

**WARNING: YOU MUST BE ABLE TO PROVIDE DETAILED TRAVEL LOGS TO CRA SHOWING DATES, NAMES/ADDRESSES OF THE HOMES/BUSINESSES YOU TRAVELLED TO – AN AUDIT THIS YEAR REVEALED THAT CERTAIN HOME NURSING PROVIDERS IN THE CORNWALL AREA WERE NOT WILLING TO ALLOW INDIVIDUALS TO PROVIDE THIS INFORMATION TO CRA FOR PRIVACY REASONS. THE CLAIM WAS DISALLOWED AND THE INDIVIDUAL HAD TO REPAY \$9,000.**

**IF YOU WANT TO CLAIM MOTOR VEHICLE EXPENSES (MVE), YOU MUST ASCERTAIN THAT YOUR EMPLOYER IS WILLING TO ALLOW YOU TO DIVULGE THE INFORMATION ABOUT YOUR CLIENTS TO CRA & YOU MUST FOLLOW THESE INSTRUCTIONS EXACTLY! IF YOU FAIL TO DO SO, SAUVE TAX SERVICES CANNOT BE HELD RESPONSIBLE FOR A REVIEW RESULTING IN CRA DENYING YOUR CLAIM.**

### **YOUR RESPONSIBILITY AS A TAX PAYER CLAIMING MVE**

When you use your vehicle for either a business you own or because your employer requires you to use it, you can claim your MVE for the year.

MVE includes all expenses: gas, repairs, insurance, licensing, interest paid, etc.

The Canada Revenue Agency (CRA) states that you can claim MVE as long as you meet the following conditions:

- a) You are **NOT** reimbursed (**or CAN BE reimbursed**) for the MVE by your employer (unless the reimbursement is included with your revenue)
- b) You must have a completed and signed form T2200 from your employer

### **HOW DO I KEEP TRACK?**

CRA requires you to keep a log of every single trip you make for your business or for your employer in a log book. You can purchase these at Staples or you can keep a diary. You must ensure that you write the address down and how many kilometers (KM) you travelled – THERE IS NO GUESSING – if reviewed, CRA will check the mileage with Google Maps – this is SERIOUS !! When you are claiming MVE for work, you cannot claim the KM you travelled from your home to your first stop, or the KM you travelled from your last stop back to your home. When you are claiming MVE for your business (if your business is at a different location than your home), you cannot claim the mileage to/from your business – you can only claim mileage for errands you run for your business.

### **HOW ARE MVE CLAIMED?**

One very important step is taking your Odometer reading on January 1 and then again on December 31 of each year. This will be a factor in calculating your MVE.

In order to calculate how much of your MVE will be tax deductible, the total KM from your travel log will be used to determine the percentage of your claim. Here is an example:

Pam provides home care to seniors and travels from home to as many as 8 homes each day.

Odometer Jan 1 : 10,000 km  
Odometer Dec 31: 20,000 km  
Total KM from Travel Log: 5,000 km

Pam travelled 10,000 km in one year and 5,000 km was for her employment. Therefore Pam will be able to claim 50% of all her MVE as long as she was not reimbursed a reasonable amount by her employer.

## WHAT DO I CLAIM?

You must keep all receipts for:

- **Gas Purchases** (these must be actual receipts that show the Litres purchased – Credit Card slips or statements showing a payment to a gas station without the Litres on it are not acceptable – you could have purchased cigarettes or lottery tickets – you need to prove it was for gas!)
- **Maintenance & Repairs:** Bills from garages, windshield wipers, oil changes, car washes etc
- **Insurance:** Auto insurance you paid for the year
- **Licensing:** Receipt for renewing your plates and driver's license if you did so
- **Parking & Tolls:** you must provide the receipts
- **Interest:** The interest portion of your car payments
- **Leasing Costs:** The cost of leasing your vehicle for the entire year
- **Depreciation:** You can claim the depreciation on your vehicle each year

Pam provided the following information:

Gas: \$2500

Maintenance & Repairs: \$1,000

Insurance: \$1,000

Interest: \$500

Total Expenses: \$5,000

Based on her calculations that 50% of all her travel was due to her employment, she will be able to claim \$2,500 in MVE on her tax return. She received \$1734 in reimbursements by her employer for her mileage which was indicated on her T2200 (Declaration of Conditions of Employment). Therefore her claim will be \$766 – this will save her \$115 in taxes.

## WARNING:

You may NOT do the following:

- ballpark your mileage
- not keep a mileage log
- rather than receipts proving gas purchases, keep Credit Card slips or statement (neither of which are acceptable to CRA) gas receipts must clearly show the actual # of litres of gas purchased
- claim MVE without a completed and signed Forms T2200
- claim MVE when you have already received a reimbursement from your employer (equal to or more than your claim)

Ultimately, claiming MVE on your tax return is your decision, however, Sauve Tax Services (STS) will not be held responsible if you did not keep adequate records to substantiate your claim if CRA asks you to prove it and you cannot. Again, check with your employer. If you are counting on them to print out some sort of log and are in the medical field, they may refuse due to the Privacy Act.

If STS advises you against your decision to claim MVE on your tax return and you do so anyway, please be advised that all requests from CRA for information and any subsequent audits & reviews will be your sole responsibility.

## MOTOR VEHICLE EXPENSES – STS LOG

STS has available in hard copy or available for download, a MVE log to help you track your mileage and your expenses. Generally, I always include it with your paperwork for the following year but if not, please ask me for a copy or you may download it from my website at [www.sauvetaxservices.ca](http://www.sauvetaxservices.ca)

## CHANGING VEHICLES

If you change vehicles during a tax year, you must ensure that you enter the final odometer reading on your log at the time of the sale, and start a fresh log for your new vehicle with the current odometer reading at time of purchase. At tax time, please provide STS with the bill of sales/purchase for the sale of the old vehicle and the purchase of the new vehicle.