

Step 2 – Operating expense benefit

Complete this step if you provide an automobile to your employee and pay for the operating expenses related to personal use.

If your employee reimburses you for all operating expenses attributable to personal use **no later than 45 days after the end of the year**, do not calculate an operating expense benefit. Go to Step 3.

Basic calculation

Complete this calculation if both of the following conditions apply:

- the employee does not reimburse or only partially reimburses you for operating expenses attributable to personal use no later than 45 days after the end of the year; and
- the employee did not elect to use the optional calculation; and
 - the employee occupies any employment other than selling or leasing automobiles

Personal kilometres driven _____ × 27¢ = \$ _____ 6
(see **Note** below)

or

- the employee's principal source of employment is selling or leasing automobiles

Personal kilometres driven _____ × 24¢ = \$ _____ 7
(see **Note** below)

Note

For the 2014 **automobile expense benefit** rates, go to www.cra.gc.ca/payroll, select "Topics for letter A," and under "Automobile," choose "Fixed-rate or basic calculation."

Go to Operating expense benefit (net)

OR

Optional calculation (This calculation may not be beneficial in all cases.)

Complete this calculation if both of the following conditions apply:

- the employee uses the automobile more than 50% in the course of their office or employment; and
- the employee requests (in writing before the end of the year) that you use this method.

Standby charge amount	Employee reimbursements				
A or B	attributable to standby charge				
(\$ _____)	+ \$ _____)	+ 50%	= \$	_____	8

Go to Operating expense benefit (net)

Operating expense benefit (net)

Enter the amount from line 6, 7, or 8 above	\$ _____	9
Enter the employee reimbursements for the operating expense benefit made no later than 45 days after the end of the year	\$ _____	10
Enter the amount the employee paid directly to a third party in the year for all or part of the operating expenses (including GST/HST and PST)	\$ _____	11
Line 9 minus line 10 and/or line 11.	\$ _____	C
Operating expense benefit (net) (If negative, enter "0")	\$ _____	C

Step 3 – Total automobile taxable benefit

Enter the total amount of **A + C** or **B + C**, whichever applies.

This amount is the taxable benefit you report in box 14 and in the "Other information" area under code 34 of the employee's T4 slip or, if applicable, use code 028 "Other income" at the bottom of the T4A slip.

\$

Information for employers who use this worksheet for withholding purposes in 2014

Prorate the total automobile taxable benefit amount to the employee's pay periods for 2014. Add the resulting amount to the employee's salary and any other benefits or allowances to determine the total amount subject to Canada Pension Plan (CPP), Quebec Pension Plan (QPP) contributions and income tax. The automobile benefit is not insurable and therefore not subject to Employment Insurance (EI) premiums.

For more information about calculating deductions, go to www.cra.gc.ca/payroll or see Guide T4001, *Employers' Guide – Payroll Deductions and Remittances*.

You may need to remit goods and services tax (GST) or harmonized sales tax (HST) on the calculated benefit. For more information, see Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*.