (new and used) vehicles purchased on or after January 1, 2023
- The ceiling on the capital cost of eligible zero-emission passenger vehicles, for CCA purposes has increased to

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\$61,000 (from \$59,000) for (new and used) vehicles purchased on or after January 1, 2023

- The monthly limit on deductible leasing costs for leases entered into in 2023 has increased to \$950 (from \$900).

There has been no change to the maximum allowable interest deduction for new automobile loans, which will remain at \$300 per month for 2023.

As a result, the limits and rates for 2022 and 2023 are as follows:

	2022	2023
<b>Deduction limits</b>		
Maximum cost for capital cost allowance purposes <sup>1</sup>	\$34,000	\$36,000
Maximum deductible monthly lease payment <sup>2</sup>	\$900	\$950
Maximum deductible monthly interest cost on automobile loans	\$300	\$300
Maximum deductible allowances paid to employees <sup>3</sup>		
First 5,000 employment-related kilometres	61¢	68¢
Each additional employment-related kilometre	55¢	62¢
<b>Taxable benefits</b>		
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	29¢	33¢
Taxpayers employed principally in selling or leasing automobiles	26¢	30¢
<b>Allowances</b>	Taxable with certain exceptions	

<sup>1</sup>The 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, 2023 is \$61,000 (increased from \$59,000). 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.

<sup>2</sup>The 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.

<sup>3</sup>These rates are set four cents higher for the Northwest Territories, Nunavut and Yukon.

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